

section, "sex offender" means a person who is required to register under Minnesota Statutes, section 243.166, the sex offender registration act.

Sec. 9. EFFECTIVE DATE.

Sections 1 to 7 are effective the day following final enactment and apply to offenders released from confinement, sentenced, or accepted for supervision on or after that date, or who move to a new address on or after that date. Section 8 is effective July 1, 1998.

Presented to the governor April 10, 1998

Signed by the governor April 20, 1998, 11:17 a.m.

CHAPTER 397—S.F.No. 2082

An act relating to education; recodifying and making technical amendments to kindergarten through grade 12 education statutes; amending Minnesota Statutes 1996, sections 120.02, subdivisions 1, 13, 14, 15, and 18; 120.06, subdivisions 1 and 2a; 120.062, subdivisions 4, 5, and 8a; 120.0621, as amended; 120.064, subdivisions 4, 4a, 5, 7, 9, 11, 12, 13, 14, 15, 17, 19, 20, 21, 22, and 24; 120.075, subdivisions 1, 2, 3a, and 4; 120.0751, subdivisions 1, 2, 3, 4, and 5; 120.0752, subdivisions 1, 2, and 3; 120.08; 120.101, subdivisions 5a, 7, 8, 9, and 10; 120.102, subdivisions 1, 3, and 4; 120.103, subdivisions 3, 4, 5, and 6; 120.11; 120.14; 120.17, subdivisions 1, 1b, 2, 3, 3a, 3b, 3d, 4, 4a, 5, 5a, 6, 7, 7a, 8a, 9, 10, 16, 18, and 19; 120.1701, subdivisions 2, 4, 5, 6, 7, 8, 8a, 9, 10, 11, 12, 15, 17, 19, 20, 21, and 22; 120.172, subdivision 2; 120.173, subdivisions 1, 3, 4, and 6; 120.1811; 120.182; 120.183; 120.185; 120.188; 120.189; 120.190; 120.59; 120.60; 120.61; 120.62; 120.63; 120.64; 120.66; 120.73, subdivisions 1, 2a, 2b, 3, and 4; 120.74; 120.75; 120.76; 120.80; 121.11, subdivision 7; 121.111, subdivisions 1 and 2; 121.155; 121.201; 121.203, subdivision 1; 121.207, subdivisions 2 and 3; 121.585, subdivisions 2, 6, and 7; 121.615, subdivision 11; 121.704; 121.705, subdivision 2; 121.706; 121.707, subdivisions 3, 4, 5, 6, and 7; 121.708; 121.710, subdivisions 2 and 3; 121.831, subdivisions 6, 7, 8, 9, 10, 11, and 12; 121.835, subdivisions 4, 5, 7, and 8; 121.8355, subdivisions 2, 3, 5, and 6; 121.88, subdivisions 2, 3, 4, 6, 7, and 9; 121.882, subdivisions 1, 2b, 3, 7, 7a, 8, and 9; 121.885, subdivisions 1 and 4; 121.904, subdivisions 1, 2, 3, 4c, and 13; 121.906; 121.908; 121.911; 121.912, subdivisions 1a, 1b, 2, 3, 5, and 6; 121.9121, subdivisions 2 and 4; 121.914, subdivisions 2, 3, 4, 5, 6, 7, and 8; 121.917; 122.01; 122.02; 122.03; 122.21; 122.22, subdivisions 1, 4, 5, 6, 7a, 9, 13, 14, 18, 20, and 21; 122.23, subdivisions 2, 2b, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 16c, 18, 18a, and 20; 122.241; 122.242, subdivisions 1, 3, 8, and 9; 122.243; 122.245, subdivision 2; 122.246; 122.247, subdivisions 2 and 2a; 122.248; 122.25, subdivisions 2 and 3; 122.32; 122.34; 122.355; 122.41; 122.43; 122.44; 122.45, subdivisions 2 and 3a; 122.46; 122.47; 122.48; 122.531, subdivisions 2c, 5a, and 9; 122.5311, subdivision 1; 122.532, subdivisions 2, 3a, and 4; 122.535, subdivisions 2, 3, 4, 5, and 6; 122.541, subdivisions 1, 2, 4, 5, 6, and 7; 122.895; 122.91, subdivisions 2, 2a, 3a, 4, and 6; 122.93, subdivisions 3 and 8; 122.95, subdivisions 1, 1a, 2, and 4; 123.11, subdivisions 1, 2, 3, 4, and 7; 123.12; 123.13; 123.15; 123.33, subdivisions 1, 2, 2a, 3, 4, 6, 7, 11, and 11a; 123.335; 123.34, subdivisions 1, 2, 7, 8, 9, 9a, and 10; 123.35, subdivisions 1, 2, 4, 5, 8a, 9b, 12, 13, 15, 19a, 19b, 20, and 21; 123.351, subdivisions 1, 3, 4, 5, 8, and 8a; 123.3513; 123.3514, subdivisions 3, 4b, 4d, 5, 6, 6b, 7a, and 7b; 123.36, subdivisions 1, 5, 10, 11, 13, and 14; 123.37, subdivisions 1, 1a, and 1b; 123.38, subdivisions 1, 2, 2a, 2b, and 3; 123.39, subdivisions 1, 2, 8, 8a, 8b, 8c, 8d, 8e, 9a, 11, 12, 13, 14, 15, and 16; 123.40, subdivisions 1, 2, and 8; 123.41; 123.582, subdivision 2; 123.63; 123.64; 123.66; 123.681; 123.70, subdivisions 2, 4, and 8; 123.702, subdivisions 1, 1b, 2, 3, 4, 4a, 5, 6, and 7; 123.704; 123.7045; 123.71; 123.72; 123.75, subdivisions 2, 3, and 5; 123.751, subdivisions 1, 2, and 3; 123.76; 123.78, subdivisions 1a and 2; 123.79, subdivision 1;

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

123.799, as amended; 123.7991, subdivision 3; 123.801; 123.805; 123.932, subdivision 1b; 123.933; 123.935, subdivisions 1, 2, 4, 5, and 6; 123.936; 123.9361; 123.9362; 123.947; 124.06; 124.07, subdivision 2; 124.078; 124.08; 124.09; 124.10, subdivisions 1 and 2; 124.12; 124.14, subdivisions 2, 3, 3a, 4, 6, 7, and 8; 124.15, subdivisions 2, 2a, 3, 4, 5, 6, and 8; 124.17, subdivisions 1f, 2, 2a, 2b, and by adding subdivisions; 124.175; 124.19, subdivision 5; 124.195, subdivisions 1, 3, 3a, 3b, 4, 5, 6, and 14; 124.196; 124.2131, subdivisions 1, 2, 3a, 5, 6, 7, 8, 9, and 11; 124.214; 124.225, subdivisions 7f, 8l, 8m, and 9; 124.227; 124.239, subdivision 3; 124.242; 124.248, subdivisions 1 and 1a; 124.255; 124.26, subdivision 1c; 124.2601, subdivision 7; 124.2605; 124.2615, subdivision 4; 124.2711, as amended; 124.2713, subdivision 7; 124.2715, subdivision 3; 124.2716, subdivisions 1 and 2; 124.2725, subdivision 15; 124.2726, subdivisions 1, 2, and 4; 124.2727, subdivisions 6a, as added, 6c, as added, and 9; 124.273, subdivisions 3, 4, 6, and 7; 124.276, subdivisions 1 and 3; 124.278, subdivision 3; 124.311, subdivision 1; 124.32; 124.3201, subdivisions 5, 6, and 7; 124.322, subdivision 1; 124.35; 124.37; 124.38, subdivisions 1, 4a, and 7; 124.381; 124.39; 124.40; 124.41, subdivision 3; 124.42, as amended; 124.431, subdivisions 4, 5, 6, 10, 12, 13, and 14; 124.44; 124.46, as amended; 124.48, as amended; 124.492; 124.493, subdivision 1; 124.494, subdivisions 1, 2, 2a, 3, 5, and 7; 124.4945; 124.511; 124.573, subdivisions 2, 2b, 2e, 3, 3a, and 5a; 124.625; 124.63; 124.646; 124.6462; 124.6469, subdivision 3; 124.647; 124.6471; 124.6472; 124.648, as amended; 124.71, subdivision 1; 124.72; 124.73; 124.74; 124.75; 124.755, subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 124.82, subdivisions 1 and 3; 124.83, subdivision 8; 124.84, subdivisions 1 and 2; 124.85, subdivisions 2, 2a, 2b, 2c, 5, 6, and 7; 124.86, subdivisions 1, 3, and 4; 124.90; 124.91, subdivisions 4 and 6; 124.912, subdivisions 7 and 9; 124.914; 124.916, as amended; 124.918, subdivisions 2, 3, and 7; 124.95, subdivision 1; 124.97; 124A.02, subdivisions 1, 3a, 20, 21, 22, 23, and 24; 124A.029, subdivisions 1, 3, and 4; 124A.03, subdivisions 2, 2a, and 3c; 124A.0311, subdivisions 2, 3, and 4; 124A.032; 124A.034; 124A.035; 124A.036, as amended; 124A.04, as amended; 124A.22, subdivisions 2a, 5, 8, 12, and 14, as added; 124A.225, subdivisions 4 and 5; 124A.29; 124A.30; 124C.07; 124C.08, subdivisions 2 and 3; 124C.09; 124C.12, subdivision 2; 124C.41, subdivision 4; 124C.45, subdivision 1; 124C.49; 124C.498, as amended; 124C.60, subdivision 2; 124C.72, subdivision 2; 124C.73, subdivision 3; 125.03, subdivisions 1 and 6; 125.04; 125.05, subdivisions 1, 1a, 6, and 8; 125.06; 125.09; 125.11; 125.12, subdivisions 1a, 2, 2a, 3, 3b, 4, 6, 6a, 6b, 7, 8, 9, 9a, 10, 11, and 13; 125.121, subdivisions 1 and 2; 125.135; 125.138, subdivisions 1, 3, 4, and 5; 125.16; 125.17, subdivisions 2b, 3, 3b, 4, 5, 6, 7, 8, 9, 10, 10a, 11, and 12; 125.18; 125.181; 125.183, subdivisions 1, 4, and 5; 125.184; 125.185, subdivisions 1, 2, 4, 5, and 7; 125.187; 125.188, subdivisions 1, 3, and 5; 125.1885, subdivision 5; 125.189; 125.1895, subdivision 4; 125.211, subdivision 2; 125.230, subdivisions 4, 6, and 7; 125.231, subdivision 3; 125.53; 125.54; 125.60, subdivisions 2, 3, 4, 6a, and 8; 125.611, subdivisions 1 and 13; 125.62, subdivisions 2, 3, and 7; 125.623, subdivision 3; 125.702; 125.703; 125.704, subdivision 1; 125.705, subdivisions 1, 3, 4, and 5; 125.80; 126.05; 126.12; 126.13; 126.14; 126.15, subdivisions 2 and 3; 126.1995; 126.21, subdivisions 3 and 5; 126.22, subdivisions 5 and 6; 126.235; 126.239, subdivision 1; 126.262, subdivisions 3 and 6; 126.264; 126.265; 126.266, subdivision 1; 126.267; 126.36, subdivisions 1, 5, and 7; 126.43, subdivisions 1 and 2; 126.48, subdivisions 1, 2, 3, 4, and 5; 126.49, subdivisions 1, 5, 6, and 8; 126.50; 126.501; 126.51, subdivisions 1a and 2; 126.52, subdivisions 5 and 8; 126.531, subdivision 1; 126.54, subdivisions 1, 2, 3, 4, 5, and 6; 126.56, subdivision 6; 126.69, subdivision 1; 126.70, subdivisions 1 and 2a; 126.72, subdivisions 3 and 6; 126.78, subdivision 4; 126.84, subdivisions 1, 3, 4, and 5; 126A.01; 126B.01, subdivisions 2 and 4; 126B.10; 127.02; 127.03; 127.04; 127.17, subdivisions 1, 3, and 4; 127.19; 127.20; 127.40, subdivision 4; 127.41; 127.411; 127.412; 127.413; 127.42; 127.44; 127.45, subdivision 2; 127.455; 127.46; 127.47, subdivision 2; 127.48; 129C.10, subdivisions 3a, 3b, 4, and 6; and 129C.15; Minnesota Statutes 1997 Supplement, sections 120.05; 120.062, subdivisions 3, 6, and 7; 120.064, subdivisions 8, 10, 14a, and 20a; 120.101, subdivisions 5 and 5c; 120.1015; 120.1701, subdivision 3; 120.181; 121.1113, subdivision 1; 121.615, subdivisions 2, 3, 9, and 10; 121.831, subdivision 3; 121.88, subdivision 10; 121.882, subdivision 2;

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

121.904, subdivision 4a; 121.912, subdivision 1; 123.35, subdivision 8; 123.3514, subdivisions 4, 4a, 4c, and 8; 123.7991, subdivision 2; 124.155, subdivisions 1 and 2; 124.17, subdivisions 1 and 4; 124.195, subdivisions 2, 7, and 10; 124.2445; 124.2455; 124.248, subdivisions 3 and 4; 124.26, subdivision 2; 124.2601, subdivision 6; 124.2615, subdivision 2; 124.2713, subdivision 8; 124.321, subdivisions 1 and 2; 124.322, subdivision 1a; 124.323, subdivision 1; 124.41, subdivision 2; 124.431, subdivisions 2 and 11; 124.45, subdivision 2; 124.481; 124.574, subdivision 9; 124.83, subdivision 1; 124.86, subdivision 2; 124.91, subdivision 5; 124.912, subdivisions 1 and 6; 124.918, subdivisions 1, 6, and 8; 124A.22, subdivisions 2, as added, 6, 11, 13, and 13b, as added; 124A.23, subdivisions 1, 2, and 3; 124A.28, subdivision 3; 124C.45, subdivision 1a; 125.05, subdivision 1c; 125.12, subdivision 14; 126.22, subdivisions 2, 3a, and 8; 126.23, subdivision 1; 126.51, subdivision 1; 126.531, subdivision 3; 126.72, subdivision 2; 126.77, subdivision 1; and 129C.10, subdivision 3; proposing coding for new law as Minnesota Statutes, chapters 120B; and 120C; repealing Minnesota Statutes 1996, sections 16B.43; 120.71; 120.72; 120.90; 122.52; 122.532, subdivision 1; 122.541, subdivision 3; 123.35, subdivision 10; 123.42; 124.01; 124.19, subdivision 4; 124.2725, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, 13, 14, and 16; 124.312, as amended; 124.38, subdivision 9; 124.472; 124.473; 124.474; 124.476; 124.477; 124.478; 124.479; 124.71, subdivision 2; 124A.02, subdivisions 15 and 16; 124A.029, subdivision 2; 124A.03, subdivision 3b; 124A.22, subdivision 13f; 124A.225, subdivision 6; 124A.31; 124C.55; 124C.56; 124C.57; 124C.58; 125.10; 126.84, subdivision 6; 127.01; 127.08; 127.09; 127.10; 127.11; 127.12; 127.13; 127.15; 127.16; 127.17, subdivision 2; 127.21; and 127.23; Minnesota Statutes 1997 Supplement, sections 124.2725, subdivision 11; 124.313; 124.314; and 124A.26.

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

ARTICLE 1

CHAPTER 120A

ENROLLMENT; ATTENDANCE; FEES

Section 1. Minnesota Statutes 1996, section 120.02, subdivision 1, is amended to read:

Subdivision 1. **SCOPE.** For the purposes of this chapter the words, phrases and terms defined in this section shall have the meanings respectively ascribed to given them.

Sec. 2. Minnesota Statutes 1996, section 120.02, subdivision 13, is amended to read:

Subd. 13. **COMMON DISTRICT.** A "Common district" is means any school district validly created and existing as a common school district or joint common school district as of July 1, 1957, or pursuant to the terms of the education code.

Sec. 3. Minnesota Statutes 1996, section 120.02, subdivision 14, is amended to read:

Subd. 14. **INDEPENDENT DISTRICT.** An "Independent district" is means any school district validly created and existing as an independent, consolidated, joint independent, county or a ten or more township district as of July 1, 1957, or pursuant to the education code.

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

Sec. 4. Minnesota Statutes 1996, section 120.02, subdivision 15, is amended to read:

Subd. 15. SPECIAL DISTRICT. A “Special district” is means a district established by a charter granted by the legislature or by a home rule charter including any district which is designated a special independent school district by the legislature.

Sec. 5. Minnesota Statutes 1996, section 120.02, subdivision 18, is amended to read:

Subd. 18. SCHOOL DISTRICT TAX. “School district tax” is means the tax levied and collected to provide the amount of money voted or levied by the district or the board for school purposes.

Sec. 6. Minnesota Statutes 1997 Supplement, section 120.05, is amended to read:

120.05 PUBLIC SCHOOLS.

Subd. 2. DEFINITIONS ELEMENTARY SCHOOL. (1) “Elementary school” means any school with building, equipment, courses of study, class schedules, enrollment of pupils ordinarily in prekindergarten through grade 6 or any portion thereof, and staff meeting the standards established by the state board of education.

The state board of education shall not close a school or deny any state aids to a district for its elementary schools because of enrollment limitations classified in accordance with the provisions of clause (1).

(2) **Subd. 3. MIDDLE SCHOOL.** “Middle school” means any school other than a secondary school giving an approved course of study in a minimum of three consecutive grades above 4th but below 10th with building, equipment, courses of study, class schedules, enrollment, and staff meeting the standards established by the state board of education.

(3) **Subd. 4. SECONDARY SCHOOL.** “Secondary school” means any school with building, equipment, courses of study, class schedules, enrollment of pupils ordinarily in grades 7 through 12 or any portion thereof, and staff meeting the standards established by the state board of education.

(4) **Subd. 5. VOCATIONAL CENTER SCHOOL.** A “Vocational center school” is one means any school serving a group of secondary schools with approved areas of secondary vocational training and offering vocational secondary and adult programs necessary to meet local needs and meeting standards established by the state board of education.

Sec. 7. Minnesota Statutes 1996, section 120.06, subdivision 1, is amended to read:

Subdivision 1. AGE LIMITATIONS; PUPILS. All schools supported in whole or in part by state funds are public schools. Admission to a public school is free to any person who resides within the district which that operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be is governed by a single set of reasonable rules and regulations promulgated by the school board. No person shall be admitted to any public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least

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

six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 8. Minnesota Statutes 1996, section 120.06, subdivision 2a, is amended to read:

Subd. 2a. **EDUCATION OF HOMELESS.** Notwithstanding subdivision 1, a school district must not deny free admission to a homeless person of school age solely because the school district cannot determine that the person is a resident of the school district.

Sec. 9. Minnesota Statutes 1997 Supplement, section 120.062, subdivision 3, is amended to read:

Subd. 3. **LIMITED ENROLLMENT OF NONRESIDENT PUPILS.** (a) A school board may, by resolution, limit the enrollment of nonresident pupils 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.

Sec. 10. Minnesota Statutes 1996, section 120.062, subdivision 4, is amended to read:

Subd. 4. **PUPIL APPLICATION PROCEDURES.** In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district. The pupil's application must identify the reason for enrolling in the nonresident district. The parent or guardian of a pupil must submit an application by January 15 for initial enrollment beginning the following school year. The application shall ~~must~~ be on a form provided by the department of children, families, and learning. A particular school or program may be requested by the parent. Once enrolled in a nonresident district, the pupil may remain enrolled and is not required to submit annual or periodic applications. To return to the resident district or to transfer to a different nonresident district, the parent or guardian of the pupil must provide notice to the resident district or apply to a different nonresident district by January 15 for enrollment beginning the following school year.

Sec. 11. Minnesota Statutes 1996, section 120.062, subdivision 5, is amended to read:

Subd. 5. **DESEGREGATION DISTRICT TRANSFERS.** (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the commissioner of children, families, and learning.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

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

(c) The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.

(d) The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.

(e) Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the application. A notification of acceptance must include the date enrollment can begin.

(f) If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with state board rules with respect to the school or program for which application was made.

(g) If an application is accepted, the parent or guardian must notify the nonresident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident district, unless the school boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the school boards of the resident and nonresident district agree otherwise.

(h) Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.

(i) A pupil enrolled in a nonresident district under this subdivision is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(j) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(k) A district that has a desegregation plan approved by the state board of education must accept or reject each individual application in a manner that will enable compliance with its desegregation plan.

Sec. 12. Minnesota Statutes 1997 Supplement, section 120.062, subdivision 6, is amended to read:

Subd. 6. NONRESIDENT DISTRICT PROCEDURES. A district 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 must 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 nonresi-

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

dent 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 ~~must~~ 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. 13. Minnesota Statutes 1997 Supplement, 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, 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, previous disciplinary proceedings, or the student's district of residence.

Sec. 14. Minnesota Statutes 1996, section 120.062, subdivision 8a, is amended to read:

Subd. 8a. EXCEPTIONS TO DEADLINES. Notwithstanding subdivision 4, the following pupil application procedures apply:

(a) Upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 15 for enrollment beginning the following school year.

(b) If, as a result of entering into, modifying, or terminating an agreement between school boards, a pupil is assigned after December 1 to a different school for enrollment beginning at any time, the pupil, the pupil's siblings, or any other pupil residing in the pupil's residence may submit an application to a nonresident district at any time before July 1 for enrollment beginning the following school year.

(c) A pupil who becomes a resident of a school district after December 1 may submit an application to a nonresident district on January 15 or any time after that date for enrollment beginning any time before the following December 1.

(d) If the commissioner of children, families, and learning and the commissioner of human rights determine that the policies, procedures, or practices of a school district are in violation of Title VI of the Civil Rights Act of 1964 (Public Law Number 88-352) or chapter 363, any pupil in the district may submit an application to a nonresident district at any time for enrollment beginning at any time.

For exceptions under this subdivision, the applicant, the applicant's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

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

Sec. 15. Minnesota Statutes 1996, section 120.0621, as amended by Laws 1997, First Special Session chapter 4, article 4, sections 1, 2, and 3, is amended to read:

120.0621 ENROLLMENT OPTIONS PROGRAMS IN BORDER STATES.

Subdivision 1. OPTIONS FOR ENROLLMENT IN ADJOINING STATES.

Minnesota pupils and pupils residing in adjoining states may enroll in school districts in the other state according to:

- (1) section 120.08, subdivision 2; or
- (2) this section.

Subd. 2. PUPILS IN MINNESOTA. A Minnesota resident pupil may enroll in a school district in an adjoining state if the district to be attended borders Minnesota.

Subd. 3. PUPILS IN BORDERING STATES. A non-Minnesota pupil who resides in an adjoining state in a school district that borders Minnesota may enroll in a Minnesota school district if either the school board of the district in which the pupil resides or state in which the pupil resides pays tuition to the school district in which the pupil is enrolled.

Subd. 3a. CANADIAN PUPILS. A pupil who resides in Canada may enroll in a Minnesota school district if the province in which the pupil resides pays tuition to the school district in which the pupil is enrolled. A pupil may enroll either full time or part time for all instructional programs and shall be considered eligible for all other purposes for all other programs offered by the district. The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1. A school district may accept funds from any international agency for these programs.

Subd. 4. PROCEDURAL REQUIREMENTS. Except as otherwise provided in this section, the rights and duties set forth in section 120.062 apply to Minnesota pupils, parents, and school districts if a pupil enrolls in a nonresident district according to this section.

Subd. 5a. TUITION PAYMENTS. In each odd-numbered year, before March 1, the commissioner shall must 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 commissioner shall must 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.

Subd. 5b. TRANSPORTATION OF STUDENTS. (a) The agreement under subdivision 5a with each state must specify that the attending district in each state transport a pupil from the district boundary to the school of attendance.

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

(b) Notwithstanding paragraph (a), the districts of residence and attendance may agree that either district may provide transportation from a pupil's home or agreed upon location to school. Transportation aid for Minnesota students eligible for aid ~~shall~~ must be paid only for transportation within the resident district.

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. After 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.

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. 16. Minnesota Statutes 1996, section 120.075, subdivision 1, is amended to read:

Subdivision 1. PREVIOUS ENROLLMENT. Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes, 1977 Supplement, section 123.39, subdivision 5a, was enrolled on either January 1, 1978, or April 5, 1978, in a school district of which the pupil was not a resident may continue in enrollment in that district.

Sec. 17. Minnesota Statutes 1996, section 120.075, subdivision 2, is amended to read:

Subd. 2. UNDER SCHOOL AGE. Any child who was under school age on either January 1, 1978, or April 5, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes, 1977 Supplement, section 123.39, subdivision 5a, for enrollment in a school district of which the child was not a resident may enroll in that district.

Sec. 18. Minnesota Statutes 1996, section 120.075, subdivision 3a, is amended to read:

Subd. 3a. ADOPTED CHILD. Any child who was born on or before January 1, 1978 but who was adopted after January 1, 1978 and whose adoptive parent on January 1, 1978 owned property residence upon which would have qualified the child for enrollment pursuant to Minnesota Statutes 1976, section 120.065, in a school district of which the child was not a resident may enroll in that district. Any child who was born on or before January 1, 1978 but who was adopted after January 1, 1978 and whose adoptive parent on January 1, 1978 owned or was a tenant upon property so as to qualify a child for enrollment pursuant to Minnesota Statutes, 1977 Supplement, section 123.39, subdivision 5a, in a school district of which the child was not a resident may enroll in that district.

Sec. 19. Minnesota Statutes 1996, section 120.075, subdivision 4, is amended to read:

Subd. 4. SIBLING OF QUALIFIED PUPIL. Subdivisions 1, 1a, 2, 3 and 3a shall also apply to any brother or sister of a qualified pupil who is related to that pupil by blood,

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

adoption, or marriage and to any foster child of that pupil's parents. The enrollment of any pupil pursuant to subdivision 1, 2, 3 or 3a and of a brother or sister of that pupil or of a foster child of that pupil's parents pursuant to this subdivision shall must remain subject to the provisions of Minnesota Statutes 1976, section 120.065 and Minnesota Statutes, 1977 Supplement, section 123.39, subdivision 5a, as they read on January 1, 1978.

Sec. 20. Minnesota Statutes 1996, section 120.0751, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER MAY PERMIT ENROLLMENT.** The commissioner may permit a pupil to enroll in a school district of which the pupil is not a resident under this section.

Sec. 21. Minnesota Statutes 1996, section 120.0751, subdivision 2, is amended to read:

Subd. 2. **APPLICATION TO THE COMMISSIONER.** The pupil or the pupil's parent or guardian shall must make application to the commissioner, explaining the particular circumstances which that make the nonresident district the appropriate district of attendance for the pupil. The application must be signed by the pupil's parent or guardian and the superintendent of the nonresident district.

Sec. 22. Minnesota Statutes 1996, section 120.0751, subdivision 3, is amended to read:

Subd. 3. **CRITERIA FOR APPROVAL.** In approving or disapproving the application the commissioner shall must consider the following:

(a) (1) if the circumstances of the pupil are similar or analogous to the exceptions permitted by section 120.075, whether attending school in the district of residence creates a particular hardship for the pupil; or

(b) (2) if the pupil has been continuously enrolled for at least two years in a district of which the pupil was not a resident because of an error made in good faith about the actual district of residence, whether attending school in the district of residence creates a particular hardship for the pupil. If the commissioner finds that a good faith error was made and that attending school in the district of residence would create a particular hardship for the siblings of that pupil or foster children of that pupil's parents, the commissioner may separately approve an application for any or all of the siblings of the pupil who are related by blood, adoption, or marriage and for foster children of the pupil's parents.

Sec. 23. Minnesota Statutes 1996, section 120.0751, subdivision 4, is amended to read:

Subd. 4. **DECISION DEADLINE.** The commissioner shall must render its decision in each case within 60 days of receiving the application in subdivision 2.

Sec. 24. Minnesota Statutes 1996, section 120.0751, subdivision 5, is amended to read:

Subd. 5. **FORMS.** The commissioner shall must provide the forms required by subdivision 2 and shall must adopt the procedures necessary to implement this section.

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

Sec. 25. Minnesota Statutes 1996, section 120.0752, subdivision 1, is amended to read:

Subdivision 1. **ENROLLMENT EXCEPTION.** A pupil may enroll in a school district of which the pupil is not a resident under this section.

Sec. 26. Minnesota Statutes 1996, section 120.0752, subdivision 2, is amended to read:

Subd. 2. **BOARD APPROVAL.** The pupil's parent or guardian must receive the approval of the school board of the nonresident district and the school board of the resident district. The nonresident school board shall notify the resident school board of the approval.

Sec. 27. Minnesota Statutes 1996, section 120.0752, subdivision 3, is amended to read:

Subd. 3. **11TH AND 12TH GRADE STUDENTS.** Notwithstanding subdivision 2, an 11th or 12th grade pupil who has been enrolled in a district and whose parent or guardian moves to another district, may continue to enroll in the nonresident district upon the approval of the school board of the nonresident district. The approval of the school board of the pupil's resident district is not required.

Sec. 28. Minnesota Statutes 1996, section 120.08, is amended to read:

120.08 ATTENDANCE; SCHOOL IN ANOTHER STATE; SEVERANCE PAY.

Subdivision 1. **ATTENDANCE IN ANOTHER STATE.** Any person under 21 years of age residing in any district not maintaining a secondary school who has successfully completed the elementary school may, with the consent of the board of such district, attend any secondary school of a district in an adjoining state willing to admit the person, which if the secondary school is nearer to the place of residence than any duly established secondary school in Minnesota, the distances being measured by the usual traveled routes. Any tuition charged by the district so attended shall must be paid to the district attended by the district in which the person resides. This tuition shall must not be more than (a) such the district charges nonresident pupils of that state, (b) the average maintenance cost exclusive of transportation per pupil unit in average daily membership in the school attended, nor (c) the tuition rate provided for in section 124.18, subdivision 2.

Any pupil attending a secondary school in an adjoining state for whom tuition is paid from district funds is entitled to transportation services in accordance with Minnesota Statutes.

Subd. 2. **TUITION.** A school board of a district maintaining a secondary school may by a majority vote provide for the instruction of any resident pupil attending an elementary school, a middle school, or a secondary school in a school district in an adjoining state. Any charge for tuition or transportation, by the district in the adjoining state, shall must be paid by the resident district. The pupil shall must be considered a pupil of the resident district for the purposes of state aid.

Subd. 3. **SEVERANCE PAY.** A district shall must pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of an agreement under this section. A teacher is eligible under this subdivision if the teacher:

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

- (1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;
- (2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall must be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, a SC, a board formed under section 471.59, a state residential academy, the Lola and Rudy Perpich Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall must not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 29. Minnesota Statutes 1997 Supplement, section 120.101, subdivision 5, is amended to read:

Subd. 5. AGES AND TERMS. Every child between seven and 16 years of age shall must receive instruction. 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. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

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

Sec. 30. Minnesota Statutes 1996, section 120.101, subdivision 5a, is amended to read:

Subd. 5a. **CHILDREN UNDER SEVEN.** Once a pupil under the age of seven is enrolled in kindergarten or a higher grade in a public school, the pupil is subject to the compulsory attendance provisions of this chapter and section 127.20, unless the school board of the district in which the pupil is enrolled has a policy that exempts children under seven from this subdivision.

In a school district in which children under seven are subject to compulsory attendance under this subdivision, paragraphs (a) to (c) apply.

(a) A parent or guardian may withdraw the pupil from enrollment in the school for good cause by notifying the school district. Good cause includes, but is not limited to, enrollment of the pupil in another school, as defined in subdivision 4, or the immaturity of the child.

(b) When the pupil enrolls, the enrolling official must provide the parent or guardian who enrolls the pupil with a written explanation of the provisions of this subdivision.

(c) A pupil under the age of seven who is withdrawn from enrollment in the public school under paragraph (a) is no longer subject to the compulsory attendance provisions of this chapter.

In a school district that had adopted a policy to exempt children under seven from this subdivision, the school district's chief attendance officer must keep the truancy enforcement authorities supplied with a copy of the school board's current policy certified by the clerk of the school board.

Sec. 31. Minnesota Statutes 1997 Supplement, 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. 32. Minnesota Statutes 1996, section 120.101, subdivision 7, is amended to read:

Subd. 7. **REQUIREMENTS FOR INSTRUCTORS.** A person who is providing instruction to a child must meet at least one of the following requirements:

- (1) hold a valid Minnesota teaching license in the field and for the grade level taught;
- (2) be directly supervised by a person holding a valid Minnesota teaching license;
- (3) successfully complete a teacher competency examination;

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

(4) provide instruction in a school that is accredited by an accrediting agency, recognized according to section 123.935, subdivision 7, or recognized by the state board of education;

(5) hold a baccalaureate degree; or

(6) be the parent of a child who is assessed according to the procedures in subdivision 8.

Any person providing instruction in a public school must meet the requirements of clause (1).

Sec. 33. Minnesota Statutes 1996, section 120.101, subdivision 8, is amended to read:

Subd. 8. ASSESSMENT OF PERFORMANCE. (a) Each year the performance of every child who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination. The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination.

(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 6, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 7, clause (1), (2), or (3).

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

(d) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123.935, subdivision 7, or recognized by the state board of education, is exempt from the requirements of this subdivision.

Sec. 34. Minnesota Statutes 1996, section 120.101, subdivision 9, is amended to read:

Subd. 9. LEGITIMATE EXEMPTIONS. A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) That the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or

(2) That for the school years 1988-1989 through 1999-2000 the child has already completed the studies ordinarily required in the 10th grade and that for the school years beginning with the 2000-2001 school year the child has already completed the studies ordinarily required to graduate from high school; or

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

(3) That it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction shall ~~must~~ be conducted and maintained in a place other than a public school building, and ~~in no event it must not~~, in whole or in part, shall be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 35. Minnesota Statutes 1996, section 120.101, subdivision 10, is amended to read:

Subd. 10. ISSUING AND REPORTING EXCUSES. The clerk or any authorized officer of the school board ~~shall~~ ~~must~~ issue and keep a record of such excuses, under such rules as the board may from time to time establish.

Sec. 36. Minnesota Statutes 1997 Supplement, section 120.1015, is amended to read:

120.1015 LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.

A school board's annual school calendar ~~shall~~ ~~must~~ 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. 37. Minnesota Statutes 1996, section 120.102, subdivision 1, is amended to read:

Subdivision 1. REPORTS TO SUPERINTENDENT. The person in charge of providing instruction to a child ~~shall~~ ~~must~~ submit the following information to the superintendent of the district in which the child resides:

(1) by October 1 of each school year, the name, age, and address of each child receiving instruction;

(2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120.101, subdivision 7;

(3) an annual instructional calendar showing that instruction will occur on at least the number of days required under section 120.101, subdivision 5b; and

(4) for each child instructed by a parent who meets only the requirement of section 120.101, subdivision 7, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120.101, subdivision 6.

Sec. 38. Minnesota Statutes 1996, section 120.102, subdivision 3, is amended to read:

Subd. 3. EXEMPTIONS. A nonpublic school, person, or other institution that is accredited by an accrediting agency, recognized according to section 123.935, or recognized by the state board of education, is exempt from the requirements in subdivisions 1 and 2, except for the requirement in subdivision 1, clause (1).

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

Sec. 39. Minnesota Statutes 1996, section 120.102, subdivision 4, is amended to read:

Subd. 4. **REPORTS TO THE STATE.** A superintendent shall must make an annual report to the commissioner of children, families, and learning. The report must include the following information:

(1) the number of children residing in the district attending nonpublic schools or receiving instruction from persons or institutions other than a public school;

(2) the number of children in clause (1) who are in compliance with section 120.101 and this section; and

(3) the names, ages, and addresses of children whom the superintendent has determined are not in compliance with section 120.101 and this section.

Sec. 40. Minnesota Statutes 1996, section 120.103, subdivision 3, is amended to read:

Subd. 3. **NOTICE TO PARENTS.** The superintendent shall must notify the parent, in writing, if a child is alleged to be receiving instruction in violation of sections 120.101 and 120.102. The written notification shall must include a list of the specific alleged violations.

Sec. 41. Minnesota Statutes 1996, section 120.103, subdivision 4, is amended to read:

Subd. 4. **FACT-FINDING AND MEDIATION.** If the specified alleged violations of the compulsory attendance requirements are not corrected within 15 days of receipt of the written notification, the superintendent shall must request fact-finding and mediation services from the commissioner of children, families, and learning.

Sec. 42. Minnesota Statutes 1996, section 120.103, subdivision 5, is amended to read:

Subd. 5. **NOTICE TO COUNTY ATTORNEY.** If the alleged violations are not corrected through the fact-finding and mediation process under subdivision 4, the superintendent shall must notify the county attorney of the alleged violations. The superintendent shall must notify the parents, by certified mail, of the superintendent's intent to notify the county attorney of the alleged violations.

Sec. 43. Minnesota Statutes 1996, section 120.103, subdivision 6, is amended to read:

Subd. 6. **CRIMINAL COMPLAINT; PROSECUTION.** The county attorney in the county in which the alleged violations have occurred has jurisdiction to conduct a prosecution for violations of section 120.101, 120.102, or 120.103. A criminal complaint may be filed in any court in the county exercising criminal jurisdiction and shall must name the persons neglecting or refusing to comply with section 120.101, 120.102, or 120.103. After the complaint has been filed, a warrant shall must be issued and proceedings in trial shall must commence as provided by law in misdemeanor cases.

Sec. 44. Minnesota Statutes 1996, section 120.11, is amended to read:

120.11 SCHOOL BOARDS AND TEACHERS, DUTIES.

It shall be is the duty of each board through its clerk or other authorized agent or employee, to report the names of children required to attend school, with excuses, if any.

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

granted in such the district, to the superintendent or principals thereof of the district, within the first week of school. Subsequent excuses granted shall must be forthwith reported in the same manner. The clerk or principal shall must provide the teachers in the several schools supervised, with the necessary information for the respective grades of school, relating to the list of pupils with excuses granted. On receipt of the list of such pupils of school age and the excuses granted Within five days after receiving the report, the clerk or principals shall must report the names of children not excused, who are not attending school, with the names and addresses of their parents, to the district superintendent within five days after receiving the report.

Sec. 45. Minnesota Statutes 1996, section 120.14, is amended to read:

120.14 ATTENDANCE OFFICERS.

The board of any district may authorize the employment of attendance officers, who shall must investigate truancy or nonattendance at school, make complaints, serve notice and process, and attend to the enforcement of all laws and district rules regarding school attendance. When any attendance officer learns of any case of habitual truancy or continued nonattendance of any child required to attend school the officer shall must immediately notify the person having control of such the child to forthwith send to and keep the child in school. The attendance officer shall must also refer a habitual truant child as defined in section 260.015, subdivision 19, and the child's parent or legal guardian to appropriate services and procedures under chapter 260A, if available within the school district. Attendance officers or other designated school officials shall must ensure that the notice required by section 260A.03 for a child who is a continuing truant is sent. The officer shall must act under the general supervision of the district superintendent.

Sec. 46. Minnesota Statutes 1996, section 120.73, subdivision 1, is amended to read:

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

- (a) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;
- (b) admission fees or charges for extra curricular activities, where attendance is optional;
- (c) a security deposit for the return of materials, supplies, or equipment;
- (d) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;
- (e) items of personal use or products which that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;
- (f) fees specifically permitted by any other statute, including but not limited to section 171.04, subdivision 1, clause (1);
- (g) field trips considered supplementary to a district educational program;
- (h) any authorized voluntary student health and accident benefit plan;
- (i) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

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

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

(k) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

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

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

Sec. 47. Minnesota Statutes 1996, section 120.73, subdivision 2a, is amended to read:

Subd. 2a. Students may be required to furnish their own transportation to and from an instructional community-based employment station ~~which~~ that is part of an approved occupational experience secondary vocational program. As an alternative, a ~~school~~ board may require the payment of reasonable fees for transportation to and from these instructional community-based employment stations. This subdivision ~~shall~~ only be applied applies to students who receive remuneration for their participation in these programs.

Sec. 48. Minnesota Statutes 1996, section 120.73, subdivision 2b, is amended to read:

Subd. 2b. **SCHOOL UNIFORMS.** Notwithstanding section 120.74, a ~~school~~ board may require students to furnish or purchase clothing that constitutes a school uniform if the board has adopted a uniform requirement or program for the student's school. In adopting a uniform requirement, the board shall promote student, staff, parent, and community involvement in the program and account for the financial ability of students to purchase uniforms.

Sec. 49. Minnesota Statutes 1996, section 120.73, subdivision 3, is amended to read:

Subd. 3. Sections 120.71 to 120.76 ~~shall~~ may not preclude the operation of a school store ~~wherein~~ where pupils may purchase school supplies and materials.

Sec. 50. Minnesota Statutes 1996, section 120.73, subdivision 4, is amended to read:

Subd. 4. A ~~school~~ board may waive any ~~such~~ deposit or fee if any pupil or the pupil's parent or guardian is unable to pay it.

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

Sec. 51. Minnesota Statutes 1996, section 120.74, is amended to read:

120.74 PROHIBITED FEES.

Subdivision 1. (a) A school board is not authorized to charge fees in the following areas:

- (1) textbooks, workbooks, art materials, laboratory supplies, towels;
- (2) supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- (3) field trips ~~which that~~ are required as a part of a basic education program or course;
- (4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- (5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- (6) library books required to be utilized for any educational course or program;
- (7) admission fees, dues, or fees for any activity the pupil is required to attend;
- (8) any admission or examination cost for any required educational course or program;
- (9) locker rentals;

(10) transportation of pupils (i) for which state transportation aid for fiscal year 1996 is authorized pursuant to Minnesota Statutes 1994, section 124.223, or (ii) for which a levy for fiscal year 1996 is authorized under Minnesota Statutes 1994, section 124.226, subdivision 5.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a school board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Subd. 2. No pupil's rights or privileges, including the receipt of grades or diplomas may be denied or abridged for nonpayment of fees; but this provision shall does not prohibit a school district from maintaining any action provided by law for the collection of such fees authorized by sections 120.73 and 120.75.

Sec. 52. Minnesota Statutes 1996, section 120.75, is amended to read:

120.75 HEARING.

Subdivision 1. **PUBLIC HEARING.** Prior to Before the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall must hold a public hearing within the district upon three weeks published notice in the district's official newspaper, or such notice as is otherwise required for a regular school board meeting given three weeks prior to before the hearing on the proposed adoption of the policy.

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

Sec. 53. Minnesota Statutes 1996, section 120.76, is amended to read:

120.76 POST-SECONDARY INSTRUCTIONAL PROGRAMS.

Sections 120.71 to 120.76 shall may not be construed to prohibit a school board from charging reasonable fees for goods and services provided in connection with any post-secondary instructional program, including but not limited to vocational technical, veteran farmer cooperative training, and community education programs, and continuing education and evening school programs other than those conducted pursuant to section 124.26.

Sec. 54. Minnesota Statutes 1996, section 123.35, subdivision 8a, is amended to read:

Subd. 8a. SECONDARY SCHOOL PROGRAMS. The board may permit a person who is over the age of 21 or who has graduated from high school to enroll as a part-time student in a class or program at a secondary school if there is space available. In determining if there is space available, full-time public school students, shared-time students, and students returning to complete a regular course of study shall be given priority over part-time students seeking enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

- (a) (1) residency in the school district;
- (b) (2) United States citizenship; or

(c) (3) for a person over the age of 21, a high school diploma or equivalency certificate. A person may enroll in a class or program even if that person attends evening school, an adult or continuing education, or a post-secondary educational program or institution.

Sec. 55. Minnesota Statutes 1996, section 127.19, is amended to read:

127.19 OFFICERS, TEACHERS; NEGLECT OF DUTY; PENALTY.

Any school officer, truant officer, public or nonpublic school teacher, principal, district superintendent, or person providing instruction other than a parent refusing, willfully failing, or neglecting to perform any duty imposed by sections 120.101 to 120.14 is guilty of a misdemeanor; and, upon conviction, All persons found guilty shall be punished for each offense by a fine of not more than \$10 or by imprisonment for not more than ten days. All fines, when collected, shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 56. Minnesota Statutes 1996, section 127.20, is amended to read:

127.20 VIOLATIONS; PENALTIES.

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120.101, subdivision 5, to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any such child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a misdemeanor. Any fines collected shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 57. REPEALER.

Minnesota Statutes 1996, section 120.90, is repealed.

New language is indicated by underline, deletions by strikeout.

Sec. 58. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
<u>120.01</u>	<u>120A.01</u>
<u>120.011</u>	<u>120A.02</u>
<u>120.0112</u>	<u>120A.03</u>
<u>120.02,</u> <u>subd. 1</u>	<u>120A.04,</u> <u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 4</u>
<u>subd. 3</u>	<u>subd. 8</u>
<u>subd. 4</u>	<u>subd. 3</u>
<u>subd. 5</u>	<u>subd. 6</u>
<u>subd. 6</u>	<u>subd. 16</u>
<u>subd. 8</u>	<u>subd. 7</u>
<u>subd. 9</u>	<u>subd. 2</u>
<u>subd. 12</u>	<u>subd. 15</u>
<u>subd. 13</u>	<u>subd. 5</u>
<u>subd. 14</u>	<u>subd. 10</u>
<u>subd. 15</u>	<u>subd. 14</u>
<u>subd. 18</u>	<u>subd. 12</u>
<u>120.05,</u> <u>subd. 2</u>	<u>120A.04,</u> <u>subd. 9</u>
<u>subd. 3</u>	<u>subd. 11</u>
<u>subd. 4</u>	<u>subd. 13</u>
<u>subd. 5</u>	<u>subd. 17</u>
<u>120.06,</u> <u>subd. 1</u>	<u>120A.10,</u> <u>subd. 1</u>
<u>subd. 2a</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>123.35,</u> <u>subd. 8a</u>	<u>120A.11,</u> <u>subd. 1</u>
<u>subd. 8b</u>	<u>subd. 2</u>
<u>subd. 9</u>	<u>subd. 3</u>
<u>120.062,</u> <u>subd. 2</u>	<u>120A.12,</u> <u>subd. 1</u>
<u>subd. 3</u>	<u>subd. 2</u>
<u>subd. 4</u>	<u>subd. 3</u>
<u>subd. 5</u>	<u>subd. 4</u>
<u>subd. 6</u>	<u>subd. 5</u>
<u>subd. 7</u>	<u>subd. 6</u>
<u>subd. 8a</u>	<u>subd. 7</u>
<u>subd. 9</u>	<u>subd. 8</u>
<u>subd. 10</u>	<u>subd. 9</u>
<u>subd. 11</u>	<u>subd. 10</u>
<u>subd. 12</u>	<u>subd. 11</u>
<u>120.0621,</u> <u>subd. 1</u>	<u>120A.13,</u> <u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>

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

<u>subd. 3a</u>	<u>subd. 4</u>
<u>subd. 4</u>	<u>subd. 5</u>
<u>subd. 5a</u>	<u>subd. 6</u>
<u>subd. 5b</u>	<u>subd. 7</u>
<u>subd. 6</u>	<u>subd. 8</u>
<u>subd. 7</u>	<u>subd. 9</u>
<u>120.08</u>	<u>120A.14</u>
<u>120.075,</u>	<u>120A.15,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 1a</u>	<u>subd. 2</u>
<u>subd. 2</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 3a</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>subd. 5</u>	<u>subd. 7</u>
<u>120.0751</u>	<u>120A.16</u>
<u>120.0752</u>	<u>120A.17</u>
<u>120.063</u>	<u>120A.19</u>
<u>120.101,</u>	<u>120A.20,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 4</u>	<u>subd. 4</u>
<u>subd. 5</u>	<u>subd. 5</u>
<u>subd. 5a</u>	<u>subd. 6</u>
<u>subd. 5c</u>	<u>subd. 7</u>
<u>subd. 5d</u>	<u>subd. 8</u>
<u>subd. 6</u>	<u>subd. 9</u>
<u>subd. 7</u>	<u>subd. 10</u>
<u>subd. 8</u>	<u>subd. 11</u>
<u>subd. 9</u>	<u>subd. 12</u>
<u>subd. 10</u>	<u>subd. 13</u>
<u>120.102</u>	<u>120A.21</u>
<u>120.103</u>	<u>120A.22</u>
<u>120.11</u>	<u>120A.23</u>
<u>120.14</u>	<u>120A.24</u>
<u>120.19</u>	<u>120A.25</u>
<u>120.20</u>	<u>120A.26</u>
<u>120.1015</u>	<u>120A.28</u>
<u>120.106</u>	<u>120A.29</u>
<u>120.73,</u>	<u>120A.40,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 2a</u>	<u>subd. 3</u>
<u>subd. 2b</u>	<u>subd. 4</u>
<u>subd. 3</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>120.74</u>	<u>120A.41</u>
<u>120.75</u>	<u>120A.42</u>
<u>120.76</u>	<u>120A.43</u>

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

ARTICLE 2

CHAPTER 120B EDUCATIONAL OPPORTUNITIES

Section 1. [120B.01] DEFINITIONS.

For purposes of this chapter, the words defined in section 120.02 have the same meaning.

Sec. 2. Minnesota Statutes 1996, section 120.064, subdivision 4, is amended to read:

Subd. 4. **FORMATION OF SCHOOL.** (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to operate a charter school subject to approval by the state board of education. If a school board elects not to sponsor a charter school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall ~~must~~ sponsor the school according to this section. The school shall ~~must~~ be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The state board must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school shall ~~must~~ hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity shall ~~must~~ not be conditioned upon the bargaining unit status of the employees of the school.

Sec. 3. Minnesota Statutes 1996, section 120.064, subdivision 4a, is amended to read:

Subd. 4a. **CONVERSION OF EXISTING SCHOOLS.** A school board may convert one or more of its existing schools to charter schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Sec. 4. Minnesota Statutes 1996, section 120.064, subdivision 5, is amended to read:

Subd. 5. **CONTRACT.** The sponsor's authorization for a charter school shall ~~must~~ be in the form of a written contract signed by the sponsor and the board of directors of the

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

charter school. The contract for a charter school shall must be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 15, and 21;
- (7) assumption of liability by the charter school;
- (8) types and amounts of insurance coverage to be obtained by the charter school; and
- (9) the term of the contract, which may be up to three years.

Sec. 5. Minnesota Statutes 1996, section 120.064, subdivision 7, is amended to read:

Subd. 7. PUBLIC STATUS; EXEMPTION FROM STATUTES AND RULES.

A charter school is a public school and is part of the state's system of public education. Except as provided in this section, a charter school is exempt from all statutes and rules applicable to a school, a school board, or a school district, although it may elect to comply with one or more provisions of statutes or rules.

Sec. 6. Minnesota Statutes 1997 Supplement, 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) A school sponsored by a school board may be located in any district, unless the school board 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 school board, the sponsoring school board may appeal to the state board of education. If the state board authorizes the school, the state board shall must 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 must 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.

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

(f) A charter school may not charge tuition.

(g) A charter school is subject to and shall must comply with chapter 363 and section 126.21.

(h) A charter school is subject to and shall must 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 9, is amended to read:

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

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

(2) people who are eligible to participate in the graduation incentives program under section 126.22; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall must be accepted by lot.

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

Sec. 8. Minnesota Statutes 1997 Supplement, 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.

Sec. 9. Minnesota Statutes 1996, section 120.064, subdivision 11, is amended to read:

Subd. 11. EMPLOYMENT AND OTHER OPERATING MATTERS. A charter school shall must employ or contract with necessary teachers, as defined by section

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

125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 10. Minnesota Statutes 1996, section 120.064, subdivision 12, is amended to read:

Subd. 12. PUPILS WITH A DISABILITY. A charter school must comply with sections 120.03 and 120.17 and rules relating to the education of pupils with a disability as though it were a school district.

Sec. 11. Minnesota Statutes 1996, section 120.064, subdivision 13, is amended to read:

Subd. 13. LENGTH OF SCHOOL YEAR. A charter school shall must provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.

Sec. 12. Minnesota Statutes 1996, section 120.064, subdivision 14, is amended to read:

Subd. 14. REPORTS. A charter school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.

Sec. 13. Minnesota Statutes 1997 Supplement, section 120.064, subdivision 14a, is amended to read:

Subd. 14a. REVIEW AND COMMENT. The department shall must 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. 14. Minnesota Statutes 1996, section 120.064, subdivision 15, is amended to read:

Subd. 15. TRANSPORTATION. (a) By July 1 of each year, a charter school shall must notify the district in which the school is located and the department of children, families, and learning if it will provide transportation for pupils enrolled at in the school for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation shall must be provided by the charter school within the district in which the charter school is located. The state shall must pay transportation aid to the charter school according to section 124.248, subdivision 1a.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's resi-

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

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

At the time a pupil enrolls in a charter school, the charter school shall must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school shall must be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.

Sec. 15. Minnesota Statutes 1996, section 120.064, subdivision 17, is amended to read:

Subd. 17. **INITIAL COSTS.** A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the state board of education has approved the authorization.

Sec. 16. Minnesota Statutes 1996, section 120.064, subdivision 19, is amended to read:

Subd. 19. **LEAVE TO TEACH IN A CHARTER SCHOOL.** If a teacher employed by a school district makes a written request for an extended leave of absence to teach at a charter school, the school district must grant the leave. The school district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Sec. 17. Minnesota Statutes 1996, section 120.064, subdivision 20, is amended to read:

Subd. 20. **COLLECTIVE BARGAINING.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bar-

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

gaining units at the school shall must be separate from any other units within the sponsoring district, except that bargaining units may remain part of the appropriate unit within the sponsoring district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the sponsoring district, and the board of the sponsoring district agree to include the employees in the appropriate unit of the sponsoring district.

Sec. 18. Minnesota Statutes 1997 Supplement, section 120.064, subdivision 20a, is amended to read:

Subd. 20a. **TEACHER AND OTHER EMPLOYEE RETIREMENT.** (a) Teachers in a charter school shall must 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 must be public employees for the purposes of chapter 353.

Sec. 19. Minnesota Statutes 1996, section 120.064, subdivision 21, is amended to read:

Subd. 21. **CAUSES FOR NONRENEWAL OR TERMINATION.** (a) The duration of the contract with a sponsor shall must be for the term contained in the contract according to subdivision 5. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) for violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school shall must be dissolved according to the applicable provisions of chapter 308A or 317A.

Sec. 20. Minnesota Statutes 1996, section 120.064, subdivision 22, is amended to read:

Subd. 22. **PUPIL ENROLLMENT.** If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or

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

another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall ~~must~~ be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.

Sec. 21. Minnesota Statutes 1996, section 120.064, subdivision 24, is amended to read:

Subd. 24. **IMMUNITY.** The state board of education, members of the state board, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to a charter school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.

Sec. 22. Minnesota Statutes 1996, section 120.17, subdivision 1, is amended to read:

Subdivision 1. SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY. Every district shall ~~must~~ provide special instruction and services, either within the district or in another district, for children with a disability who are residents of the district and who are disabled as set forth in section 120.03. Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until September 1 after the child with a disability becomes 22 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 126.22, subdivision 2. Local health, education, and social service agencies shall ~~must~~ refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the state board shall ~~must~~ cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This subdivision does not alter the compulsory attendance requirements of section 120.101.

Sec. 23. Minnesota Statutes 1996, section 120.17, subdivision 1b, is amended to read:

Subd. 1b. **HIGH SCHOOL DIPLOMA.** Upon completion of secondary school or the equivalent, a pupil with a disability who satisfactorily attains the objectives in the pupil's individual education plan shall ~~must~~ be granted a high school diploma that is identical to the diploma granted to a pupil without a disability.

Sec. 24. Minnesota Statutes 1996, section 120.17, subdivision 2, is amended to read:

Subd. 2. **METHOD OF SPECIAL INSTRUCTION.** (a) Special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

- (1) in connection with attending regular elementary and secondary school classes;
- (2) establishment of special classes;
- (3) at the home or bedside of the child;
- (4) in other districts;

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

(5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;

(6) in a state residential school or a school department of a state institution approved by the commissioner;

(7) in other states;

(8) by contracting with public, private, or voluntary agencies;

(9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;

(10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and

(11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a child with a disability shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used. If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services shall must notify the child's district of residence before the child's individual education plan is developed and shall must provide the district of residence an opportunity to participate in the plan's development. The district of residence must inform the parents of the child about the methods of instruction that are available.

(d) Paragraphs (e) to (i) may be cited as the "Blind Persons' Literacy Rights and Education Act."

(e) The following definitions apply to paragraphs (f) to (i).

"Blind student" means an individual who is eligible for special educational services and who:

(1) has a visual acuity of 20/200 or less in the better eye with correcting lenses or has a limited field of vision such that the widest diameter subtends an angular distance of no greater than 20 degrees; or

(2) has a medically indicated expectation of visual deterioration.

"Braille" means the system of reading and writing through touch commonly known as standard English Braille.

"Individualized education plan" means a written statement developed for a student eligible for special education and services pursuant to this section and section 602(a)(20) of part A of the Individuals with Disabilities Education Act, United States Code, title 20, section 1401(a).

(f) In developing an individualized education plan for each blind student the presumption must be that proficiency in Braille reading and writing is essential for the stu-

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

dent to achieve satisfactory educational progress. The assessment required for each student must include a Braille skills inventory, including a statement of strengths and deficits. Braille instruction and use are not required by this paragraph if, in the course of developing the student's individualized education program, team members concur that the student's visual impairment does not affect reading and writing performance commensurate with ability. This paragraph does not require the exclusive use of Braille if other special education services are appropriate to the student's educational needs. The provision of other appropriate services does not preclude Braille use or instruction. Instruction in Braille reading and writing shall must be available for each blind student for whom the multidisciplinary team has determined that reading and writing is appropriate.

(g) Instruction in Braille reading and writing must be sufficient to enable each blind student to communicate effectively and efficiently with the same level of proficiency expected of the student's peers of comparable ability and grade level.

(h) The student's individualized education plan must specify:

(1) the results obtained from the assessment required under paragraph (f);

(2) how Braille will be implemented through integration with other classroom activities;

(3) the date on which Braille instruction will begin;

(4) the length of the period of instruction and the frequency and duration of each instructional session;

(5) the level of competency in Braille reading and writing to be achieved by the end of the period and the objective assessment measures to be used; and

(6) if a decision has been made under paragraph (f) that Braille instruction or use is not required for the student:

(i) a statement that the decision was reached after a review of pertinent literature describing the educational benefits of Braille instruction and use; and

(ii) a specification of the evidence used to determine that the student's ability to read and write effectively without Braille is not impaired.

(i) Instruction in Braille reading and writing is a service for the purpose of special education and services under this section.

(j) Paragraphs (e) to (i) shall must not be construed to supersede any rights of a parent or guardian of a child with a disability under federal or state law.

Sec. 25. Minnesota Statutes 1996, section 120.17, subdivision 3, is amended to read:

Subd. 3. RULES OF THE STATE BOARD. (a) The state board shall promulgate must adopt rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of children with a disability. These rules shall must provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall must also provide standards for the discipline, control, management, and protection of children with a disability. The state board shall must not adopt rules for pupils served in

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

level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The state board shall must adopt rules to determine eligibility for special education services. The rules shall must include procedures and standards by which to grant variances for experimental eligibility criteria. The state board shall must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall must specify the program standards used to evaluate the request and the reasons for denying the request.

(b) The state's regulatory scheme should support schools by assuring that all state special education rules adopted by the state board of education result in one or more of the following outcomes:

- (1) increased time available to teachers for educating students through direct and indirect instruction;
- (2) consistent and uniform access to effective education programs for students with disabilities throughout the state;
- (3) reduced inequalities, conflict, and court actions related to the delivery of special education instruction and services for students with disabilities;
- (4) clear expectations for service providers and for students with disabilities;
- (5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;
- (6) greater focus for the state and local resources dedicated to educating students with disabilities; and
- (7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

Sec. 26. Minnesota Statutes 1996, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. SCHOOL DISTRICT OBLIGATIONS. Every district shall must ensure that the following:

- (1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the school district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The student's needs and the special education instruction and services to be provided shall must be agreed upon through the development of an individual education

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

plan. The plan shall ~~must~~ address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall ~~must~~ address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

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

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

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

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

Sec. 27. Minnesota Statutes 1996, section 120.17, subdivision 3b, is amended to read:

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

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

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

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

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

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

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

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

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

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

- (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;
- (2) the proposed placement of their child in, or transfer of their child to a special education program;
- (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;
- (4) the proposed provision or addition of special education services for their child; or
- (5) the proposed denial or removal of special education services for their child.

Within five business days after the request for a hearing, or as directed by the hearing officer, the objecting party shall must provide the other party with a brief written statement of particulars of the objection, the reasons for the objection, and the specific remedies sought. The other party shall provide the objecting party with a written response to the statement of objections within five business days of receipt of the statement.

The hearing shall must take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. Within four business days of the receipt of the request for the hearing, if the parties have not agreed on the hearing officer, the school board shall must request the commissioner to appoint a hearing officer. The school board shall must include with the request the name of the person requesting the

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

hearing, the name of the student, the attorneys involved, if any, and the date the hearing request was received. The hearing officer ~~shall~~ must not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest ~~which~~ that would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment ~~shall~~ must be at district expense. The proceedings ~~shall~~ must be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

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

The local decision ~~shall~~ must:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision; and

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

(g) Any local decision issued pursuant to clauses paragraphs (e) and (f) may be appealed to the commissioner within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules. The appealing party ~~shall~~ must note the specific parts of the hearing decision being appealed.

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

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

The final decision shall must:

- (1) be in writing;
- (2) include findings and conclusions; and
- (3) be based upon the standards ~~set forth~~ in subdivision 3a and in the rules of the state board.

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

(i) The commissioner of ~~children, families, and learning~~ shall must select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

- (1) the individual must be knowledgeable and impartial;
- (2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;
- (3) the individual must not have been employed as an administrator by the district that is a party to the hearing;
- (4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;
- (5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;
- (6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal;
- (7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the department of ~~children, families, and learning~~, and the state board of education; and
- (8) the individual is not a current employee or board member of a disability advocacy organization or group.

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

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

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

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

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

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

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

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

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

Sec. 28. Minnesota Statutes 1996, section 120.17, subdivision 3d, is amended to read:

Subd. 3d. **INTERAGENCY SERVICES.** If at the time of initial referral for an educational assessment, or a reassessment, the school district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a school district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative shall ~~must~~ develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care shall ~~must~~ include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments.

Sec. 29. Minnesota Statutes 1996, section 120.17, subdivision 4, is amended to read:

Subd. 4. **SPECIAL INSTRUCTIONS FOR NONRESIDENT CHILDREN.** When a school district provides instruction and services outside the district of residence,

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

board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability ~~shall~~ must be the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for transportation, minus the amount of special aid for children with a disability received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner ~~shall~~ must then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner ~~shall~~ must make an order fixing the tuition rate, which ~~shall be~~ is binding on both school districts.

When a district provides instruction and services in a day program outside the district of residence, the district of residence ~~shall be~~ is responsible for providing transportation. When a district provides instruction and services requiring board and lodging or placement in a residential program outside the district of residence, the nonresident district in which the child is placed ~~shall be~~ is responsible for providing transportation. Transportation costs shall be paid by the district responsible for providing transportation and the state shall pay transportation aid to that district.

For the purposes of this section, any school district may enter into an agreement, upon ~~mutually agreed upon~~ terms and conditions ~~which are mutually agreed upon~~, to provide special instruction and services for children with a disability. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts. Each participating unit ~~shall~~ must reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 30. Minnesota Statutes 1996, section 120.17, subdivision 4a, is amended to read:

Subd. 4a. ATTENDANCE IN ANOTHER DISTRICT. No resident of a district who is eligible for special instruction and services pursuant to this section ~~shall~~ may be denied provision of this instruction and service because of attending a public ~~school~~ in another school district pursuant to section 123.39, subdivision 5, if the attendance is not subject to section 120.075, 120.0751, or 120.0752. If the pupil attends a public school located in a contiguous district and the district of attendance does not provide special instruction and services, the district of residence ~~shall~~ must provide necessary transportation for the pupil between the boundary of the district of residence and the educational facility where special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for the pupil between its boundary and the school attended in the contiguous district, but ~~shall~~ must not pay the cost of transportation provided outside the boundary of the district of residence.

Sec. 31. Minnesota Statutes 1996, section 120.17, subdivision 5, is amended to read:

Subd. 5. SCHOOL OF PARENTS' CHOICE. Nothing in this chapter ~~shall~~ must be construed as preventing parents of a child with a disability from sending ~~such the~~ child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to chapter 128A, and all other provisions of chapters 120 to 129.

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

Sec. 32. Minnesota Statutes 1996, section 120.17, subdivision 5a, is amended to read:

Subd. 5a. SUMMER PROGRAMS. A district may provide summer programs for children with a disability living within the district and nonresident children temporarily placed in the district pursuant to subdivision 6 or 7. Prior to March 31 or 30 days after the child with a disability is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to subdivision 6 or 7, of its intention to provide these programs. Notwithstanding any contrary provisions in subdivisions 6 and 7, the school district providing the special instruction and services shall must apply for special education aid for the summer program. The unreimbursed actual cost of providing the program for nonresident children with a disability, including the cost of board and lodging, may be billed to the district of the child's residence and shall must be paid by the resident district. Transportation costs shall must be paid by the district responsible for providing transportation pursuant to subdivision 6 or 7 and transportation aid shall must be paid to that district.

Sec. 33. Minnesota Statutes 1996, section 120.17, subdivision 6, is amended to read:

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

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

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

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

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of

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

residence may claim general education aid for the child as provided by law. Transportation costs shall must be paid by the district responsible for providing the transportation and the state shall must pay transportation aid to that district.

Sec. 34. Minnesota Statutes 1996, section 120.17, subdivision 7, is amended to read:

Subd. 7. **PLACEMENT IN STATE INSTITUTION; RESPONSIBILITY.** (a) Responsibility for special instruction and services for a child with a disability placed in a state institution on a temporary basis shall must be determined in the following manner:

(a) (1) the legal residence of such the child shall be is the school district in which the child's parent resides, if living, or the child's guardian; and

(b) (2) when the educational needs of such the child can be met through the institutional program, the costs for such the instruction shall must be paid by the department to which the institution is assigned.

(c) (b) When it is determined that such the child can benefit from public school enrollment, provision for such the instruction shall be made in the following manner:

(1) determination of eligibility for special instruction and services shall must be made by the commissioner of children, families, and learning and the commissioner of the department responsible for the institution;

(2) the school district where the institution is located shall be is responsible for providing transportation and an appropriate educational program for the child and shall must make a tuition charge to the child's district of residence for the actual cost of providing the program; and

(3) the district of the child's residence shall pay the tuition and other program costs excluding transportation costs and may claim general education aid for the child. Transportation costs shall must be paid by the district where the institution is located and the state shall must pay transportation aid to that district.

Sec. 35. Minnesota Statutes 1996, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. **ATTENDANCE AT SCHOOL FOR THE DISABLED.** Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall must be determined in the following manner:

(a) The legal residence of the child shall be is the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall must provide the appropriate educational program for the child. The state board shall must make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged shall must not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall must pay the tuition and may claim general education aid for the child. Tuition received by the state board, except for tuition received under clause paragraph (c), shall must be deposited in the state treasury as provided in clause paragraph (g).

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

(c) In addition to the tuition charge allowed in ~~clause paragraph~~ (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this ~~clause paragraph~~ must be used by the academies to provide the required service.

(d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located ~~shall~~ must provide an appropriate educational program for the child and ~~shall~~ must make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board ~~shall~~ must pay the tuition and other program costs including the unreimbursed transportation costs. Aids for children with a disability ~~shall~~ must be paid to the district providing the special instruction and services. Special transportation ~~shall~~ must be provided by the district providing the educational program and the state ~~shall~~ must reimburse ~~such~~ that district within the limits provided by law.

(e) Notwithstanding the provisions of ~~clauses paragraphs~~ (b) and (d), the state board may agree to make a tuition charge for less than the amount specified in ~~clause paragraph~~ (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in ~~clause paragraph~~ (d) for providing appropriate educational programs to pupils attending the applicable school.

(f) Notwithstanding the provisions of ~~clauses paragraphs~~ (b) and (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in ~~clause paragraph~~ (g), ~~subclauses clauses~~ (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of ~~children, families, and learning~~ for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

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

Sec. 36. Minnesota Statutes 1996, section 120.17, subdivision 8a, is amended to read:

Subd. 8a. **RESIDENCE OF CHILD UNDER SPECIAL CONDITIONS.** The legal residence of a child with a disability placed in a foster facility for care and treatment when:

- (1) parental rights have been terminated by court order;
- (2) parent or guardian is not living within the state;
- (3) no other school district residence can be established; or
- (4) parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections;

shall be is the school district in which the child resides. The school board of the district of residence shall must provide the same educational program for such the child as it provides for all resident children with a disability in the district.

Sec. 37. Minnesota Statutes 1996, section 120.17, subdivision 9, is amended to read:

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

Sec. 38. Minnesota Statutes 1996, section 120.17, subdivision 10, is amended to read:

Subd. 10. **NONRESIDENT EDUCATION; BILLING.** All tuition billing for the education of nonresident children pursuant to this section shall must be done on uniform forms prescribed by the commissioner. The billing shall contain an itemized statement of costs which that are being charged to the district of residence. One copy of each such bill shall must be filed with the commissioner.

Sec. 39. Minnesota Statutes 1996, section 120.17, subdivision 16, is amended to read:

Subd. 16. **COMMUNITY TRANSITION INTERAGENCY COMMITTEE.** A district, group of districts, or special education cooperative, in cooperation with the

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

county or counties in which the district or cooperative is located, ~~shall~~ must establish a community transition interagency committee for youth with disabilities, beginning at grade 9 or age equivalent, and their families. Members of the committee ~~shall~~ must consist of representatives from special education; vocational and regular education; community education; post-secondary education and training institutions; adults with disabilities who have received transition services if such persons are available; parents of youth with disabilities; local business or industry; rehabilitation services; county social services; health agencies; and additional public or private adult service providers as appropriate. The committee ~~shall~~ must elect a chair and ~~shall~~ must meet regularly. The committee ~~shall~~ must:

- (1) identify current services, programs, and funding sources provided within the community for secondary and post-secondary aged youth with disabilities and their families;
- (2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;
- (3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of individuals with disabilities are met;
- (4) recommend changes or improvements in the community system of transition services;
- (5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and
- (6) following procedures determined by the commissioner, prepare a yearly summary assessing the progress of transition services in the community including follow-up of individuals with disabilities who were provided transition services to determine post-school outcomes. The summary must be disseminated to all adult services agencies involved in the planning and to the commissioner of children, families, and learning by October 1 of each year.

Sec. 40. Minnesota Statutes 1996, section 120.17, subdivision 18, is amended to read:

Subd. 18. AGENCY ACCESS TO NONPUBLIC DATA. The commissioner of administration ~~shall~~ must prepare a form and disseminate guidelines for state agencies, political subdivisions, and other responsible authorities to use to enable a responsible authority to allow another responsible authority access to data about a child with a disability that is classified as not public. The form and guidelines must be consistent with section 13.05, subdivision 9, and federal law, and are not subject to the rulemaking requirements under chapter 14.

Sec. 41. Minnesota Statutes 1996, section 120.17, subdivision 19, is amended to read:

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

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

Sec. 42. Minnesota Statutes 1996, section 120.1701, subdivision 2, is amended to read:

Subd. 2. DEFINITIONS. For the purposes of this section the following terms have the meaning meanings given them.

(a) "Coordinate" means to provide ready access to a community's services and resources to meet child and family needs.

(b) "Core early intervention services" means services that are available at no cost to children and families. These services include:

(1) identification and referral;

(2) screening;

(3) evaluation;

(4) assessment;

(5) service coordination;

(6) special education and related services provided under section 120.17, subdivision 3a, and United States Code, title 20, section 1401; and

(7) protection of parent and child rights by means of procedural safeguards.

(c) "County board" means a county board established under chapter 375.

(d) "Early intervention record" means any personally identifiable information about a child or the child's family that is generated by the early intervention system, and that pertains to evaluation and assessment, development of an individualized family service plan, and the delivery of early intervention services.

(e) "Early intervention services" means services provided in conformity with an individualized family service plan that are designed to meet the special developmental needs of a child eligible under Code of Federal Regulations, title 34, part 303, and the needs of the child's family related to enhancing the child's development and that are selected in collaboration with the parent. These services include core early intervention services and additional early intervention services listed in subdivision 4 and services defined in Code of Federal Regulations, title 34, section 303, et seq.

(f) "Early intervention system" means the total effort in the state to meet the needs of eligible children and their families, including, but not limited to:

(1) any public agency in the state that receives funds under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part H, Public Law Number 102-119);

(2) other state and local agencies administering programs involved in the provision of early intervention services, including, but not limited to:

(i) the Maternal and Child Health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act, United States Code, title 20, sections 1411 to 1420 (Part B);

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

(iii) medical assistance under the Social Security Act, United States Code, title 42, section 1396 et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, sections 6021 to 6030 (Part B); and

(v) the Head Start Act, United States Code, title 42, sections 9831 to 9852; and

(3) services provided by private groups or third-party payers in conformity with an individualized family service plan.

(g) "Eligibility for Part H" means eligibility for early childhood special education under section 120.03 and Minnesota Rules, part 3525.2335, subpart 1, items A and B.

(h) "Facilitate payment" means helping families access necessary public or private assistance that provides payment for services required to meet needs identified in a service plan, individual education plan (IEP), individual service plan (ISP), or individualized family service plan (IFSP), according to time frames required by the plan. This may also include activities to collect fees for services provided on a sliding fee basis, where permitted by state law.

(i) "Individualized family service plan" or "IFSP" means a written plan for providing services to a child and the child's family.

(j) "Interagency child find systems" means activities developed on an interagency basis with the involvement of interagency early intervention committees and other relevant community groups to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities, and their families.

(k) "Local primary agency" means the agency designated jointly by the school and county board under subdivision 4.

(l) "Parent" means the biological parent with parental rights, adoptive parent, legal guardian, or surrogate parent.

(m) "Part H state plan" means the annual state plan application approved by the federal government under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119).

(n) "Pay for" means using federal, state, local, and private dollars available for early intervention services.

(o) "Respite" means short-term, temporary care provided to a child with a disability due to the temporary absence or need for relief of the family member or members or primary caregiver, normally providing the care.

(p) "State lead agency" means the state agency receiving federal funds under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119).

(q) "Surrogate parent" means a person appointed by the local education agency to assure that the rights of the child to early intervention services are protected.

Sec. 43. Minnesota Statutes 1997 Supplement, 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,

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

in compliance with Public Law Number 102-119, section 682. The members shall must be appointed by the governor. Council members shall must elect the council chair. The representative of the commissioner of children, families, and learning may not serve as the chair. The council shall must 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 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 must meet at least quarterly.

The council shall must 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 must 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 expires on June 30, 2001.

Sec. 44. Minnesota Statutes 1996, section 120.1701, subdivision 4, is amended to read:

Subd. 4. RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL BOARDS. (a) It is the joint responsibility of county boards and school boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 120.03 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with an IFSP for each eligible infant and toddler from birth through age two and its family, or an individual education plan (IEP) or individual service plan (ISP) for each eligible child ages three through four.

(b) Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services,

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

special instruction, nursing, respite, nutrition, assistive technology, transportation and related costs, social work, vision services, case management including service coordination under subdivision 8, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services.

(c) School and county boards shall coordinate early intervention services. In the absence of agreements established according to subdivision 13, service responsibilities for children birth through age two are as follows:

(1) school boards are required to must provide, pay for, and facilitate payment for special education and related services required under section 120.17, subdivision 2;

(2) county boards are required to must provide, pay for, and facilitate payment for noneducational services of social work, psychology, transportation and related costs, nursing, respite, and nutrition services not required under clause (1).

(d) School and county boards may develop an interagency agreement according to subdivision 13 to establish agency responsibility that assures that early intervention services are coordinated, provided, paid for, and that payment is facilitated from public and private sources.

(e) County and school boards shall must jointly determine the primary agency in this cooperative effort and must notify the commissioner of the state lead agency of their decision.

Sec. 45. Minnesota Statutes 1996, section 120.1701, subdivision 5, is amended to read:

Subd. 5. INTERAGENCY EARLY INTERVENTION COMMITTEES. (a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, shall must establish an interagency early intervention committee for children with disabilities under age five and their families. Committees shall must include representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; parents of young children with disabilities under age 12; current service providers; and may also include representatives from other private or public agencies. The committee shall must elect a chair from among its members and shall must meet at least quarterly.

(b) The committee shall must develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) develop public awareness systems designed to inform potential recipient families of available programs and services;

(2) implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families;

(3) establish and evaluate the identification, referral, child and family assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

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

(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies. Agencies are encouraged;

(5) encourage agencies to develop individual family service plans for children with disabilities, age three and older;

(6) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(7) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services;

(8) identify the current services and funding being provided within the community for children with disabilities under age five and their families;

(9) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313); and

(10) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families;

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities; and

(3) prepare a yearly summary on the progress of the community in serving young children with disabilities, and their families, including the expenditure of funds, the identification of unmet service needs identified on the individual family services plan and other individualized plans, and local, state, and federal policies impeding the implementation of this section.

(d) The summary must be organized following a format prescribed by the commissioner of the state lead agency and must be submitted to each of the local agencies and to the state interagency coordinating council by October 1 of each year.

The departments of children, families, and learning, health, and human services must provide assistance to the local agencies in developing cooperative plans for providing services.

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

Sec. 46. Minnesota Statutes 1996, section 120.1701, subdivision 6, is amended to read:

Subd. 6. LOCAL PRIMARY AGENCY. (a) The local primary agency shall must:

(1) facilitate the development of annual fund requests that identify arrangements with other local and regional agencies providing services as part of the state's early childhood intervention system and that result in service availability on a year-round basis, as necessary;

(2) administer funds received through the annual fund request;

(3) provide oversight for data collection efforts;

(4) facilitate completion of interagency early intervention committee duties as indicated in subdivision 5;

(5) request mediation from the state lead agency, if necessary;

(6) request assistance from the state lead agency when disputes between agencies cannot be resolved within 20 calendar days; and

(7) receive written requests from parents for matters that may be resolved through due process hearings.

(b) When the local primary agency is not an education agency, resources distributed under the early intervention fund shall must be transferred from a local educational agency to a noneducation agency using a state provided contract. A local primary agency may budget for indirect costs at an amount not to exceed five percent of the amount allocated from the early intervention fund.

Sec. 47. Minnesota Statutes 1996, section 120.1701, subdivision 7, is amended to read:

Subd. 7. INDIVIDUALIZED FAMILY SERVICE PLAN. (a) A team must participate in IFSP meetings to develop the individualized family service plan IFSP. The team shall include:

(1) a parent or parents of the child;

(2) other family members, as requested by the parent, if feasible to do so;

(3) an advocate or person outside of the family, if the parent requests that the person participate;

(4) the service coordinator who has been working with the family since the initial referral, or who has been designated by the public agency to be responsible for implementation of the IFSP; and

(5) a person or persons involved in conducting evaluations and assessments.

(b) The IFSP must include:

(1) information about the child's developmental status;

(2) family information, with the consent of the family;

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

(3) major outcomes expected to be achieved by the child and the family, that include the criteria, procedures, and timelines;

(4) specific early intervention services necessary to meet the unique needs of the child and the family to achieve the outcomes;

(5) payment arrangements, if any;

(6) medical and other services that the child needs, but that are not required under the Individual with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) including funding sources to be used in paying for those services and the steps that will be taken to secure those services through public or private sources;

(7) dates and duration of early intervention services;

(8) name of the service coordinator;

(9) steps to be taken to support a child's transition from early intervention services to other appropriate services; and

(10) signature of the parent and authorized signatures of the agencies responsible for providing, paying for, or facilitating payment, or any combination of these, for early intervention services.

Sec. 48. Minnesota Statutes 1996, section 120.1701, subdivision 8, is amended to read:

Subd. 8. SERVICE COORDINATION. (a) The team developing the individualized family service plan IFSP under subdivision 7 shall must select a service coordinator to carry out service coordination activities on an interagency basis. Service coordination must actively promote a family's capacity and competency to identify, obtain, coordinate, monitor, and evaluate resources and services to meet the family's needs. Service coordination activities include:

(1) coordinating the performance of evaluations and assessments;

(2) facilitating and participating in the development, review, and evaluation of individualized family service plans;

(3) assisting families in identifying available service providers;

(4) coordinating and monitoring the delivery of available services;

(5) informing families of the availability of advocacy services;

(6) coordinating with medical, health, and other service providers;

(7) facilitating the development of a transition plan at least six months prior to before the time the child is no longer eligible for early intervention services, if appropriate;

(8) managing the early intervention record and submitting additional information to the local primary agency at the time of periodic review and annual evaluations; and

(9) notifying a local primary agency when disputes between agencies impact service delivery required by an individualized family service plan IFSP.

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

(b) A service coordinator must be knowledgeable about children and families receiving services under this section, requirements of state and federal law, and services available in the interagency early childhood intervention system.

Sec. 49. Minnesota Statutes 1996, section 120.1701, subdivision 8a, is amended to read:

Subd. 8a. **EARLY INTERVENTION RESPITE.** The provision of respite services for an eligible child and family shall must be determined in the context of the IFSP development based on the individual needs of the child and family and with consideration given to the following criteria:

- (1) severity of the child's disability and needs;
- (2) potential risk of out-of-home placement for the child if respite services are not provided;
- (3) parental lack of access to informal support systems, including, but not limited to, extended family, supportive friends, and community supports;
- (4) presence of factors known to increase family stress, including, but not limited to, family size and presence of another child or family member with a disability;
- (5) the availability of other public services provided to the family which that assist the parent or primary caretaker in obtaining relief from caretaking responsibilities; and
- (6) the perceived and expressed level of need for respite services by the parent.

Counties are encouraged to make a variety of respite service models available, which may include in or out-of-home respite, family reimbursement programs, and parent-to-parent respite projects.

Sec. 50. Minnesota Statutes 1996, section 120.1701, subdivision 9, is amended to read:

Subd. 9. **EARLY INTERVENTION FLOW-THROUGH DOLLARS.** (a) The state lead agency shall must administer the early intervention account which that consists of federal allocations. The Part H state plan shall must state the amount of federal resources in the early intervention account available for use by local agencies. The state lead agency shall must distribute the funds to the local primary agency based on a December 1 count of the prior year of Part H eligible children for the following purposes:

(1) as provided in Code of Federal Regulations, title 34, part 303.425, to arrange for payment for early intervention services not elsewhere available, or to pay for services during the pendency of a conflict procedure, including mediation, complaints, due process hearings, and interagency disputes; and

(2) to support interagency child find system activities.

(b) The priority purpose for this fund is paragraph (a), clause (1). The local primary agency shall must reallocate resources from the early intervention fund as necessary in order to meet this priority.

(c) Nothing in this subdivision shall limit limits the state lead agency's authority to allocate discretionary federal funds for any purpose consistent with the Individuals with

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

Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part H, Public Law Number 102-119) and regulations adopted under United States Code, title 20, sections 1471 to 1485.

(d) Each county board must continue to spend for early intervention services under subdivision 2, paragraph (e), an amount equal to the total county expenditure during the period from January 1, 1993, to December 31, 1993, for these same services. The commissioner of human services, in consultation with the commissioner of health and the association of Minnesota counties, shall must establish a process for determining base year 1993 expenditures.

(e) County boards that have submitted base year 1993 expenditures as required under paragraph (d) are not required to pay any increased cost over the base year 1993 for early intervention services resulting from implementing the early intervention system. Increased costs to county boards may be paid for with early intervention flow-through dollars.

(f) School boards are not required to pay for services defined in subdivision 4, paragraph (c), clause (2).

Sec. 51. Minnesota Statutes 1996, section 120.1701, subdivision 10, is amended to read:

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

Sec. 52. Minnesota Statutes 1996, section 120.1701, subdivision 11, is amended to read:

Subd. 11. PAYOR OF LAST RESORT. (a) For fiscal years 1995 and 1996, the state lead agency shall must establish a reserve account from federal sources to pay for services in dispute or to pay for early intervention services when local agencies have exhausted all other public and private funds available for Part H eligible children.

(b) The lead agency shall must report to the legislature by January 1, 1996, regarding county board expenditures for early intervention services and the continuing need and funding of the reserve account.

Sec. 53. Minnesota Statutes 1996, section 120.1701, subdivision 12, is amended to read:

Subd. 12. MAINTENANCE OF EFFORT. A county human services agency or county board shall must continue to provide services set forth in their county social service agency plan. The county human services agency or county board shall must serve children with disabilities under age five, and their families, or as specified in the individualized family service plan IFSP for children with disabilities, birth through age two, or the individual service plan of each child. Special instruction and related services for which a

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

child with a disability is eligible under this section are the responsibility of the local school board. It is the joint responsibility of county boards and school boards to coordinate, provide, and pay for all appropriate services required in subdivision 11b and to facilitate payment for services from public and private sources.

Sec. 54. Minnesota Statutes 1996, section 120.1701, subdivision 15, is amended to read:

Subd. 15. **BENEFITS COORDINATION.** The department of health shall must provide technical assistance in a timely manner to service coordinators, parents of children with disabilities, and agencies in situations requiring the coordination of health insurance benefits, or the identification of third-party payor responsibilities to provide necessary health benefits.

Sec. 55. Minnesota Statutes 1996, section 120.1701, subdivision 17, is amended to read:

Subd. 17. **MEDIATION PROCEDURE.** The commissioner of the state lead agency shall must use federal funds to provide mediation for the activities in paragraphs (a) and (b).

(a) A parent may resolve a dispute regarding issues in subdivision 16, paragraph (b), clause (5), through mediation. If the parent chooses mediation, all public agencies involved in the dispute shall must participate in the mediation process. The parent and the public agencies must complete the mediation process within 20 calendar days of the date the commissioner receives a parent's written request for mediation. The mediation process may not be used to delay a parent's right to a due process hearing. The resolution of the mediation is not binding on any party.

(b) The local primary agency may request mediation on behalf of involved agencies when there are disputes between agencies regarding responsibilities to coordinate, provide, pay for, or facilitate payment for early intervention services.

Sec. 56. Minnesota Statutes 1996, section 120.1701, subdivision 19, is amended to read:

Subd. 19. **INTERAGENCY DISPUTE PROCEDURE.** (a) A dispute between a school board and a county board that is responsible for implementing the provisions of subdivision 4 regarding early identification, child and family assessment, service coordination, and IFSP development and implementation shall must be resolved according to this subdivision when the dispute involves services provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119).

(b) A dispute occurs when the school board and county board are unable to agree as to who is responsible to coordinate, provide, pay for, or facilitate payment for services from public and private sources.

(c) Written and signed disputes shall must be filed with the local primary agency.

(d) The local primary agency shall have attempted must attempt to resolve the matter with the involved school board and county board and may request mediation from the commissioner of the state lead agency for this purpose.

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

(e) When interagency disputes have not been resolved within 30 calendar days, the local primary agency shall must request the commissioner of the state lead agency to review the matter with the commissioners of health and human services and make a decision. The commissioner shall must provide a consistent process for reviewing those procedures. The commissioners' decision is binding subject to the right of an aggrieved party to appeal to the state court of appeals.

(f) The local primary agency shall must ensure that eligible children and their families receive early intervention services during resolution of a dispute. While a local dispute is pending, the local primary agency shall must either assign financial responsibility to an agency or pay for the service from the early intervention account under subdivision 9. If in resolving the dispute, it is determined that the assignment of financial responsibility was inappropriate, the responsibility for payment must be reassigned to the appropriate agency and the responsible agency shall must make arrangements for reimbursing any expenditures incurred by the agency originally assigned financial responsibility.

Sec. 57. Minnesota Statutes 1996, section 120.1701, subdivision 20, is amended to read:

Subd. 20. DUE PROCESS HEARINGS. The procedures for due process hearings and appeals shall must be the same as those in section 120.17, subdivision 3b. The responsibility for payment of costs and conducting due process hearings and appeals shall be allocated to the appropriate agency in accordance with subdivisions 5, 13, and 16.

Sec. 58. Minnesota Statutes 1996, section 120.1701, subdivision 21, is amended to read:

Subd. 21. DATA COLLECTION. By July 1, 1994, the departments of children, families, and learning, health, and human services shall must develop a plan to collect data about which early intervention services are being provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and sources of payment for those services.

Sec. 59. Minnesota Statutes 1996, section 120.1701, subdivision 22, is amended to read:

Subd. 22. STATE INTERAGENCY AGREEMENT. (a) The commissioners of the departments of children, families, and learning, health, and human services shall must enter into an agreement to implement this section and Part H, Public Law Number 102-119, and as required by Code of Federal Regulations, title 34, section 303.523, to promote the development and implementation of interagency, coordinated, multidisciplinary state and local early childhood intervention service systems for serving eligible young children with disabilities, birth through age two, and their families. The agreement must be reviewed annually.

(b) The state interagency agreement shall must outline at a minimum the conditions, procedures, purposes, and responsibilities of the participating state and local agencies for the following:

(1) membership, roles, and responsibilities of a state interagency committee for the oversight of priorities and budget allocations under Part H, Public Law Number 102-119, and other state allocations for this program;

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

- (2) child find;
- (3) establishment of local interagency agreements;
- (4) review by a state interagency committee of the allocation of additional state and federal early intervention funds by local agencies;
- (5) fiscal responsibilities of the state and local agencies;
- (6) intraagency and interagency dispute resolution;
- (7) payor of last resort;
- (8) maintenance of effort;
- (9) procedural safeguards, including mediation;
- (10) complaint resolution;
- (11) quality assurance;
- (12) data collection;

(13) an annual summary to the state interagency coordinating council regarding conflict resolution activities including disputes, due process hearings, and complaints; and

(14) other components of the state and local early intervention system consistent with Public Law Number 102-119.

Written materials must be developed for parents, IEIC's, and local service providers that describe procedures developed under this section as required by Code of Federal Regulations, title 34, section 303.

Sec. 60. Minnesota Statutes 1996, section 120.172, subdivision 2, is amended to read:

Subd. 2. **STATE PLAN.** The state board of education shall not adopt any provision in the state plan for special education ~~which~~ that reduces the opportunities for parents and school districts to resolve their differences through conciliation.

Sec. 61. Minnesota Statutes 1996, section 120.173, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER APPROVAL.** The commissioner of children, families, and learning may approve applications from school districts to provide prevention services as an alternative to special education and other compensatory programs during three school years. A district with an approved program may provide instruction and services in a regular education classroom to eligible pupils. Pupils eligible to participate in the program are low-performing pupils who, based on documented experience, the professional judgment of a classroom teacher, or a team of licensed professionals, would eventually qualify for special education instruction or related services under section 120.17 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year.

Sec. 62. Minnesota Statutes 1996, section 120.173, subdivision 3, is amended to read:

Subd. 3. **EVALUATION.** The application ~~shall~~ must also set forth the review and evaluation procedures to be used by the district addressing at least the following:

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

- (1) the number of pupils with and without a disability served;
- (2) the impact of the program on the academic progress and social adjustment of the pupils;
- (3) the level of satisfaction teachers, parents, and pupils have with the program;
- (4) the effect of the program on the number of referrals for special education, federal chapter 1, and other programs;
- (5) the amount of time spent by teachers on procedural activities;
- (6) the increased amount of time the pupil is in a regular education classroom; and
- (7) cost implications.

Sec. 63. Minnesota Statutes 1996, section 120.173, subdivision 4, is amended to read:

Subd. 4. REVIEW FOR EXCESS EXPENDITURES. The commissioner shall must review each application to determine whether the personnel, equipment, supplies, residential aid, and summer school are necessary to meet the district's obligation to provide special instruction and services to children with a disability according to section 120.17. The commissioner shall may not approve revenue for any expenditures determined to be unnecessary.

Sec. 64. Minnesota Statutes 1996, section 120.173, subdivision 6, is amended to read:

Subd. 6. PUPIL RIGHTS. A pupil participating in the program must be individually evaluated according to the pupil's actual abilities and needs. A pupil who is eligible for services under section 120.17 is entitled to procedural protections provided under Public Law Number 94-142 in any matter that affects the identification, evaluation, placement, or change in placement of a pupil. The district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in the program. Notwithstanding rules of the state board of education, a pupil's rights under this section cannot be waived by the state board.

Sec. 65. Minnesota Statutes 1997 Supplement, 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 must be determined as provided in this section.

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

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

(b) ~~Prior to~~ Before the placement of a pupil for care and treatment, the district of residence ~~shall~~ must 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~~ must 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~~ must provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.

(d) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed ~~shall~~ must 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~~ must 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~~ must 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~~ must 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~~ must be paid by the district providing the transportation and the state ~~shall~~ must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision ~~shall~~ must be included in the disabled transportation category.

Sec. 66. Minnesota Statutes 1996, section 120.1811, is amended to read:

120.1811 RESIDENTIAL TREATMENT FACILITIES; EDUCATION.

Subdivision 1. EDUCATIONAL SCREENING. Secure and nonsecure residential treatment facilities licensed by the department of human services or the department of corrections ~~shall~~ must screen each juvenile who is held in a facility for at least 72 hours, excluding weekends or holidays, using an educational screening tool identified by the department of children, families, and learning, unless the facility determines that the juvenile has a current individual education plan and obtains a copy of it. The department of children, families, and learning ~~shall~~ must develop or identify an education screening tool for use in residential facilities. The tool must include a life skills development component.

Subd. 2. RULEMAKING. The state board of education may, in consultation with the commissioners of corrections and human services, make or amend rules relating to

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

education programs in residential treatment facilities, if necessary, to implement this section.

Sec. 67. Minnesota Statutes 1996, section 120.182, is amended to read:

120.182 SPECIAL EDUCATION DIRECTOR.

The authority for the selection and employment of the director of a special education cooperative established pursuant to section 120.17 or 471.59 shall be is vested in the governing board of the cooperative. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the cooperative.

Sec. 68. Minnesota Statutes 1996, section 120.183, is amended to read:

120.183 INTERAGENCY OFFICE ON TRANSITION SERVICES.

The commissioner of children, families, and learning shall must establish an interagency office on transition services to:

- (1) gather and coordinate data on transition services for secondary age pupils with a disability;
- (2) provide information, consultation, and technical assistance to state and local agencies involved in the delivery of services to pupils with a disability in transition from secondary school programs to employment and post-secondary training programs;
- (3) assist agencies in establishing local interagency agreements to assure the necessary services for efficient and appropriate transition from school to work or post-secondary training programs; and
- (4) assist regions and local areas in planning interagency in-service training to develop and improve transition services.

Sec. 69. Minnesota Statutes 1996, section 120.185, is amended to read:

120.185 ACCOMMODATING STUDENTS WITH DISABILITIES.

A school or school district shall must provide a student who is an "individual with a disability" under Section 504 of the Rehabilitation Act of 1973, United States Code, title 29, section 794, or under the Americans with Disabilities Act, Public Law Number 101-336, with reasonable accommodations or modifications in programs.

Sec. 70. Minnesota Statutes 1996, section 120.188, is amended to read:

120.188 PURCHASING GUIDELINES.

Subdivision 1. RIGHTS OF SCHOOL DISTRICTS TO PURCHASE SCHOOL-OWNED ASSISTIVE TECHNOLOGY. (a) When a child with a disability exits a school district and enters a new school district, the child's new school district may purchase any assistive technology devices that the child's former school district has purchased on the child's behalf. The child's new school district must notify, in writing, the child's former school district of the intent to purchase the device. The child's new school district must complete a purchase agreement according to section 120.1701, subdivision 10. The child's former school district must respond, in writing, to the request to purchase within 30 days.

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

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

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

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

Sec. 71. Minnesota Statutes 1996, section 120.189, is amended to read:

120.189 INTERAGENCY AGREEMENT TO PURCHASE USED ASSISTIVE TECHNOLOGY DEVICES.

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

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

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

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

Sec. 72. Minnesota Statutes 1996, section 120.190, is amended to read:

120.190 PURCHASE AGREEMENT; PRICE FORMULA.

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

Sec. 73. Minnesota Statutes 1996, section 120.80, is amended to read:

120.80 EARLY GRADUATION.

Subdivision 1. Notwithstanding any law to the contrary, any secondary school student who has completed all required courses may, with the approval of the student, the

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

student's parent or guardian, and local school officials, graduate prior to before the completion of the school year. General education revenue attributable to the student must be paid as though the student was in attendance for the entire year.

Sec. 74. Minnesota Statutes 1996, section 123.3513, is amended to read:

123.3513 ADVANCED ACADEMIC CREDIT.

A school district shall ~~must~~ grant academic credit to a pupil attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency other than the district, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the commissioner shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the school board shall ~~must~~ grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Sec. 75. Minnesota Statutes 1996, section 123.3514, subdivision 3, is amended to read:

Subd. 3. DEFINITIONS. For purposes of this section, ~~an~~ the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the North Central Association of Colleges and Schools, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. "Course" means a course or program.

(b) "Course" means a course or program.

Sec. 76. Minnesota Statutes 1997 Supplement, 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 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 ~~must~~ indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall ~~must~~ notify the pupil about payment in the customary manner used by the institution.

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

Sec. 77. Minnesota Statutes 1997 Supplement, section 123.3514, subdivision 4a, is amended to read:

Subd. 4a. **COUNSELING.** To the extent possible, the school or school district shall must 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 must 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 must, upon request, provide technical assistance to a school or school district in developing appropriate forms and counseling guidelines.

Sec. 78. Minnesota Statutes 1996, section 123.3514, subdivision 4b, is amended to read:

Subd. 4b. **DISSEMINATION OF INFORMATION; NOTIFICATION OF INTENT TO ENROLL.** By March 1 of each year, a school district shall must provide general information about the program to all pupils in grades 10 and 11. To assist the district in planning, a pupil shall inform the district by March 30 of each year of the pupil's intent to enroll in post-secondary courses during the following school year. A pupil is not bound by notifying or not notifying the district by March 30.

Sec. 79. Minnesota Statutes 1996, section 123.3514, subdivision 4d, is amended to read:

Subd. 4d. **ENROLLMENT PRIORITY.** A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in its courses. A post-secondary institution may provide information about its programs to a secondary school or to a pupil or parent, but it may not advertise or otherwise recruit or solicit the participation on financial grounds, secondary pupils to enroll in its programs. An institution shall must not enroll secondary pupils, for post-secondary enrollment options purposes, in remedial, developmental, or other courses that are not college level. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.

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

Sec. 80. Minnesota Statutes 1997 Supplement, 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 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. 81. Minnesota Statutes 1996, section 123.3514, subdivision 5, is amended to read:

Subd. 5. CREDITS. A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall must also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall must, as soon as possible, notify the commissioner, ~~which~~ ~~who~~ shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall must be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall must be included in the pupil's secondary school record. A pupil shall must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall must also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall must indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall must award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

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

Sec. 82. Minnesota Statutes 1996, section 123.3514, subdivision 6, is amended to read:

Subd. 6. FINANCIAL ARRANGEMENTS. For a pupil enrolled in a course under this section, the department of children, families, and learning shall ~~must~~ make payments according to this subdivision for courses that were taken for secondary credit.

The department shall ~~must~~ not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall ~~must~~ not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of children, families, and learning shall ~~must~~ pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 83. Minnesota Statutes 1996, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER. For a pupil enrolled in a course according to this section, the department of children, families, and learning shall ~~must~~ make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall ~~must~~ not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

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

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of children, families, and learning shall must pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 84. Minnesota Statutes 1997 Supplement, 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. 85. Minnesota Statutes 1996, section 123.3514, subdivision 7a, is amended to read:

Subd. 7a. **TEXTBOOKS; MATERIALS.** All textbooks and equipment provided to a pupil, and paid for under subdivision 6, are the property of the pupil's school district of residence. Each pupil is required to return all textbooks and equipment to the school district after the course has ended.

Sec. 86. Minnesota Statutes 1996, section 123.3514, subdivision 7b, is amended to read:

Subd. 7b. **SUPPORT SERVICES.** The post-secondary institution shall must inform the pupil of the support services available at that institution. If the student has an

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

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

Sec. 87. Minnesota Statutes 1997 Supplement, 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 state shall provide state aid to a district in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The reimbursement 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 must pay aid to the district according to this subdivision.

Sec. 88. Minnesota Statutes 1996, section 124.227, is amended to read:

124.227 INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.

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

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

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

Sec. 89. Minnesota Statutes 1996, section 124.248, subdivision 1, is amended to read:

Subdivision 1. GENERAL EDUCATION REVENUE. General education revenue shall ~~must~~ be paid to a charter school as though it were a school district. The general

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

education revenue for each pupil unit is the state average general education revenue per pupil unit minus \$170, calculated without compensatory revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus compensatory revenue as though the school were a school district.

Sec. 90. Minnesota Statutes 1996, section 124.248, subdivision 1a, is amended to read:

Subd. 1a. TRANSPORTATION REVENUE. Transportation revenue shall must be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, according to this subdivision. Transportation aid shall equal transportation revenue.

(a) In addition to the revenue under subdivision 1, a charter school providing transportation services shall must receive general education aid for each pupil unit equal to the sum of \$170, plus the transportation sparsity allowance for the school district in which the charter school is located, plus the transportation transition allowance for the school district in which the charter school is located.

(b) For the first two years that a charter school is providing transportation services, the special programs transportation revenue equals the charter school's actual cost in the current school year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8. For the third year of transportation services and later fiscal years, the special programs transportation revenue shall be computed according to section 124.225, subdivision 14.

Sec. 91. Minnesota Statutes 1997 Supplement, section 124.248, subdivision 3, is amended to read:

Subd. 3. SPECIAL EDUCATION AID. Except as provided in subdivision 1a, paragraph (b), special education aid shall must be paid to a charter school according to section 124.3201, 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. The charter school shall allocate its special education levy equalization revenue 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. 92. Minnesota Statutes 1997 Supplement, 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 must 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 ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 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) A charter school may receive money from any source for capital facilities needs. 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. 93. Minnesota Statutes 1996, section 124.273, subdivision 3, is amended to read:

Subd. 3. **PARTICIPATION OF NONPUBLIC SCHOOL PUPILS.** In counting the number of pupils of limited English proficiency for purposes of this section, districts may include pupils of limited English proficiency who attend nonpublic schools in the district. A district which counts those pupils and receives aid pursuant to this section shall ~~must~~ offer those pupils the same programs on the same terms that it offers to pupils of limited English proficiency who attend the public school. A program provided for a non-public school pupil pursuant to this subdivision shall ~~must~~ be provided at a public school or a neutral site as defined in section 123.932, subdivision 9. Nonpublic school pupils served by a district's educational program for pupils of limited English proficiency shall ~~must~~ be counted for average daily membership pursuant to sections 124A.02, subdivisions 20 to 22, and 124A.034, subdivisions 1 to 2.

Sec. 94. Minnesota Statutes 1996, section 124.273, subdivision 4, is amended to read:

Subd. 4. **APPLICATION DATES.** To obtain aid for limited English proficiency programs, a district shall ~~must~~ submit information required by the department to implement this section.

Sec. 95. Minnesota Statutes 1996, section 124.273, subdivision 6, is amended to read:

Subd. 6. **RECORDS; AUDIT.** A district which applies for aid pursuant to this section shall ~~must~~ maintain records which support the information contained in all of its applications. The commissioner of children, families, and learning may audit these records upon request. A district which receives aid pursuant to this section shall ~~must~~ keep such additional records in the manner prescribed by the commissioner to ensure that an educational program for pupils of limited English proficiency is implemented and operated in accordance with sections 126.261 to 126.269.

Sec. 96. Minnesota Statutes 1996, section 124.273, subdivision 7, is amended to read:

Subd. 7. **MONEY FROM OTHER SOURCES.** A school district providing a program for pupils of limited English proficiency shall ~~must~~ be eligible to receive moneys for these programs from other government agencies and from private sources when these moneys are available.

Sec. 97. Minnesota Statutes 1996, section 124.311, subdivision 1, is amended to read:

Subdivision 1. **INSTRUCTION.** A school district may receive assurance of mastery revenue to provide direct instructional services to eligible pupils.

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

Sec. 98. Minnesota Statutes 1996, section 124.32, is amended to read:

124.32 CHILDREN WITH A DISABILITY.

Subd. 2b. **TRAVEL AID.** The state shall must pay each district one-half of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to children with a disability under age five and their families.

Subd. 4. **AID PAYMENT.** The aids provided for children with a disability shall must be paid to the district providing the special instruction and services. General education aid shall must be paid to the district of the pupil's residence. The total amount of aid paid may not exceed the amount expended for children with a disability in the year for which the aid is paid.

Subd. 6. **FULL STATE PAYMENT.** The state shall must pay each district the actual cost incurred in providing instruction and services for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of children, families, and learning, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall must be paid to the state treasury and placed in the general fund.

Subd. 7. **PROGRAM AND AID APPROVAL.** Before June 1 of each year, each district providing special instruction and services to children with a disability shall must submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application shall must include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the regular school year and in summer school programs during the next fiscal year. The application shall must also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any pro-

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

gram or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Subd. 8. REGULAR CLASSROOM PROGRAMS. When planning programs for the education of children with a disability in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure ~~ensure~~ successful mainstreaming.

Subd. 10. SUMMER SCHOOL. By March 15 of each year, districts shall must submit separate applications for program and budget approval for summer school programs. The review of These applications shall must be reviewed as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove, or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Subd. 12. ALLOCATION FROM COOPERATIVE CENTERS, SERVICE COOPERATIVES, EDUCATION DISTRICTS, AND INTERMEDIATE DISTRICTS. For purposes of this section, a special education cooperative, service cooperative, education district, or an intermediate district shall must allocate its approved expenditures for special education programs among participating ~~sehool~~ districts. Special education aid for services provided by a cooperative, service cooperative, education district, or intermediate district shall must be paid to the participating school districts.

Sec. 99. Minnesota Statutes 1996, section 124.3201, subdivision 5, is amended to read:

Subd. 5. SCHOOL DISTRICT SPECIAL EDUCATION REVENUE. (a) A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a ~~sehool~~ district's special education obligations or service requirements, the commissioner of children, families, and learning shall annually increase each district's special education revenue by the amount necessary to compensate for the increased service requirements. The additional revenue equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

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

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

Sec. 100. Minnesota Statutes 1996, section 124.3201, subdivision 6, is amended to read:

Subd. 6. SPECIAL EDUCATION AID. A school district's special education aid for fiscal year 1996 and later equals the district's special education revenue times the aid percentage factor for that year.

Sec. 101. Minnesota Statutes 1996, section 124.3201, subdivision 7, is amended to read:

Subd. 7. REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES. For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall must allocate its approved expenditures for special education programs among participating school districts.

Sec. 102. Minnesota Statutes 1997 Supplement, section 124.321, subdivision 1, is amended to read:

Subdivision 1. LEVY EQUALIZATION REVENUE. (a) For fiscal 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 excess cost revenue under section 124.323; plus

(3) the levy percentage factor for that year times the district's school-to-work program for children with a disability revenue under section 124.574.

Sec. 103. Minnesota Statutes 1997 Supplement, section 124.321, subdivision 2, is amended to read:

Subd. 2. REVENUE ALLOCATION FROM STATE ACADEMIES. (a) For purposes of this section, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall must allocate an amount equal to the levy percentage factor for that year times their special education revenue under section 124.3201 for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(b) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates revenue among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall must provide information to the department of children, families, and learning on the amount of revenue it allocated to the school districts that assign a child who requires an instructional aide.

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

Sec. 104. Minnesota Statutes 1996, section 124.322, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A district is eligible for an alternative delivery base revenue adjustment if the commissioner of children, families, and learning has approved the application of the district according to section 120.173.

Sec. 105. Minnesota Statutes 1997 Supplement, section 124.322, subdivision 1a, is amended to read:

Subd. 1a. **BASE REVENUE ADJUSTMENT.** For the third fiscal year after approval of a district's application, and thereafter, the special education base revenue under section 124.3201, subdivision 1, shall ~~must~~ be computed based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of children, families, and learning.

Sec. 106. Minnesota Statutes 1997 Supplement, section 124.323, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** In For the purposes of 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, equipment, and transportation services eligible for revenue under section 124.3201; 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 for fiscal year 1996, 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. 107. Minnesota Statutes 1996, section 124.48, as amended by Laws 1997, chapter 192, section 20, is amended to read:

124.48 INDIAN SCHOLARSHIPS.

Subdivision 1. **AWARDS.** The state board, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the board,

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

has the capabilities to benefit from further education. Scholarships shall must be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Subd. 3. INDIAN SCHOLARSHIP COMMITTEE. The Minnesota Indian scholarship committee is established. Members shall be appointed by The state board must appoint members with the assistance of the Indian affairs council as provided in section 3.922, subdivision 6. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the committee, which expires no later than June 30, 2001. The committee shall provide advice to the state board in awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

Sec. 108. Minnesota Statutes 1997 Supplement, 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 support 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. 109. Minnesota Statutes 1996, section 124.573, subdivision 2, is amended to read:

Subd. 2. LIMIT. The commissioner may withhold all or any portion of the aid paid under this section for a secondary vocational education program which receives funds from any other source. ~~In no event shall~~ A district or center must not receive a total amount of state aid pursuant to this section which, when added to funds from other

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

sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 110. Minnesota Statutes 1996, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. SECONDARY VOCATIONAL AID. A district's secondary vocational education aid for a fiscal year equals the lesser of:

- (a) \$80 times the district's average daily membership in grades 10 to 12; or
- (b) 25 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;

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

(3) necessary travel between instructional sites by licensed secondary vocational education personnel;

(4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

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

(6) necessary travel by licensed secondary vocational education personnel for non-collegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases. Districts using secondary vocational aid for equipment purchases must report to the department of children, families, and learning on the improved learning opportunities for students that result from the investment in equipment.

Sec. 111. Minnesota Statutes 1996, section 124.573, subdivision 2e, is amended to read:

Subd. 2e. ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of subdivisions 2b, paragraph (b), and 2f, paragraph (b), a cooperative center or an intermediate district shall must allocate its approved expenditures for secondary vocational education programs among participating school districts. For purposes of subdivision 2f, paragraph (a), a cooperative center or an intermediate district shall must allocate its secondary vocational aid for fiscal year 1994 among participating school districts. For 1995 and later fiscal years, secondary vocational aid for services provided by a cooperative center or an intermediate district shall be paid to the participating school district.

Sec. 112. Minnesota Statutes 1996, section 124.573, subdivision 2f, is amended to read:

Subd. 2f. AID GUARANTEE. Notwithstanding subdivision 2b, the secondary vocational education aid for a school district is not less than the lesser of:

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

(a) 95 percent of the secondary vocational education aid the district received for the previous fiscal year; or

(b) 40 percent of the approved expenditures for secondary vocational programs included in subdivision 2b, paragraph (b).

Sec. 113. Minnesota Statutes 1996, section 124.573, subdivision 3, is amended to read:

Subd. 3. COMPLIANCE WITH RULES. Aid shall must be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the commissioner and operated in accordance with rules promulgated by the state board. These rules shall must provide minimum student-staff ratios required for a secondary vocational education program area to qualify for this aid. The rules must not require the collection of data at the program or course level to calculate secondary vocational aid. The rules shall must not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall must not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board shall must not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall must not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board. Licensed personnel means persons holding a valid secondary vocational license issued by the commissioner, except that when If an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the commissioner, the state board for vocational technical education, or the board of trustees of the Minnesota state colleges and universities. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 114. Minnesota Statutes 1996, section 124.573, subdivision 3a, is amended to read:

Subd. 3a. AID FOR CONTRACTED SERVICES. In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. The state board shall must promulgate rules relating to program approval procedures and criteria for these contracts and aid shall must be paid only for contracts approved by the commissioner of children, families, and learning. For the purposes of subdivision 4, The district or cooperative center contracting for these services shall must be construed to be providing the services.

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

Sec. 115. Minnesota Statutes 1996, section 124.573, subdivision 5a, is amended to read:

Subd. 5a. **DISTRICT REPORTS.** Each district or cooperative center shall must report data to the department for all secondary vocational education programs as required by the department to implement the secondary vocational aid formula.

Sec. 116. Minnesota Statutes 1997 Supplement, 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 must allocate its approved expenditures for school-to-work programs for children with a disability among participating school districts. Aid for 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. 117. Minnesota Statutes 1996, section 124.86, subdivision 1, is amended to read:

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

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

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

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

Sec. 118. Minnesota Statutes 1997 Supplement, 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) (i) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership, excluding section 124.17, subdivision 2f, and (b) (ii) 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;

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

(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 (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;

(4) dividing the result in clause (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

(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 result in clause (4).

Sec. 119. Minnesota Statutes 1996, section 124.86, subdivision 3, is amended to read:

Subd. 3. WAIVER. Notwithstanding subdivision 1, paragraphs (a) (b) and (b) (c), a tribal contract or grant school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a tribal contract or grant school not be subject to specified statutes related to independent school districts.

Sec. 120. Minnesota Statutes 1996, section 124.86, subdivision 4, is amended to read:

Subd. 4. EARLY CHILDHOOD FAMILY EDUCATION REVENUE. A school receiving aid under this section is eligible to receive early childhood family education revenue to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. The revenue equals 1.5 times the statewide average expenditure per participant under section 124.2711, times the number of children and parents participating full time in the program. The program shall must comply with section 121.882, except that the school is not required to provide a community education program or establish a community education advisory council. The program shall must be designed to improve the skills of parents and promote American Indian history, language, and culture. The school shall must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.

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

Sec. 121. Minnesota Statutes 1996, section 124.90, is amended to read:

124.90 MEDICAL ASSISTANCE PAYMENTS TO SCHOOL DISTRICTS.

Subdivision 1. **ELIGIBILITY.** A school district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the school district must comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

Subd. 2. **FUNDING.** A school district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program shall be entitled to receive payment for the service provided, including that portion of the payment that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.

Subd. 3. **CONTRACT FOR SERVICES.** A school district may contract for the provision of medical assistance-covered services, and may contract with a third party agency to assist in administering and billing for these services.

Subd. 4. **PRIVATE INSURERS.** A school district may enroll as a provider for insurance companies to provide covered special education services to eligible persons. To receive payments, the district must comply with relevant state and federal statutes. A district may contract for services, and may contract with a third party agency to assist in administering and billing for these services.

Subd. 5. **NO REDUCTION IN REVENUE.** A school district's revenue for special education programs shall not be reduced by any payments for medical assistance or insurance received according to this section.

Sec. 122. Minnesota Statutes 1997 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE PUPILS.** The following pupils are eligible to participate in the 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

(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

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

- (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. 123. Minnesota Statutes 1997 Supplement, 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 nonpublic school that has contracted with the serving school district to provide nonsectarian educational services. ~~The school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.~~

Sec. 124. Minnesota Statutes 1996, section 126.22, subdivision 5, is amended to read:

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

Sec. 125. Minnesota Statutes 1996, section 126.22, subdivision 6, is amended to read:

Subd. 6. DESEGREGATION PLANS. Notwithstanding any provision to the contrary, students may not enroll in a nonresident district under this section if their enrollment in another school district would result in a violation of a district's desegregation plan, as mandated and approved by the state board of education.

Sec. 126. Minnesota Statutes 1997 Supplement, section 126.22, subdivision 8, is amended to read:

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

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

lies, and learning shall must pay 90 percent of the district's average general education revenue less compensatory revenue to the eligible program and ten percent of the 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, 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 general education revenue. 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 must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 127. Minnesota Statutes 1997 Supplement, 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 district's average general education less compensatory revenue 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, the revenue paid to the program shall must be reduced proportionately, according to the amount of time the pupil attends the program, and 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 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 must not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 128. Minnesota Statutes 1996, section 126.235, is amended to read:

126.235 EDUCATIONAL PROGRAM FOR PREGNANT MINORS AND MINOR PARENTS.

Upon request, a school district must make available to a pregnant minor or a minor custodial parent an educational program to enable the minor to earn a high school diploma. The department of children, families, and learning shall must develop program designs and provide districts with technical assistance. A district's educational program must use appropriate community services and must recognize each pupil's individual needs and parental responsibilities. The district shall must designate at least one person to review quarterly each pupil's progress in the program.

If a pupil receives social services according to section 257.33 or employment and training services according to section 256.736, the district shall must develop the pupil's educational program in consultation with the providers of the services and shall provide a

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

liaison when necessary. The pupil may request that an adult, selected by the pupil, assist in developing the educational program.

Sec. 129. Minnesota Statutes 1996, section 126.239, subdivision 1, is amended to read:

Subdivision 1. TRAINING PROGRAMS FOR TEACHERS. A secondary teacher assigned by a school district to teach an advanced placement or international baccalaureate course may participate in a training program offered by the college board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, and board costs a teacher incurs in participating in a training program. The commissioner of children, families, and learning shall determine application procedures and deadlines, and select teachers to participate in the training program. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher participation in training programs offered by the college board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

Sec. 130. Minnesota Statutes 1996, section 126.262, subdivision 3, is amended to read:

Subd. 3. ESSENTIAL INSTRUCTIONAL PERSONNEL. "Essential instructional personnel" means the following:

- (a) A teacher licensed by the state board of teaching to teach bilingual education or English as a second language;
- (b) A teacher with an exemption from a teaching license requirement pursuant to section 126.266 who is employed in a school district's English as a second language or bilingual education program;
- (c) Any teacher as defined in section 125.03 who holds a valid license from the state board of teaching, if the district assures the department of children, families, and learning that the teacher will obtain the preservice and in-service training the department considers necessary to enable the teacher to provide appropriate service to pupils of limited English proficiency.

Sec. 131. Minnesota Statutes 1996, section 126.262, subdivision 6, is amended to read:

Subd. 6. PRIMARY LANGUAGE. "Primary language" is means a language other than English which is the language normally used by the child or the language which is spoken in the child's home environment.

Sec. 132. Minnesota Statutes 1996, section 126.264, is amended to read:

126.264 RIGHTS OF PARENTS.

Subdivision 1. NOVICE. No later than Within ten days after the enrollment of any pupil in an instructional program for limited English proficient students, the school district in which the pupil resides shall must notify the parent or guardian by mail. This notice shall must:

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

- (a) Be in writing in English and in the primary language of the pupil's parents;
- (b) Inform the parents that their child has been enrolled in an instructional program for limited English proficient students;
- (c) Contain a simple, nontechnical description of the purposes, method and content of the program;
- (d) Inform the parents that they have the right to visit the educational program for limited English proficient students in which their child is enrolled;
- (e) Inform the parents of the time and manner in which to request and receive a conference for the purpose of explaining the nature and purpose of the program; and
- (f) Inform the parents of their rights to withdraw their child from an educational program for limited English proficient students and the time and manner in which to do so.

The department of children, families, and learning shall, at the request of the school district, prepare the notice in the primary language of the parent or guardian.

Subd. 2. **WITHDRAWAL FROM PROGRAM.** Any parent whose child is enrolled in an educational program for limited English proficient students shall have the right, either at the time of the original notification of enrollment or at the close of any semester thereafter, to withdraw the child from the program by providing written notice of this intent to the principal of the school in which the child is enrolled or to the superintendent of the school district in which the child resides. Nothing herein in this section shall preclude a parent from reenrolling a child of limited English proficiency in an educational program for limited English proficient students.

Subd. 3. **PARENTAL INVOLVEMENT.** A district which receives moneys pursuant to section 124.273 shall must encourage involvement of parents of pupils enrolled in the educational program for limited English proficient students in this program. The district shall solicit the views of parents about the program and its effects upon their children.

Sec. 133. Minnesota Statutes 1996, section 126.265, is amended to read:

126.265 GENERAL REQUIREMENTS FOR PROGRAMS.

A district which receives aid pursuant to section 124.273 shall must comply with the following program requirements:

- (a) To the extent possible, the district shall must avoid isolating children of limited English proficiency for a substantial part of the school day; and
- (b) In predominantly nonverbal subjects, such as art, music, and physical education, pupils of limited English proficiency shall be permitted to participate fully and on an equal basis with their contemporaries in public school classes provided for these subjects. To the extent possible, the school district shall must assure to pupils enrolled in a program for limited English proficient students an equal and meaningful opportunity to participate fully with other pupils in all extracurricular activities.

Sec. 134. Minnesota Statutes 1996, section 126.266, subdivision 1, is amended to read:

Subdivision 1. EXEMPTIONS. The commissioner of children, families, and learning may grant an exemption from the licensure requirement in the hiring of teachers of

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

English as a second language or bilingual education teachers to a school district if the commissioner finds that compliance would impose a hardship upon the district in the securing of teachers for its educational programs for limited English proficient students. The commissioner of children, families, and learning shall notify the board of teaching of any exemptions granted pursuant to this section.

Sec. 135. Minnesota Statutes 1996, section 126.267, is amended to read:

126.267 TECHNICAL ASSISTANCE.

The commissioner shall provide technical assistance to school districts receiving aid pursuant to section 124.273 and to post-secondary institutions for preservice and in-service training for bilingual education teachers and English as a second language teachers employed in educational programs for limited English proficient students, teaching methods, curriculum development, testing and testing mechanisms, and the development of instructional materials for these educational programs.

Sec. 136. Minnesota Statutes 1996, section 126.43, subdivision 1, is amended to read:

Subdivision 1. CULTURAL EXCHANGE PROGRAM GOALS. (a) A cultural exchange grant program is established to develop and create opportunities for children and staff of different ethnic, racial, and other cultural backgrounds to experience educational and social exchange. Student and staff exchanges under this section may only take place between a district with a desegregation plan approved by the state board of education and a district without a desegregation plan. Participating school districts shall offer summer programs for credit with the goals set forth in paragraphs (a) (b) to (d) (e).

(a) (b) The program shall must develop curriculum reflective of particular ethnic, racial, and other cultural aspects of various demographic groups in the state.

(b) (c) The program shall must develop immersion programs that are coordinated with the programs offered in paragraph (a) (b).

(c) (d) The program shall must create opportunities for students from across the state to enroll in summer programs in school districts other than the one of residence, or in other schools within their district of residence.

(d) (e) The program shall must create opportunities for staff exchanges on a cultural basis.

Sec. 137. Minnesota Statutes 1996, section 126.43, subdivision 2, is amended to read:

Subd. 2. CULTURAL EXCHANGE GRANTS. A school district together with a group of school districts, a cooperative governmental unit, the center for arts and education, or a post-secondary institution may apply for cultural exchange grants. The commissioner of children, families, and learning shall determine grant recipients and may adopt application guidelines. The grants must be competitively determined and applicants must demonstrate:

(1) the capacity to develop a focused curriculum that reflects the particular ethnic, racial, and other cultural aspects of the community in which the school where the program is offered is located;

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

- (2) the capacity to develop immersion programs coordinated with the curriculum developed in clause (1);
- (3) the capacity to coordinate a cultural exchange program with other curriculum programs to assure continuity in a pupil's education;
- (4) the capacity to maximize diversity of ethnic, racial, and other cultural backgrounds of participants;
- (5) that the application is jointly developed by participants; and
- (6) that the outcomes of the exchange program are clearly articulated.

Sec. 138. Minnesota Statutes 1996, section 126.48, subdivision 1, is amended to read:

Subdivision 1. PROGRAM DESCRIBED. American Indian language and culture education programs shall be are programs in elementary and secondary schools enrolling American Indian children designed:

- (1) to make the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils;
- (2) to provide positive reinforcement of the self-image of American Indian pupils; and
- (3) to develop intercultural awareness among pupils, parents, and staff. Program components may include: instruction in American Indian language, literature, history, and culture; development of support components for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with and evaluation of methods of relating to American Indian pupils; provision of personal and vocational counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and establishment of cooperative liaisons with nonsectarian nonpublic, community, tribal or alternative schools offering curricula which reflect American Indian culture. Districts offering programs may make contracts for the provision of program components by nonsectarian nonpublic, community, tribal or alternative schools. These programs may also be provided as components of early childhood and family education programs.

Sec. 139. Minnesota Statutes 1996, section 126.48, subdivision 2, is amended to read:

Subd. 2. VOLUNTARY ENROLLMENT. Enrollment in American Indian language and culture education programs shall must be voluntary. School districts and participating schools shall must make affirmative efforts to encourage participation. They shall encourage parents to visit classes or come to school for a conference explaining the nature of the program and provide visits by school staff to parents' homes to explain the nature of the program.

Sec. 140. Minnesota Statutes 1996, section 126.48, subdivision 3, is amended to read:

Subd. 3. ENROLLMENT OF OTHER CHILDREN; SHARED TIME ENROLLMENT. To the extent it is economically feasible, a school district or participating

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

school may make provision for the voluntary enrollment of non-American Indian children in the instructional components of an American Indian language and culture education program in order that they may acquire an understanding of the cultural heritage of the American Indian children for whom that particular program is designed. However, in determining eligibility to participate in a program, priority shall ~~must~~ be given to American Indian children. American Indian children and other children enrolled in an existing nonpublic school system may be enrolled on a shared time basis in American Indian language and culture education programs.

Sec. 141. Minnesota Statutes 1996, section 126.48, subdivision 4, is amended to read:

Subd. 4. LOCATION OF PROGRAMS. American Indian language and culture education programs shall ~~must~~ be located in facilities in which regular classes in a variety of subjects are offered on a daily basis.

Sec. 142. Minnesota Statutes 1996, section 126.48, subdivision 5, is amended to read:

Subd. 5. ASSIGNMENT OF STUDENTS. No A school district or participating school shall ~~must not~~, in providing these programs, assign students to schools in a way which will have the effect of promoting segregation of students by race, sex, color, or national origin.

Sec. 143. Minnesota Statutes 1996, section 126.49, subdivision 1, is amended to read:

Subdivision 1. AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION LICENSES. The board of teaching shall ~~must~~ grant initial and continuing teaching licenses in American Indian language and culture education that bear the same duration as other initial and continuing licenses. The board shall ~~must~~ grant licenses to persons who present satisfactory evidence that they:

(a) Possess competence in an American Indian language or possess unique qualifications relative to or knowledge and understanding of American Indian history and culture; or

(b) Possess a bachelor's degree or other academic degree approved by the board or meet such requirements as to course of study and training as the board may prescribe, or possess such relevant experience as the board may prescribe.

This evidence may be presented by affidavits, resolutions, or by such other methods as the board may prescribe. Individuals may present applications for licensure on their own behalf or these applications may be submitted by the superintendent or other authorized official of a school district, participating school, or an American Indian school.

Sec. 144. Minnesota Statutes 1996, section 126.49, subdivision 5, is amended to read:

Subd. 5. PERSONS ELIGIBLE FOR EMPLOYMENT; EXEMPTIONS. Any person licensed under this section shall be eligible for employment by a school board or a participating school as a teacher in an American Indian language and culture education program in which the American Indian language or culture in which the person is li-

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

censed is taught. A school district or participating school may prescribe only those additional qualifications for teachers licensed under this section as are approved by the board of teaching. Any school board or participating school upon request may be exempted from the licensure requirements of this section in the hiring of one or more American Indian language and culture education teachers for any school year in which compliance would, in the opinion of the commissioner of ~~children, families, and learning~~, create a hardship in the securing of the teachers.

Sec. 145. Minnesota Statutes 1996, section 126.49, subdivision 6, is amended to read:

Subd. 6. PERSONS SERVING UNDER EXEMPTIONS; LICENSURE; TENURE. An American Indian language and culture education teacher serving under an exemption as provided in subdivision 5 6 shall be granted a license as soon as that teacher achieves the qualifications for ~~the~~ license. Not more than one year of service by an American Indian language and culture education teacher under an exemption shall be credited to the teacher for the purposes of section 125.12 and not more than two years shall be credited for the purposes of section 125.17; and the one or two years shall be deemed to precede immediately and be consecutive with the year in which a teacher becomes licensed.

Sec. 146. Minnesota Statutes 1996, section 126.49, subdivision 8, is amended to read:

Subd. 8. AFFIRMATIVE EFFORTS IN HIRING. In hiring for all positions in these programs, school districts and participating schools shall give preference to and make affirmative efforts to seek, recruit, and employ persons who share the culture of the American Indian children who are enrolled in the program. The district or participating school shall provide procedures for the involvement of the parent advisory committees in designing the procedures for the recruitment, screening and selection of applicants; ~~provided that nothing herein~~. This subdivision shall not be construed to limit the school board's authority to hire and discharge personnel.

Sec. 147. Minnesota Statutes 1996, section 126.50, is amended to read:

126.50 TEACHERS AIDES; COMMUNITY COORDINATORS.

In addition to employing American Indian language and culture education teachers, each district or participating school providing programs pursuant to sections 126.45 to 126.55 may employ teachers' aides. Teachers' aides shall ~~must~~ not be employed for the purpose of supplanting American Indian language and culture education teachers.

Any district or participating school which conducts American Indian language and culture education programs pursuant to sections 126.45 to 126.55 shall ~~must~~ employ one or more full-time or part-time community coordinators if there are 100 or more students enrolled in the program. Community coordinators shall promote communication understanding, and cooperation between the schools and the community and shall visit the homes of children who are to be enrolled in an American Indian language and culture education program in order to convey information about the program.

Sec. 148. Minnesota Statutes 1996, section 126.501, is amended to read:

126.501 RECRUITING AND RETAINING INDIAN TEACHERS.

This section applies to a school board of a school district in which there are at least ten American Indian children enrolled. The school board shall actively recruit

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

teacher applicants who are American Indian from the time it is reasonably expected that a position will become available until the position is filled or September 1, whichever is earlier. Notwithstanding section 125.12, subdivision 4, 6a, or 6b, 125.17, subdivisions 3 and 11, any other law to the contrary, or any provision of a contract entered into after May 7, 1988, to the contrary, when placing a teacher on unrequested leave of absence, the board may retain a probationary teacher or a teacher with less seniority in order to retain an American Indian teacher.

Sec. 149. Minnesota Statutes 1997 Supplement, section 126.51, subdivision 1, is amended to read:

Subdivision 1. PARENT COMMITTEE. School boards and American Indian schools shall ~~must~~ provide for the maximum involvement of parents of children enrolled in education programs, including language and culture education programs, programs for elementary and secondary grades, special education programs, and support services. Accordingly, the ~~school~~ board of a school district in which there are ten or more American Indian children enrolled and each American Indian school shall ~~must~~ establish a parent committee. If a committee whose membership consists of a majority of parents of American Indian children has been or is established according to federal, tribal, or other state law, that committee may serve as the committee required by this section and shall be ~~is~~ subject to, at least, the requirements of this subdivision and subdivision 1a.

The parent committee shall ~~must~~ develop its recommendations in consultation with the curriculum advisory committee required by section 123.972, subdivision 3. This committee shall ~~must~~ afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of American Indian education and the educational needs of the American Indian children enrolled in the school or program. The committee shall ~~must~~ also address the need for adult education programs for American Indian people in the community. The ~~school~~ board or American Indian school shall ~~must~~ ensure that programs are planned, operated, and evaluated with the involvement of and in consultation with parents of children served by the programs.

Sec. 150. Minnesota Statutes 1996, section 126.51, subdivision 1a, is amended to read:

Subd. 1a. RESOLUTION OF CONCURRENCE. Each year by Prior to December 1, the ~~school~~ board or American Indian school shall ~~must~~ submit to the ~~department of~~ children, families, and learning a copy of a resolution adopted by the parent committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian children offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted with the resolution. By resolution, the ~~school~~ board shall ~~must~~ respond, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations.

Sec. 151. Minnesota Statutes 1996, section 126.51, subdivision 2, is amended to read:

Subd. 2. MEMBERSHIP. The committee shall ~~must~~ be composed of parents of children eligible to be enrolled in American Indian education programs; secondary students eligible to be served; American Indian language and culture education teachers and

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

aides; American Indian teachers; counselors; adult American Indian people enrolled in educational programs; and representatives from community groups. A majority of each committee shall must be parents of children enrolled or eligible to be enrolled in the programs. The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the programs.

Sec. 152. Minnesota Statutes 1996, section 126.52, subdivision 5, is amended to read:

Subd. 5. COMMUNITY INVOLVEMENT. The state board shall must provide for the maximum involvement of the state committees on American Indian education, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, American Indian teachers, teachers' aides, representatives of community groups, and persons knowledgeable in the field of American Indian education, in the formulation of policy and procedures relating to the administration of sections 126.45 to 126.55.

Sec. 153. Minnesota Statutes 1996, section 126.52, subdivision 8, is amended to read:

Subd. 8. TECHNICAL ASSISTANCE. The commissioner shall provide technical assistance to school districts, schools and post-secondary institutions for preservice and in-service training for American Indian education teachers and teacher's aides, teaching methods, curriculum development, testing and testing mechanisms, and the development of materials for American Indian education programs.

Sec. 154. Minnesota Statutes 1996, section 126.531, subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT. The state board of education shall create one or more American Indian education committees. Members shall must include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, persons involved in programs for American Indian children in American Indian schools, and persons knowledgeable in the field of American Indian education. Members shall be appointed so as to be representative of significant segments of the population of American Indians.

Sec. 155. Minnesota Statutes 1997 Supplement, section 126.531, subdivision 3, is amended to read:

Subd. 3. EXPENSES. Each committee shall must be reimbursed for expenses according to section 15.059, subdivision 6. The state board shall must determine the membership terms and the duration of each committee, which expire no later than June 30, 2001.

Sec. 156. Minnesota Statutes 1996, section 126.54, subdivision 1, is amended to read:

Subdivision 1. GRANTS; PROCEDURES. Each fiscal year the state board of education shall must make grants to no fewer than six American Indian language and culture education programs. At least three programs shall must be in urban areas and at least

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

three shall must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, or alternative schools. The commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall must submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 157. Minnesota Statutes 1996, section 126.54, subdivision 2, is amended to read:

Subd. 2. **PLANS.** Each school district or participating school submitting a proposal under subdivision 1 shall must develop and submit with the proposal a plan which shall:

- (a) Identify the measures to be used to meet the requirements of sections 126.45 to 126.55;
- (b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;
- (c) Describe how district goals and objectives as well as the objectives of sections 126.45 to 126.55 are to be achieved;
- (d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 126.48, subdivision 5;
- (e) Describe how each school program will be organized, staffed, coordinated, and monitored; and
- (f) Project expenditures for programs under sections 126.45 to 126.55.

Sec. 158. Minnesota Statutes 1996, section 126.54, subdivision 3, is amended to read:

Subd. 3. **ADDITIONAL REQUIREMENTS.** Each school district receiving a grant under this section shall must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian language and culture education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools shall must maintain records concerning the needs and achievements of American Indian children served.

Sec. 159. Minnesota Statutes 1996, section 126.54, subdivision 4, is amended to read:

Subd. 4. **NONDISCRIMINATION; TESTING.** In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment and classification of American Indian children shall must be selected and administered so as not to be racially or culturally discriminatory and shall must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

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

Sec. 160. Minnesota Statutes 1996, section 126.54, subdivision 5, is amended to read:

Subd. 5. RECORDS. Participating schools and ~~school~~ districts shall keep records and afford access to them as the commissioner finds necessary to ensure that American Indian language and culture education programs are implemented in conformity with sections 126.45 to 126.55. Each school district or participating school shall ~~must~~ keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian language and culture education programs funded under this section.

Sec. 161. Minnesota Statutes 1996, section 126.54, subdivision 6, is amended to read:

Subd. 6. MONEY FROM OTHER SOURCES. A ~~school~~ district or participating school providing American Indian language and culture education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Sec. 162. Minnesota Statutes 1996, section 126.56, subdivision 6, is amended to read:

Subd. 6. INFORMATION. The higher education services office, in cooperation with the academic excellence foundation, ~~shall~~ ~~must~~ assemble and distribute information about scholarships and eligible programs.

Sec. 163. REPEALER.

(a) Minnesota Statutes 1996, sections 124C.55; 124C.56; 124C.57; and 124C.58, are repealed.

(b) Minnesota Statutes 1996, section 124.312, as amended by Laws 1997, First Special Session chapter 4, article 2, sections 13 and 14; Minnesota Statutes 1997 Supplement, sections 124.313; and 124.314, are repealed effective for revenue for fiscal year 1999.

Sec. 164. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
<u>120.03,</u>	<u>120B.02,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 5</u>	<u>subd. 2</u>
<u>120.17,</u>	<u>120B.03,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 1b</u>	<u>subd. 2</u>
<u>subd. 2</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 3a</u>	<u>subd. 5</u>
<u>subd. 3b</u>	<u>subd. 6</u>
<u>subd. 3d</u>	<u>subd. 7</u>

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

<u>subd. 4</u>	<u>subd. 8</u>
<u>subd. 4a</u>	<u>subd. 9</u>
<u>subd. 5</u>	<u>subd. 10</u>
<u>subd. 5a</u>	<u>subd. 11</u>
<u>subd. 6</u>	<u>subd. 12</u>
<u>subd. 7</u>	<u>subd. 13</u>
<u>subd. 7a</u>	<u>subd. 14</u>
<u>subd. 8a</u>	<u>subd. 15</u>
<u>subd. 9</u>	<u>subd. 16</u>
<u>subd. 10</u>	<u>subd. 17</u>
<u>subd. 11</u>	<u>subd. 18</u>
<u>subd. 15</u>	<u>subd. 19</u>
<u>subd. 16</u>	<u>subd. 20</u>
<u>subd. 18</u>	<u>subd. 21</u>
<u>subd. 19</u>	<u>subd. 22</u>
<u>120.1701,</u>	<u>120B.04,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 4</u>	<u>subd. 4</u>
<u>subd. 5</u>	<u>subd. 5</u>
<u>subd. 6</u>	<u>subd. 6</u>
<u>subd. 7</u>	<u>subd. 7</u>
<u>subd. 8</u>	<u>subd. 8</u>
<u>subd. 8a</u>	<u>subd. 9</u>
<u>subd. 9</u>	<u>subd. 10</u>
<u>subd. 10</u>	<u>subd. 11</u>
<u>subd. 11</u>	<u>subd. 12</u>
<u>subd. 12</u>	<u>subd. 13</u>
<u>subd. 13</u>	<u>subd. 14</u>
<u>subd. 14</u>	<u>subd. 15</u>
<u>subd. 15</u>	<u>subd. 16</u>
<u>subd. 16</u>	<u>subd. 17</u>
<u>subd. 17</u>	<u>subd. 18</u>
<u>subd. 18</u>	<u>subd. 19</u>
<u>subd. 19</u>	<u>subd. 20</u>
<u>subd. 20</u>	<u>subd. 21</u>
<u>subd. 21</u>	<u>subd. 22</u>
<u>subd. 22</u>	<u>subd. 23</u>
<u>120.172</u>	<u>120B.08</u>
<u>120.173</u>	<u>120B.09</u>
<u>120.181</u>	<u>120B.10</u>
<u>120.1811</u>	<u>120B.11</u>
<u>120.182</u>	<u>120B.12</u>
<u>120.183</u>	<u>120B.13</u>
<u>120.185</u>	<u>120B.14</u>
<u>126.237</u>	<u>120B.15</u>

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

<u>124.32,</u>	<u>subd. 2b</u>	<u>120B.20,</u>	<u>subd. 1</u>
	<u>subd. 4</u>		<u>subd. 2</u>
	<u>subd. 6</u>		<u>subd. 3</u>
	<u>subd. 7</u>		<u>subd. 4</u>
	<u>subd. 8</u>		<u>subd. 5</u>
	<u>subd. 10</u>		<u>subd. 6</u>
	<u>subd. 12</u>		<u>subd. 7</u>
<u>124.3201</u>		<u>120B.21</u>	
<u>124.321</u>		<u>120B.22</u>	
<u>124.322,</u>	<u>subd. 1</u>	<u>120B.23,</u>	<u>subd. 1</u>
	<u>subd. 1a</u>		<u>subd. 2</u>
	<u>subd. 5</u>		<u>subd. 3</u>
<u>124.323</u>		<u>120B.24</u>	
<u>124.90</u>		<u>120B.26</u>	
<u>120.187</u>		<u>120B.30</u>	
<u>120.188</u>		<u>120B.31</u>	
<u>120.189</u>		<u>120B.32</u>	
<u>120.190</u>		<u>120B.33</u>	
<u>126.261</u>		<u>120B.40</u>	
<u>126.262</u>		<u>120B.41</u>	
<u>126.264</u>		<u>120B.42</u>	
<u>126.265</u>		<u>120B.43</u>	
<u>126.266</u>		<u>120B.44</u>	
<u>126.267</u>		<u>120B.45</u>	
<u>126.269</u>		<u>120B.46</u>	
<u>124.273,</u>	<u>subd. 1c</u>	<u>120B.47,</u>	<u>subd. 1</u>
	<u>subd. 1d</u>		<u>subd. 2</u>
	<u>subd. 1e</u>		<u>subd. 3</u>
	<u>subd. 1f</u>		<u>subd. 4</u>
	<u>subd. 1g</u>		<u>subd. 5</u>
	<u>subd. 3</u>		<u>subd. 6</u>
	<u>subd. 4</u>		<u>subd. 7</u>
	<u>subd. 5</u>		<u>subd. 8</u>
	<u>subd. 6</u>		<u>subd. 9</u>
	<u>subd. 7</u>		<u>subd. 10</u>
<u>124.3111</u>		<u>120B.50</u>	
<u>124.311</u>		<u>120B.51</u>	
<u>126.22,</u>	<u>subd. 1</u>	<u>120B.57,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 3a</u>		<u>subd. 4</u>
	<u>subd. 4</u>		<u>subd. 5</u>
	<u>subd. 5</u>		<u>subd. 6</u>
	<u>subd. 6</u>		<u>subd. 7</u>
	<u>subd. 7</u>		<u>subd. 8</u>
	<u>subd. 8</u>		<u>subd. 9</u>

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

	<u>subd. 9</u>		<u>subd. 10</u>
<u>126.23</u>		<u>120B.58</u>	
<u>124.225</u>		<u>120B.59</u>	
<u>126.235</u>		<u>120B.61</u>	
<u>124.573,</u>	<u>subd. 1</u>	<u>120B.66,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 2b</u>		<u>subd. 3</u>
	<u>subd. 2e</u>		<u>subd. 4</u>
	<u>subd. 2f</u>		<u>subd. 5</u>
	<u>subd. 3</u>		<u>subd. 6</u>
	<u>subd. 3a</u>		<u>subd. 7</u>
	<u>subd. 5a</u>		<u>subd. 8</u>
<u>124.574,</u>	<u>subd. 1</u>	<u>120B.67,</u>	<u>subd. 1</u>
	<u>subd. 2c</u>		<u>subd. 2</u>
	<u>subd. 2d</u>		<u>subd. 3</u>
	<u>subd. 2e</u>		<u>subd. 4</u>
	<u>subd. 2f</u>		<u>subd. 5</u>
	<u>subd. 2g</u>		<u>subd. 6</u>
	<u>subd. 2h</u>		<u>subd. 7</u>
	<u>subd. 5</u>		<u>subd. 8</u>
	<u>subd. 6</u>		<u>subd. 9</u>
	<u>subd. 7</u>		<u>subd. 10</u>
	<u>subd. 9</u>		<u>subd. 11</u>
<u>126.45</u>		<u>120B.70</u>	
<u>126.46</u>		<u>120B.71</u>	
<u>126.47</u>		<u>120B.72</u>	
<u>126.48</u>		<u>120B.73</u>	
<u>126.49,</u>	<u>subd. 1</u>	<u>120B.74,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 2a</u>		<u>subd. 3</u>
	<u>subd. 3</u>		<u>subd. 4</u>
	<u>subd. 4</u>		<u>subd. 5</u>
	<u>subd. 5</u>		<u>subd. 6</u>
	<u>subd. 6</u>		<u>subd. 7</u>
	<u>subd. 7</u>		<u>subd. 8</u>
	<u>subd. 8</u>		<u>subd. 9</u>
<u>126.50</u>		<u>120B.75</u>	
<u>126.501</u>		<u>120B.76</u>	
<u>126.51,</u>	<u>subd. 1</u>	<u>120B.77,</u>	<u>subd. 1</u>
	<u>subd. 1a</u>		<u>subd. 2</u>
	<u>subd. 2</u>		<u>subd. 3</u>
	<u>subd. 4</u>		<u>subd. 4</u>
<u>126.52,</u>	<u>subd. 5</u>	<u>120B.78,</u>	<u>subd. 1</u>
	<u>subd. 8</u>		<u>subd. 2</u>
	<u>subd. 9</u>		<u>subd. 3</u>
<u>126.531</u>		<u>120B.79</u>	

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

<u>126.54</u>		<u>120B.80</u>
<u>126.55</u>		<u>120B.81</u>
<u>124.86</u>		<u>120B.82</u>
<u>124.48,</u>	<u>subd. 1</u>	<u>120B.83,</u>
	<u>subd. 3</u>	<u>subd. 1</u>
		<u>subd. 2</u>
<u>124.481</u>		<u>120B.84</u>
<u>126.43</u>		<u>120B.86</u>
<u>124.315</u>		<u>120B.88</u>
<u>124.227</u>		<u>120B.89</u>
<u>120.064,</u>	<u>subd. 1</u>	<u>129B.90,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 3</u>	<u>subd. 2</u>
	<u>subd. 4</u>	<u>subd. 3</u>
	<u>subd. 4a</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 7</u>	<u>subd. 6</u>
	<u>subd. 8</u>	<u>subd. 7</u>
	<u>subd. 9</u>	<u>subd. 8</u>
	<u>subd. 10</u>	<u>subd. 9</u>
	<u>subd. 11</u>	<u>subd. 10</u>
	<u>subd. 12</u>	<u>subd. 11</u>
	<u>subd. 13</u>	<u>subd. 12</u>
	<u>subd. 14</u>	<u>subd. 13</u>
	<u>subd. 14a</u>	<u>subd. 14</u>
	<u>subd. 15</u>	<u>subd. 15</u>
	<u>subd. 16</u>	<u>subd. 16</u>
	<u>subd. 17</u>	<u>subd. 17</u>
	<u>subd. 18</u>	<u>subd. 18</u>
	<u>subd. 19</u>	<u>subd. 19</u>
	<u>subd. 20</u>	<u>subd. 20</u>
	<u>subd. 20a</u>	<u>subd. 21</u>
	<u>subd. 21</u>	<u>subd. 22</u>
	<u>subd. 22</u>	<u>subd. 23</u>
	<u>subd. 23</u>	<u>subd. 24</u>
	<u>subd. 24</u>	<u>subd. 25</u>
<u>124.248,</u>	<u>subd. 1</u>	<u>120B.91,</u>
	<u>subd. 1a</u>	<u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 2a</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>
	<u>subd. 4</u>	<u>subd. 5</u>
	<u>subd. 5</u>	<u>subd. 6</u>
	<u>subd. 6</u>	<u>subd. 7</u>
		<u>subd. 8</u>
<u>126.239</u>		<u>120B.92</u>
<u>123.3513</u>		<u>120B.93</u>

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

<u>123.3514,</u>	<u>subd. 1</u>	<u>120B.94,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 3a</u>		<u>subd. 4</u>
	<u>subd. 4</u>		<u>subd. 5</u>
	<u>subd. 4a</u>		<u>subd. 6</u>
	<u>subd. 4b</u>		<u>subd. 7</u>
	<u>subd. 4c</u>		<u>subd. 8</u>
	<u>subd. 4d</u>		<u>subd. 9</u>
	<u>subd. 4e</u>		<u>subd. 10</u>
	<u>subd. 5</u>		<u>subd. 11</u>
	<u>subd. 6</u>		<u>subd. 12</u>
	<u>subd. 6a</u>		<u>subd. 13</u>
	<u>subd. 6b</u>		<u>subd. 14</u>
	<u>subd. 6c</u>		<u>subd. 15</u>
	<u>subd. 6d</u>		<u>subd. 16</u>
	<u>subd. 6e</u>		<u>subd. 17</u>
	<u>subd. 7</u>		<u>subd. 18</u>
	<u>subd. 7a</u>		<u>subd. 19</u>
	<u>subd. 7b</u>		<u>subd. 20</u>
	<u>subd. 8</u>		<u>subd. 21</u>
	<u>subd. 9</u>		<u>subd. 22</u>
	<u>subd. 10</u>		<u>subd. 23</u>
	<u>subd. 11</u>		<u>subd. 24</u>
	<u>subd. 11a</u>		<u>subd. 25</u>
<u>120.80</u>		<u>120B.95</u>	
<u>126.56,</u>	<u>subd. 1</u>	<u>120B.96,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 4</u>		<u>subd. 4</u>
	<u>subd. 4a</u>		<u>subd. 5</u>
	<u>subd. 5</u>		<u>subd. 6</u>
	<u>subd. 6</u>		<u>subd. 7</u>
	<u>subd. 7</u>		<u>subd. 8</u>

ARTICLE 3

CHAPTER 120C COMMUNITY EDUCATION

Section 1. [120C.01] DEFINITIONS.

For the purposes of this chapter, the words defined in section 120.02 have the same meaning.

Sec. 2. Minnesota Statutes 1996, section 121.201, is amended to read:

121.201 HEARING IMPAIRED EDUCATIONAL SUPPORT SERVICES.

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

Subdivision 1. RESPONSIBILITY OF COMMISSIONER. The commissioner shall coordinate and may pay for support services for hearing impaired persons to assure access to educational opportunities. Services may be provided to adult students who are hearing impaired and (a) (1) have been denied access to educational opportunities because of the lack of support services or (b) (2) are presently enrolled or (c) (3) are contemplating enrollment in an educational program and would benefit from support services. The commissioner shall also be responsible for conducting in-service training for public and private agencies regarding the needs of hearing impaired persons in the adult education system.

Subd. 2. SUPPORT SERVICES. The state board may pay school districts or public or private community agencies for the following support services:

(a) (1) interpreter services to provide translation for an individual or a group of students; or

(b) (2) notetaker services to convert spoken language to written language when the student must maintain visual contact with other persons such as an interpreter or instructor.

Subd. 3. PROGRAMS INCLUDED. Support services may be provided for:

(a) (1) local school district adult education programs;

(b) (2) adult technical college programs; and

(c) (3) avocational education programs sponsored by public or private community agencies.

Sec. 3. Minnesota Statutes 1996, section 121.203, subdivision 1, is amended to read:

Subdivision 1. AIDS PROGRAM. The commissioner of children, families, and learning, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of acquired immune deficiency syndrome. Each district shall must have a program that includes at least:

(1) planning materials, guidelines, and other technically accurate and updated information;

(2) a comprehensive, technically accurate, and updated curriculum;

(3) cooperation and coordination among districts and SCs;

(4) a targeting of adolescents, especially those who may be at high risk of contracting AIDS, for prevention efforts;

(5) involvement of parents and other community members;

(6) in-service training for appropriate district staff and school board members;

(7) collaboration with state agencies and organizations having an AIDS prevention or AIDS risk reduction program;

(8) collaboration with local community health services, agencies and organizations having an AIDS prevention or AIDS risk reduction program; and

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

(9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of AIDS, the department shall ~~must~~ assist the SC service cooperative in the region serving that district to develop or implement the program.

Sec. 4. Minnesota Statutes 1997 Supplement, 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 ~~is~~ a nonprofit organization. The board of directors of the foundation and activities of the foundation are under the direction of the state board of education.

Sec. 5. Minnesota Statutes 1997 Supplement, 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~~ consists of:

(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. 6. Minnesota Statutes 1997 Supplement, section 121.615, subdivision 9, is amended to read:

Subd. 9. PRIVATE FUNDING. The foundation shall ~~must~~ seek private resources to supplement the available public money. Individuals, businesses, and other organiza-

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

tions 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. 7. Minnesota Statutes 1997 Supplement, section 121.615, subdivision 10, is amended to read:

Subd. 10. **REPORT.** The board of directors of the foundation shall must submit an annual report 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. 8. Minnesota Statutes 1996, section 121.615, subdivision 11, is amended to read:

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

Sec. 9. Minnesota Statutes 1996, section 121.704, is amended to read:

121.704 YOUTH WORKS PROGRAM.

The youth works program is established to fulfill the purposes of section 121.701. The youth works program shall must supplement existing programs and services. The program shall must not displace existing programs and services, existing funding of programs or services, or existing employment and employment opportunities. No eligible organization may terminate, layoff, or reduce the hours of work of an employee to place or hire a program participant. No eligible organization may place or hire an individual for a project if an employee is on layoff from the same or a substantially equivalent position.

Sec. 10. Minnesota Statutes 1996, section 121.705, subdivision 2, is amended to read:

Subd. 2. **GRANT AUTHORITY.** The commission and, beginning January 1, 1997, the council shall must use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works meeting the requirements of section 121.706. At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission and, beginning January 1, 1997, the council may select at least one residential proposal and one nonresidential proposal, provided the proposals meet or exceed the criteria in section 121.706.

Sec. 11. Minnesota Statutes 1996, section 121.706, is amended to read:

121.706 GRANT APPLICATIONS.

Subdivision 1. **APPLICATIONS REQUIRED.** An organization seeking federal or state grant money under sections 121.704 to 121.709 shall prepare and submit to the commission and, beginning January 1, 1997, the council an application that meets the requirements of this section. The commission and, beginning January 1, 1997, the council shall must develop, and the applying organizations shall must comply with, the form and manner of the application.

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

Subd. 2. APPLICATION CONTENT. An applicant on its application shall must:

(1) propose a program to provide participants the opportunity to perform community service to meet specific unmet community needs, and participate in classroom, work-based, and service-learning;

(2) assess the community's unmet educational, human, environmental, and public safety needs, the resources and programs available for meeting those needs, and how young people participated in assessing community needs;

(3) describe the educational component of the program, including classroom hours per week, classroom time for participants to reflect on the program experience, and anticipated academic outcomes related to the service experience;

(4) describe the work to be performed, the ratio of youth participants to crew leaders and mentors, and the expectations and qualifications for crew leaders and mentors;

(5) describe local funds or resources available to meet the match requirements of section 121.709;

(6) describe any funds available for the program from sources other than the requested grant;

(7) describe any agreements with local businesses to provide participants with work-learning opportunities and mentors;

(8) describe any agreement with local post-secondary educational institutions to offer participants course credits for their community service-learning experience;

(9) describe any agreement with a local high school or an alternative learning center to provide remedial education, credit for community service work and work-based learning, or graduate equivalency degrees;

(10) describe any pay for service or other program delivery mechanism that will provide reimbursement for benefits conferred or recover costs of services participants perform;

(11) describe how local resources will be used to provide support and assistance for participants to encourage them to continue with the program, fulfill the terms of the contract, and remain eligible for any postservice benefit;

(12) describe the arbitration mechanism for dispute resolution required under section 121.707, subdivision 2;

(13) describe involvement of community leaders in developing broad-based support for the program;

(14) describe the consultation and sign-off process to be used with any local labor organization representing employees in the area engaged in work similar to that proposed for the program to ensure that no current employees or available employment positions will be displaced by program participants;

(15) certify to the commission and, beginning January 1, 1997, the council, and to any certified bargaining representatives representing employees of the applying organization that the project will not decrease employment opportunities that would be avail-

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

able without the project; will not displace current employees including any partial displacement in the form of reduced hours of work other than overtime, wages, employment benefits, or regular seasonal work; will not impair existing labor agreements; and will not result in the substitution of project funding for preexisting funds or sources of funds for ongoing work;

(16) describe the length of the required service period, which may not be less than six months or more than two years, a method to incorporate a participant's readiness to advance or need for postservice financial assistance into individual service requirements, and any opportunity for participating part time or in another program;

(17) describe a program evaluation plan that contains cost-effectiveness measures, measures of participant success including educational accomplishments, job placements, community contributions, and ongoing volunteer activities, outcome measures based on a preprogram and postprogram survey of community rates of arrest, incarceration, teenage pregnancy, and other indicators of youth in trouble, and a list of local resources dedicated to reducing these rates;

(18) describe a three-year financial plan for maintaining the program;

(19) describe the role of local youth in developing all aspects of the grant proposal; and

(20) describe the process by which the local private industry council participated in, and reviewed the grant application.

Sec. 12. Minnesota Statutes 1996, section 121.707, subdivision 3, is amended to read:

Subd. 3. POSTSERVICE BENEFIT. (a) Each eligible organization shall ~~must~~ agree to provide to every participant who fulfills the terms of a contract under section 121.707, subdivision 2, a nontransferable postservice benefit. The benefit must be not less than \$4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under section 121.707, subdivision 2, each eligible organization shall ~~must~~ deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits shall ~~must~~ be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

(c) The higher education services office shall ~~must~~ establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years, the amount of the postservice benefit shall ~~must~~ be refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant. Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education services office for the costs of administering the postservice benefits accounts.

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

(d) The state ~~shall~~ must provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

Sec. 13. Minnesota Statutes 1996, section 121.707, subdivision 4, is amended to read:

Subd. 4. **USES OF POSTSERVICE BENEFITS.** (a) A postservice benefit for a participant provided under subdivision 3, paragraph (a), (b), or (c), must be available for seven years after completing the program and may only be used for:

- (1) paying a student loan;
- (2) costs of attending an institution of higher education; or
- (3) expenses incurred by a student in an approved youth apprenticeship program under chapter 126B, or in a registered apprenticeship program approved by the department of labor and industry.

Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Any postservice benefits provided by federal funds or vouchers may be used as a downpayment on, or closing costs for, purchasing a first home.

(b) Postservive benefits are to be used to develop skills required in occupations where numbers of jobs are likely to increase. The commission, in consultation with the workforce development council, and beginning January 1, 1997, the workforce development council, ~~shall~~ must determine how the benefits may be used in order to best prepare participants with skills that build on their service-learning and equip them for meaningful employment.

(c) The postservive benefit ~~shall~~ must not be included in determining financial need when establishing eligibility or award amounts for financial assistance programs under chapter 136A.

Sec. 14. Minnesota Statutes 1996, section 121.707, subdivision 5, is amended to read:

Subd. 5. **LIVING ALLOWANCE.** (a) A participant in a full-time community service program shall receive a monthly stipend of not less than \$500. An eligible organization may provide participants with additional amounts from nonstate sources. The amount of the living allowance may be prorated for part-time participants.

(b) Nothing in this subdivision requires an existing program to decrease any stipend, salary, or living allowance provided to a participant under the program.

(c) In addition to the living allowance provided under paragraph (a), a grantee organization shall provide health and child care coverage to each participant in a full-time youth works program who does not otherwise have access to health or child care coverage. The state ~~shall~~ must include the cost of group health and child care coverage in the grant to the eligible organization.

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

Sec. 15. Minnesota Statutes 1996, section 121.707, subdivision 6, is amended to read:

Subd. 6. **PROGRAM TRAINING.** (a) The commission and, beginning January 1, 1997, the council shall must, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:

- (1) orient each participant in the nature, philosophy, and purpose of the program;
- (2) build an ethic of community service through general community service training; and
- (3) provide additional training as it determines necessary.

(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.

Sec. 16. Minnesota Statutes 1996, section 121.707, subdivision 7, is amended to read:

Subd. 7. **TRAINING AND EDUCATION REQUIREMENTS.** Each grantee organization shall must assess the educational level of each entering participant. Each grantee shall work to enhance the educational skills of each participant. The commission and, beginning January 1, 1997, the council may coordinate or contract with educational institutions or other providers for educational services and evaluation. All grantees shall give priority to educating and training participants who do not have a high school diploma or its equivalent, or who cannot afford post-secondary training and education.

Sec. 17. Minnesota Statutes 1996, section 121.708, is amended to read:

121.708 **PRIORITY.**

The commission and, beginning January 1, 1997, the council shall must give priority to an eligible organization proposing a program that meets the goals of sections 121.704 to 121.707, and that:

- (1) involves youth in a meaningful way in all stages of the program, including assessing community needs, preparing the application, and assuming postservice leadership and mentoring responsibilities;
- (2) serves a community with significant unmet needs;
- (3) provides an approach that is most likely to reduce arrest rates, incarceration rates, teenage pregnancy, and other indicators of troubled youth;
- (4) builds linkages with existing, successful programs; and
- (5) can be operational quickly.

Sec. 18. Minnesota Statutes 1996, section 121.710, subdivision 2, is amended to read:

Subd. 2. **INTERIM REPORT.** The commission and, beginning January 1, 1997, the council shall must report semiannually to the legislature with interim recommendations to change the program.

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

Sec. 19. Minnesota Statutes 1996, section 121.710, subdivision 3, is amended to read:

Subd. 3. FINAL REPORT. The commission and, beginning January 1, 1997, the council shall must present a final report to the legislature by January 1, 1998, summarizing grantee evaluations, reporting on individual participants and participating grantee organizations, and recommending any changes to improve or expand the program.

Sec. 20. Minnesota Statutes 1997 Supplement, section 121.831, subdivision 3, is amended to read:

Subd. 3. PROGRAM ELIGIBILITY. A learning readiness program shall must include the following:

(1) a comprehensive plan to anticipate and meet the needs of participating families by coordinating existing social services programs and by fostering collaboration among agencies or other community-based organizations and programs that provide a full range of flexible, family-focused services to families with young children;

(2) a development and learning component to help children develop appropriate social, cognitive, and physical skills, and emotional well-being;

(3) health referral services to address children's medical, dental, mental health, and nutritional needs;

(4) a nutrition component to meet children's daily nutritional needs;

(5) parents' involvement in meeting children's educational, health, social service, and other needs;

(6) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community;

(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program; and

(8) a literacy component to ensure that the literacy needs of parents are addressed through referral to and cooperation with adult basic education programs and other adult literacy programs.

Sec. 21. Minnesota Statutes 1996, section 121.831, subdivision 6, is amended to read:

Subd. 6. COORDINATION WITH OTHER PROVIDERS. (a) The district shall must coordinate the learning readiness program with existing community-based social services providers and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-focused services to families with children. The district shall must actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

(b) To the extent possible, resources shall must follow the children so that children receive appropriate services in a stable environment and are not moved from one program location to another. Where geographically feasible, the district shall must actively promote colocating of services for children and their families.

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

Sec. 22. Minnesota Statutes 1996, section 121.831, subdivision 7, is amended to read:

Subd. 7. **ADVISORY COUNCIL.** Each learning readiness program shall must have an advisory council composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, and representatives of early childhood service providers. The council shall must advise the ~~school~~ board in creating and administering the program and shall must monitor the progress of the program. The council shall must ensure that children at greatest risk receive appropriate services. If the ~~school~~ board is unable to appoint to the advisory council members of existing early education-related boards, it shall must appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council.

Sec. 23. Minnesota Statutes 1996, section 121.831, subdivision 8, is amended to read:

Subd. 8. **PRIORITY CHILDREN.** The district shall must give greatest priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness.

Sec. 24. Minnesota Statutes 1996, section 121.831, subdivision 9, is amended to read:

Subd. 9. **CHILD RECORDS.** (a) A record of a child's progress and development shall must be maintained in the child's cumulative record while enrolled in the learning readiness program. The cumulative record shall must be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

(b) An educator or service provider may transmit information in the child's cumulative record to an educator or service provider in another program for young children when the child applies to enroll in that other program.

Sec. 25. Minnesota Statutes 1996, section 121.831, subdivision 10, is amended to read:

Subd. 10. **SUPERVISION.** A program provided by a ~~school~~ board shall must be supervised by a licensed early childhood teacher, a certified early childhood educator, or a licensed parent educator. A program provided according to a contract between a ~~school~~ district and a nonprofit organization or another private organization shall must be supervised and staffed according to the terms of the contract.

Sec. 26. Minnesota Statutes 1996, section 121.831, subdivision 11, is amended to read:

Subd. 11. **DISTRICT STANDARDS.** The ~~school~~ board of the district shall must develop standards for the learning readiness program that reflect the eligibility criteria in

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

subdivision 3. The board shall must consider including in the standards the program characteristics in subdivision 4.

Sec. 27. Minnesota Statutes 1996, section 121.831, subdivision 12, is amended to read:

Subd. 12. PROGRAM FEES. A district may adopt a sliding fee schedule based on a family's income but shall must waive a fee for a participant unable to pay. The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.

Sec. 28. Minnesota Statutes 1996, section 121.835, subdivision 4, is amended to read:

Subd. 4. DISTRIBUTION. The commissioner of children, families, and learning shall give priority to funding existing programs.

To the extent possible, the commissioner shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Sec. 29. Minnesota Statutes 1996, section 121.835, subdivision 5, is amended to read:

Subd. 5. APPLICATIONS. Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of children, families, and learning. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, in-

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

cluding an assessment of the impact of the program in terms of at least three of the following criteria:

- (i) utilization rates of community services;
- (ii) availability of support systems for families;
- (iii) birth weights of newborn babies;
- (iv) child accident rates;
- (v) utilization rates of prenatal care;
- (vi) reported rates of child abuse;
- (vii) rates of health screening and evaluation; and
- (viii) school readiness of way to grow participants compared to nonparticipants.

Sec. 30. Minnesota Statutes 1996, section 121.835, subdivision 7, is amended to read:

Subd. 7. **ADVISORY COMMITTEES.** The commissioner of children, families, and learning shall establish a program advisory committee consisting of persons knowledgeable in child development, child health, and family services, who reflect the geographic, cultural, racial, and ethnic diversity of the state; and representatives of the commissioners of children, families, and learning, human services, and health. This program advisory committee shall must review grant applications, assist in distribution of the grants, and monitor progress of the way to grow/school readiness program. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Sec. 31. Minnesota Statutes 1996, section 121.835, subdivision 8, is amended to read:

Subd. 8. **REPORT.** The advisory committee shall must report to the education committee of the legislature by January 15, 1993, on the evaluation required in subdivision 5, clause (6), and shall make recommendations for establishing successful way to grow programs in unserved areas of the state.

Sec. 32. Minnesota Statutes 1996, section 121.8355, subdivision 2, is amended to read:

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

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

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

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

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

- (4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;
- (5) focus primarily on family-centered services;
- (6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;
- (7) provide services in locations that are readily accessible to children and families;
- (8) use new or reallocated funds to improve or enhance services provided to children and their families;
- (9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and
- (10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client centered. The delivery system shall provide a continuum of services for children birth to age 18, or birth through age 21 for individuals with disabilities. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

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

Sec. 33. Minnesota Statutes 1996, section 121.8355, subdivision 3, is amended to read:

Subd. 3. INTEGRATED LOCAL SERVICE DELIVERY SYSTEM. A collaborative shall ~~must~~ design an integrated local service delivery system that coordinates funding streams and the delivery of services between existing agencies. The integrated local service delivery system may:

- (1) improve outreach and early identification of children and families in need of services and intervene across service systems on behalf of families;
- (2) offer an inclusive service system that supports all families within a community;
- (3) coordinate services that eliminate the need to match funding streams, provider eligibilities, or clients with multiple providers;
- (4) improve access to services by coordinating transportation services;
- (5) provide initial outreach to all new mothers and periodic family visits to children who are potentially at risk;
- (6) coordinate assessment across systems to determine which children and families need coordinated multiagency services and supplemental services;
- (7) include multiagency service plans and coordinate unitary case management; and
- (8) integrate funding of services.

Sec. 34. Minnesota Statutes 1996, section 121.8355, subdivision 5, is amended to read:

Subd. 5. LOCAL PLANS. The collaborative plan shall ~~must~~ describe how the collaborative will carry out the duties and implement the integrated local services delivery

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

system required under this section. The plan shall must include a list of the collaborative participants, a copy of the agreement required under subdivision 1, the amount and source of resources each participant will contribute to the integrated fund, and methods for increasing local participation in the collaborative, involving parents and other community members in implementing and operating the collaborative, and providing effective outreach services to all families with young children in the community. The plan shall must also include specific goals that the collaborative intends to achieve and methods for objectively measuring progress toward meeting the goals.

Sec. 35. Minnesota Statutes 1996, section 121.8355, subdivision 6, is amended to read:

Subd. 6. PLAN APPROVAL BY THE CHILDREN'S CABINET. (a) The children's cabinet shall must approve local plans for collaboratives. In approving local plans, the children's cabinet shall must give highest priority to a plan that provides:

- (1) early intervention and family outreach services;
- (2) family visitation services;
- (3) a continuum of services for children from birth to age 18;
- (4) family preservation services;
- (5) culturally sensitive approaches for delivering services and utilizing culturally specific organizations;
- (6) clearly defined outcomes and valid methods of assessment;
- (7) effective service coordination;
- (8) participation by the maximum number of jurisdictions and local, county, and state funding sources;
- (9) integrated community service providers and local resources;
- (10) integrated transportation services;
- (11) integrated housing services; and
- (12) coordinated services that include a children's mental health collaborative authorized by law.

(b) The children's cabinet shall must ensure that the collaboratives established under this section do not conflict with any state or federal policy or program and do not negatively impact the state budget.

Sec. 36. Minnesota Statutes 1996, section 121.88, subdivision 2, is amended to read:

Subd. 2. ADVISORY COUNCIL. Each board shall must provide for an advisory council to consist of members who represent: various service organizations; churches; public and nonpublic schools; local government including elected officials; public and private nonprofit agencies serving youth and families; parents; youth; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

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

Sec. 37. Minnesota Statutes 1996, section 121.88, subdivision 3, is amended to read:

Subd. 3. COOPERATION. The council shall must function in cooperation with the community education director in an advisory capacity in the interest of promoting the goals and objectives of sections 121.85 to 121.88.

Sec. 38. Minnesota Statutes 1996, section 121.88, subdivision 4, is amended to read:

Subd. 4. DUPLICATION POLICY. Each council shall must adopt a policy to reduce and eliminate program duplication within the district.

Sec. 39. Minnesota Statutes 1996, section 121.88, subdivision 6, is amended to read:

Subd. 6. PROGRAMS FOR ADULTS WITH DISABILITIES. A school board may offer, as part of a community education program, a program for adults with disabilities. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:

- (1) services enabling the adults to participate in community activities or community education classes;
- (2) classes specifically for adults with disabilities;
- (3) outreach activities to identify adults needing service;
- (4) activities to increase public awareness of the roles of people with disabilities;
- (5) activities to enhance the role of people with disabilities in the community; and
- (6) other direct and indirect services and activities benefiting adults with disabilities.

Sec. 40. Minnesota Statutes 1996, section 121.88, subdivision 7, is amended to read:

Subd. 7. PROGRAM APPROVAL. To be eligible for revenue for the program for adults with disabilities, a program and budget must receive approval from the community education section in the department of children, families, and learning. Approval may be for five years. During that time, a school board must report any significant changes to the department for approval. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. A request for approval must include all of the following:

- (1) characteristics of the people to be served;
- (2) description of the program services and activities;
- (3) program budget and amount of aid requested;
- (4) participation by adults with disabilities in developing the program;
- (5) assessment of the needs of adults with disabilities; and
- (6) cooperative efforts with community organizations.

Sec. 41. Minnesota Statutes 1996, section 121.88, subdivision 9, is amended to read:

Subd. 9. YOUTH SERVICE PROGRAMS. A school board may offer, as part of a community education program with a youth development program, a youth service pro-

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

gram that provides young people with meaningful opportunities to become involved in their community, develop individual capabilities, make career connections, seek support networks and services, become active citizens, and address community needs through youth service. The school board may award up to one credit, or the equivalent, toward graduation for a pupil who completes the youth service requirements of the district. The community education advisory council, after considering the results of the commissioner's study under section 121.885, subdivision 1, shall must design the program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services. Programs must include:

- (1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;
- (2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;
- (3) sufficient opportunity, in a positive setting for human development, for pupil volunteers to develop general skills in preparation for employment, to enhance self-esteem and self-worth, and to give genuine service to their community;
- (4) integration of academic learning with the service experience; and
- (5) integration of youth community service with elementary and secondary curriculum.

Youth service projects include, but are not limited to, the following:

- (1) human services for the elderly, including home care and related services;
- (2) tutoring and mentoring;
- (3) training for and providing emergency services;
- (4) services at extended day programs;
- (5) environmental services; and

(6) service-learning programs in which schools, including post-secondary schools, and employers work together with young people to provide them with meaningful opportunities for community service and with the academic and technical skills that employers require.

The commissioner shall maintain a list of acceptable projects with a description of each project. A project that is not on the list must be approved by the commissioner.

A youth service project must have a community sponsor that may be a governmental unit or nonprofit organization. To assure that pupils provide additional services, each sponsor must assure that pupil services do not displace employees or reduce the workload of any employee.

The commissioner ~~must~~ shall assist districts in planning youth service programs, implementing programs, and developing recommendations for obtaining community sponsors.

Sec. 42. Minnesota Statutes 1997 Supplement, section 121.88, subdivision 10, is amended to read:

Subd. 10. **EXTENDED DAY PROGRAMS.** (a) A school board may offer, as part of a community education program, an extended day program for children from kinder-

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

garten through grade 6 for the purpose of expanding students' learning opportunities. A program must include the following:

- (1) adult supervised programs while school is not in session;
- (2) parental involvement in program design and direction;
- (3) partnerships with the K-12 kindergarten through grade 12 system, and other public, private, or nonprofit entities; and
- (4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program.

(b) The district may charge a sliding fee based upon family income for extended day programs. The district may receive money from other public or private sources for the extended day program. The school board of the district shall ~~must~~ develop standards for school age child care programs. Districts with programs in operation before July 1, 1990, must adopt standards before October 1, 1991. All other districts must adopt standards within one year after the district first offers services under a program authorized by this subdivision. The state board of education may not adopt rules for extended day programs.

(c) The district shall maintain a separate account within the community services fund for all funds related to the extended day program.

Sec. 43. Minnesota Statutes 1996, section 121.882, subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT. A district that provides a community education program under sections 121.85 to 121.88 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program.

Sec. 44. Minnesota Statutes 1997 Supplement, section 121.882, subdivision 2, is amended to read:

Subd. 2. PROGRAM CHARACTERISTICS. Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents that promote children's development;
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;

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

- (6) educational materials which may be borrowed for home use;
- (7) information on related community resources;
- (8) programs to prevent child abuse and neglect;
- (9) other programs or activities to improve the health, development, and learning readiness of children; or
- (10) activities designed to maximize development during infancy.

The programs ~~shall~~ must not include activities for children that do not require substantial involvement of the ~~children's~~ parents. The programs ~~shall~~ must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs ~~shall~~ must encourage parents to be aware of practices that may affect equitable development of ~~children~~.

Sec. 45. Minnesota Statutes 1996, section 121.882, subdivision 2b, is amended to read:

Subd. 2b. **HOME VISITING PROGRAM.** (a) The commissioner of children, families, and learning shall include as part of the early childhood family education programs a parent education component to prevent child abuse and neglect. This parent education component must include:

- (1) expanding statewide the home visiting component of the early childhood family education programs;
- (2) training parent educators, child educators, community outreach workers, and home visitors in the dynamics of child abuse and neglect and positive parenting and discipline practices; and
- (3) developing and disseminating education and public information materials that promote positive parenting skills and prevent child abuse and neglect.

(b) The parent education component must:

- (1) offer to isolated or at-risk families home visiting parent education services that at least address parenting skills, a child's development and stages of growth, communication skills, managing stress, problem-solving skills, positive child discipline practices, methods of improving parent-child interactions and enhancing self-esteem, using community support services and other resources, and encouraging parents to have fun with and enjoy their children;
- (2) develop a risk assessment tool to determine the family's level of risk;
- (3) establish clear objectives and protocols for home visits;
- (4) determine the frequency and duration of home visits based on a risk-need assessment of the client, with home visits beginning in the second trimester of pregnancy and continuing, based on client need, until a child is six years old;
- (5) encourage families to make a transition from home visits to site-based parenting programs to build a family support network and reduce the effects of isolation;
- (6) develop and distribute education materials on preventing child abuse and neglect that may be used in home visiting programs and parent education classes and distributed to the public;

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

(7) initially provide at least 40 hours of training and thereafter ongoing training for parent educators, child educators, community outreach workers, and home visitors that covers the dynamics of child abuse and neglect, domestic violence and victimization within family systems, signs of abuse or other indications that a child may be at risk of being abused or neglected, what child abuse and neglect are, how to properly report cases of child abuse and neglect, respect for cultural preferences in child rearing, what community resources, social service agencies, and family support activities and programs are available, child development and growth, parenting skills, positive child discipline practices, identifying stress factors and techniques for reducing stress, home visiting techniques, and risk assessment measures;

(8) provide program services that are community-based, accessible, and culturally relevant; and

(9) foster collaboration among existing agencies and community-based organizations that serve young children and their families.

(c) Home visitors should reflect the demographic composition of the community the home visitor is serving to the extent possible.

Sec. 46. Minnesota Statutes 1996, section 121.882, subdivision 3, is amended to read:

Subd. 3. **SEPARATE ACCOUNTS.** The district shall must maintain a separate account within the community education fund for money for early childhood family education programs.

Sec. 47. Minnesota Statutes 1996, section 121.882, subdivision 7, is amended to read:

Subd. 7. **DISTRICT ADVISORY COUNCILS.** The school board shall must appoint an advisory council from the area in which the program is provided. A majority of the council shall must be parents participating in the program. The council shall must assist the board in developing, planning, and monitoring the early childhood family education program. The council shall must report to the school board and the community education advisory council.

Sec. 48. Minnesota Statutes 1996, section 121.882, subdivision 7a, is amended to read:

Subd. 7a. **ALTERNATIVE COUNCIL.** A school board may direct the community education council, required according to section 121.88, subdivision 2, to perform the functions of the advisory council for early childhood family education.

Sec. 49. Minnesota Statutes 1996, section 121.882, subdivision 8, is amended to read:

Subd. 8. **TEACHERS.** A school board shall must employ necessary qualified teachers for its early childhood family education programs.

Sec. 50. Minnesota Statutes 1996, section 121.882, subdivision 9, is amended to read:

Subd. 9. **ASSISTANCE.** The department of children, families, and learning shall must provide assistance to districts with programs described in this section. The depart-

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

ment must establish guidelines that list barriers to learning and development affecting children served by early childhood family education programs.

Sec. 51. Minnesota Statutes 1996, section 121.885, subdivision 1, is amended to read:

Subdivision 1. SERVICE-LEARNING AND WORK-BASED LEARNING PROGRAMS STUDY. The governor's workforce development council shall ~~must~~ assist the commissioner of children, families, and learning in studying how to combine community service activities and service-learning with work-based learning programs.

Sec. 52. Minnesota Statutes 1996, section 121.885, subdivision 4, is amended to read:

Subd. 4. PROGRAMS FOLLOWING YOUTH COMMUNITY SERVICE. (a) The Minnesota commission on national and community service in cooperation with the governor's workforce development council, the commissioner and the higher education services office, shall provide for those participants who successfully complete youth community service under sections 121.704 to 121.709, the following:

(1) for those who have a high school diploma or its equivalent, an opportunity to participate in a youth apprenticeship program at a community or technical college; and

(2) for those who are post-secondary students, an opportunity to participate in an educational program that supplements post-secondary courses leading to a degree or a statewide credential of academic and occupational proficiency.

(b) Participants who successfully complete a youth community service program under sections 121.704 to 121.710 are eligible to receive an education voucher as provided under section 121.707, subdivision 4. The voucher recipient may apply the voucher toward the cost of the recipient's tuition and other education-related expenses at a post-secondary school under paragraph (a).

(c) The governor's workforce development council, in cooperation with the board of trustees of the Minnesota state colleges and universities, shall ~~must~~ establish a mechanism to transfer credit earned in a youth apprenticeship program between the technical colleges and other post-secondary institutions offering applied associate degrees.

Sec. 53. Minnesota Statutes 1997 Supplement, section 123.35, subdivision 8, is amended to read:

Subd. 8. EVENING SCHOOLS; ADULT AND CONTINUING EDUCATION. The board may establish and maintain public evening schools and adult and continuing education programs and such. The evening schools and adult and continuing education programs when so maintained shall by the board must be available to all persons over 16 years of age who, from any cause, are unable to attend the full-time elementary or secondary schools of such district.

Sec. 54. Minnesota Statutes 1996, section 123.70, subdivision 2, is amended to read:

Subd. 2. SCHEDULE OF IMMUNIZATIONS. No person who has commenced a treatment schedule of immunization pursuant to subdivision 1, clause (2), may remain enrolled in any child care facility, elementary, or secondary school in this state after 18 months of enrollment unless there is submitted to the administrator, or other person hav-

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

ing general control and supervision of the school or child care facility, a statement from a physician or a public clinic which provides immunizations that the person has completed the primary schedule of immunizations for diphtheria, tetanus, pertussis, and polio and in which the month and year of each additional immunization received is included. The statement must include the month and year of each additional immunization received. For a child less than seven years of age, a primary schedule of immunizations shall consist of four doses of vaccine for diphtheria, tetanus, and pertussis and three doses of vaccine for poliomyelitis. For a child seven years of age or older, a primary schedule of immunizations shall consist of three doses of vaccine for diphtheria, tetanus, and polio.

Sec. 55. Minnesota Statutes 1996, section 123.70, subdivision 4, is amended to read:

Subd. 4. SUBSTITUTE IMMUNIZATION STATEMENT. A person who is enrolling or enrolled in an elementary or secondary school or child care facility may substitute a statement from the emancipated person or a parent or guardian if the person is a minor child in lieu of the statement from a physician or public clinic which provides immunizations. If the statement is from a parent or guardian or emancipated person, the statement shall must indicate the month and year of each immunization given. In order for the statement to be acceptable for a person who is enrolling in an elementary school and who is six years of age or younger, it must indicate that the following was given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination, and no less than four doses of vaccine for poliomyelitis, unless the third dose was given after the fourth birthday, then three doses are minimum, and no less than five doses of vaccine for diphtheria, tetanus, and pertussis, unless the fourth dose was given after the fourth birthday, then four are minimum. In order for the statement to be acceptable for a person who is enrolling in an elementary or secondary school and is age seven through age 19, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination and consistent with subdivision 10, and no less than three doses of vaccine for poliomyelitis, diphtheria, and tetanus.

In order for the statement to be acceptable for a person who is enrolling in a secondary school, and who was born after 1956 and is 20 years of age or older, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination, and no less than one dose of vaccine for diphtheria and tetanus within the preceding ten years. In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is at least 15 months old but who has not reached five years of age, it must indicate that the following were given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination; no less than one dose of vaccine for haemophilus influenza type b; no less than four doses of vaccine for diphtheria, tetanus, and pertussis; and no less than three doses of vaccine for poliomyelitis. In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is five or six years of age, it must indicate that the following was given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination, no less than four doses of vaccine for diphtheria, tetanus, and pertussis, and no less than three doses of vaccine for poliomyelitis. In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is seven years of age or older, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination and consistent with sub-

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

division 10, and no less than three doses of vaccine for poliomyelitis, diphtheria, and tetanus. The commissioner of health, on finding that any of the above requirements are not necessary to protect the public's health, may suspend for one year that requirement.

Sec. 56. Minnesota Statutes 1996, section 123.70, subdivision 8, is amended to read:

Subd. 8. REPORT. The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner of children, families, and learning on all persons enrolled in the school, except that. The superintendent of each school district shall file a report with the commissioner of children, families, and learning for all persons within the district receiving instruction in a home school in compliance with sections 120.101 and 120.102. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the school district in which the person resides by October 1 of each school year. The school report shall must be prepared on forms developed jointly by the commissioner of health and the commissioner of children, families, and learning and be distributed to the local school districts by the commissioner of health and shall. The school report must state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report shall must be filed with the commissioner of children, families, and learning within 60 days of the commencement of each new school term. Upon request, a district shall must be given a 60-day extension for filing the school report. The commissioner of children, families, and learning shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health and. The child care facility report must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report shall must be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to section 120.17, subdivision 2, nor for child care facilities in which at least 75 percent of children in the facility participate on a one-time only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 57. Minnesota Statutes 1996, section 123.702, subdivision 1, is amended to read:

Subdivision 1. EARLY CHILDHOOD DEVELOPMENTAL SCREENING. Every school board shall must provide for a mandatory program of early childhood developmental screening for children once before school entrance, targeting children who

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

are between 3-1/2 and four years old. This screening program shall must be established either by one board, by two or more boards acting in cooperation, by service cooperatives, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school Districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 58. Minnesota Statutes 1996, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. **SCREENING PROGRAM.** (a) A screening program shall must include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The school district and the person performing or supervising the screening shall must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall must also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice shall must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No A developmental screening program shall must not provide laboratory tests or a physical examination to any child. The school district shall must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall must refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child

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

has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 59. Minnesota Statutes 1996, section 123.702, subdivision 2, is amended to read:

Subd. 2. **FOLLOW-UP SCREENING.** If any child's screening indicates a condition which requires diagnosis or treatment, the child's parents shall be notified of the condition and the school board shall ensure that an appropriate follow-up and referral process is available.

Sec. 60. Minnesota Statutes 1996, section 123.702, subdivision 3, is amended to read:

Subd. 3. **DEVELOPMENTAL SCREENING PROGRAM INFORMATION.** The school board shall must inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening not later than 30 days after the first day of attending kindergarten in a public school.

Sec. 61. Minnesota Statutes 1996, section 123.702, subdivision 4, is amended to read:

Subd. 4. **DEVELOPMENTAL SCREENING SERVICES.** A school board may contract with or purchase service from an approved early developmental screening program in the area. Developmental screening must be conducted by either an individual who is licensed as, or has training that is similar to a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Sec. 62. Minnesota Statutes 1996, section 123.702, subdivision 4a, is amended to read:

Subd. 4a. **SCREENING RECORD.** The school district shall must provide the parent or guardian of the child screened with a record indicating the month and year the child received developmental screening and the results of the screening. The district shall must keep a duplicate copy of the record of each child screened.

Sec. 63. Minnesota Statutes 1996, section 123.702, subdivision 5, is amended to read:

Subd. 5. **VOLUNTEER SCREENING PROGRAMS.** Every school board shall must integrate and utilize volunteer screening programs in implementing sections 123.702 to 123.7045 wherever possible.

Sec. 64. Minnesota Statutes 1996, section 123.702, subdivision 6, is amended to read:

Subd. 6. **HEALTH CARE PROVIDER SOCIETIES.** A school board may consult with local societies of health care providers.

Sec. 65. Minnesota Statutes 1996, section 123.702, subdivision 7, is amended to read:

Subd. 7. **PRIORITY TO VOLUNTEERS.** In selecting personnel to implement the screening program, the school district shall must give priority first to qualified volunteers.

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

Sec. 66. Minnesota Statutes 1996, section 123.704, is amended to read:

123.704 DATA USE.

Data on individuals collected in screening programs established pursuant to section 123.702 is private, as defined by section 13.02, subdivision 12. Individual and summary data shall ~~must~~ be reported to the school district by the health provider who performs the screening services, for the purposes of developing appropriate educational programs to meet the individual needs of children and designing appropriate health education programs for the district; provided, No data on an individual shall be disclosed to the district without the consent of that individual's parent or guardian.

Sec. 67. Minnesota Statutes 1996, section 123.7045, is amended to read:

123.7045 DEVELOPMENTAL SCREENING AID.

Each school year, the state shall ~~must~~ pay a school district \$25 for each child screened according to the requirements of section 123.702. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 68. Minnesota Statutes 1996, section 124.255, is amended to read:

124.255 SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.

Subdivision 1. **ESTABLISHMENT.** The school enrichment partnership program is established. The purpose of the program is to encourage school districts to expand the involvement of the private sector in the delivery of academic programs. The program will provide matching state funds for those provided by the private sector.

Subd. 2. **REVENUE ELIGIBILITY.** A school district or group of school districts is eligible to receive state aid under this program. Districts may enter into joint agreements to provide programs or make expenditures under this section. The limitations under this subdivision shall apply to these programs or expenditures as if they were operated by a single district. A district may receive \$1 of state aid for each \$2 raised from the private sector. The private match must be in the form of cash. Specific types of noncash support may be considered for the private match. State aid is limited to the lesser of \$75,000 or \$10 per pupil unit per district.

Subd. 3. **REVENUE MANAGEMENT.** The use of the state and private funds provided under this section is under the general control of the school board. The board may establish, without using state funds or public employees, a separate foundation to directly manage the funds. The private funds must be used to acquire instructional or noninstructional academic materials of a capital nature including, but not limited to, textbooks, globes, maps, and other academic material. The funds may ~~shall~~ not be used for salaries or other employee benefits.

Subd. 4. **PROCEDURES; REPORT.** The Minnesota academic excellence foundation, under the direction of the commissioner of children, families, and learning, shall ~~must~~ establish application forms, guidelines, procedures, and timelines for the distribution of state aid. The commissioner may require reporting necessary to evaluate the program. Measures of success will include numbers of partnerships and funds raised; numbers of school foundations formed; and demonstrated linkages of partnerships to improved instructional delivery resulting in increased student learning.

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

Subd. 5. RESULTS-ORIENTED CHARTER SCHOOLS. Notwithstanding section 124.248, subdivision 4, paragraph (b), a results-oriented charter school is eligible to participate in the program under this section as if it were a school district.

Sec. 69. Minnesota Statutes 1996, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. PROGRAM APPROVAL. (a) To receive aid under this section, a district, a consortium of districts, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

(b) The commissioner may grant adult basic education funds to a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under this provision must be approved and funded according to the same criteria used for district programs.

(c) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval shall ~~must~~ be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;
- (2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:
 - (i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;
 - (ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;
 - (iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

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

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 70. Minnesota Statutes 1997 Supplement, section 124.26, subdivision 2, is amended to read:

Subd. 2. ACCOUNTS; REVENUE; AID. Each district, group of districts, or private nonprofit organization providing adult basic education programs shall must establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All revenue received pursuant to this section shall must be utilized solely for the purposes of adult basic education programs. In no case shall Federal and state aid plus levy must not equal more than 100 percent of the actual cost of providing these programs.

Sec. 71. Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 6, is amended to read:

Subd. 6. AID GUARANTEE. (a) For fiscal year 1994, any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall must receive the amount of aid it received in fiscal year 1992.

(b) For 1995, 1996, and 1997 fiscal years, an adult basic education program that receives aid shall must receive at least the amount of aid it received in fiscal year 1992 under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

(c) For fiscal year 1998, any adult basic education program that receives less state aid than in fiscal year 1997 shall receive additional aid equal to 80 percent of the difference between its 1997 aid and the amount of aid under subdivision 5. For fiscal year 1999 and later, additional aid under this paragraph must be reduced by 20 percent each year.

Sec. 72. Minnesota Statutes 1996, section 124.2601, subdivision 7, is amended to read:

Subd. 7. PRORATION. If the total appropriation for adult basic education aid is insufficient to pay all approved programs the full amount of aid earned, the department of

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

children, families, and learning shall must proportionately reduce each approved program's aid.

Sec. 73. Minnesota Statutes 1996, section 124.2605, is amended to read:

124.2605 GED TEST FEES.

The commissioner of children, families, and learning shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a GED test, but not more than \$20 for an eligible individual.

Sec. 74. Minnesota Statutes 1997 Supplement, section 124.2615, subdivision 2, is amended to read:

Subd. 2. AMOUNT OF AID. (a) A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of children, families, and learning.

(b) For fiscal year 1998 and thereafter, a district shall must receive learning readiness aid equal to:

(1) the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 50 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

Sec. 75. Minnesota Statutes 1996, section 124.2615, subdivision 4, is amended to read:

Subd. 4. SEPARATE ACCOUNTS. The district shall must deposit learning readiness aid in a separate account within the community education fund.

Sec. 76. Minnesota Statutes 1996, section 124.2711, as amended by Laws 1997, chapter 162, article 1, sections 6 and 7, is amended to read:

124.2711 EARLY CHILDHOOD FAMILY EDUCATION REVENUE.

Subdivision 1. REVENUE. The revenue for early childhood family education programs for a school district equals \$101.25 for 1998 and \$113.50 for 1999 and later fiscal years times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on October 1 of the previous school year.

Subd. 2. POPULATION. For the purposes of subdivision 1, data reported to the department of children, families, and learning may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to docu-

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

ment accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Subd. 2a. EARLY CHILDHOOD FAMILY EDUCATION LEVY. To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .653 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall must equal the early childhood family education revenue.

Subd. 3. EARLY CHILDHOOD FAMILY EDUCATION AID. If a district complies with the provisions of section 121.882, it shall must receive early childhood family education aid equal to the difference between the early childhood family education revenue and the early childhood family education levy. If the district does not levy the entire amount permitted, the early childhood family education aid shall must be reduced in proportion to the actual amount levied.

Subd. 4. USE OF REVENUE RESTRICTED. Early childhood family education revenue may be used only for early childhood family education programs. Not more than five percent of early childhood family education revenue may be used to administer early childhood family education programs. The increase in revenue for fiscal years 1992 and 1993 shall be used to:

- (1) increase participation of families so that the total participation in early childhood family education programs in the district more nearly reflects the demographic, racial, cultural, and ethnic diversity of the district; and
- (2) provide programs for families who, because of poverty and other barriers to learning, may need programs designed to meet their needs.

Subd. 5. HOME VISITING LEVY. A school district that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to \$1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision shall must not be included as revenue under subdivision 1. The revenue shall must be used for home visiting programs under section 121.882, subdivision 2b.

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

Sec. 77. Minnesota Statutes 1996, section 124.2713, subdivision 7, is amended to read:

Subd. 7. COMMUNITY EDUCATION AID. A district's community education aid is the difference between its community education revenue and the community education levy. If the district does not levy the entire amount permitted, the community education aid shall must be reduced in proportion to the actual amount levied.

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

Sec. 78. Minnesota Statutes 1997 Supplement, section 124.2713, subdivision 8, is amended to read:

Subd. 8. **USES OF GENERAL REVENUE.** (a) General community education revenue may be used for:

- (1) nonvocational, recreational, and leisure time activities and programs;
- (2) programs for adults with disabilities, if the programs and budgets are approved by the department of children, families, and learning;
- (3) adult basic education programs, according to section 124.26;
- (4) summer programs for elementary and secondary pupils;
- (5) implementation of a youth development plan;
- (6) implementation of a youth service program;
- (7) early childhood family education programs, according to section 121.882; and
- (8) extended day programs, according to section 121.88, subdivision 10.

(9) In addition to money from other sources, a district may use up to ten percent of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes:

- (i) to purchase or lease computers and related materials;
- (ii) to purchase or lease equipment for instructional programs; and
- (iii) to purchase textbooks and library books.

(b) General community education revenue must not be used to subsidize the direct activity costs for adult enrichment programs. Direct activity costs include, but are not limited to, the cost of the activity leader or instructor, cost of materials, or transportation costs.

Sec. 79. Minnesota Statutes 1996, section 124.2715, subdivision 3, is amended to read:

Subd. 3. **LEVY.** A district may levy for a program for adults with disabilities an amount up to the amount designated in subdivision 2. In the case of a program offered by a group of districts, the levy amount shall ~~must~~ be apportioned among the districts according to the agreement submitted to the department of children, families, and learning.

Sec. 80. Minnesota Statutes 1996, section 124.2716, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A school district that offers an extended day program according to section 121.88, subdivision 10, is eligible for extended day revenue for the additional costs of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature who participate in the extended day program.

Sec. 81. Minnesota Statutes 1996, section 124.2716, subdivision 2, is amended to read:

Subd. 2. **EXTENDED DAY REVENUE.** The extended day revenue for an eligible school district equals the approved additional cost of providing services to children with

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

disabilities or children experiencing family or related problems of a temporary nature who participate in the extended day program.

Sec. 82. Minnesota Statutes 1996, section 124.276, subdivision 1, is amended to read:

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

Sec. 83. Minnesota Statutes 1996, section 124.276, subdivision 3, is amended to read:

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

Sec. 84. Minnesota Statutes 1996, section 124C.12, subdivision 2, is amended to read:

Subd. 2. ELIGIBILITY. An applicant for revenue may be any one of the following:

- (1) a school district located in a city of the first class offering a program in cooperation with other districts or by itself, in one or more areas in the district or in the entire district;
- (2) at least two cooperating school districts located in the seven-county metropolitan area but not located in a city of the first class;
- (3) a group of school districts that are all members of the same education district;
- (4) an education district;
- (5) a group of cooperating school districts none of which are members of any education district; or
- (6) a school district.

Sec. 85. Minnesota Statutes 1996, section 125.702, is amended to read:

125.702 PROGRAM SELECTION.

Subdivision 1. **AUTHORIZATION.** A school district or group of districts may establish an improved learning program.

Subd. 2. RULES AND RIGHTS. The state board of education may waive school district compliance with its rules which would prevent implementation of an improved learning program. Participation in an improved learning program as a principal-teacher, counselor-teacher, or career teacher shall must not affect seniority in the district or rights under the applicable collective bargaining agreement.

Subd. 3. ADDITIONAL FUNDING. A school district providing an improved learning program may receive funds for the program from private sources and governmental agencies, including state or federal funds.

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

Sec. 86. Minnesota Statutes 1996, section 125.703, is amended to read:

125.703 ADVISORY COUNCIL.

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

Sec. 87. Minnesota Statutes 1996, section 125.704, subdivision 1, is amended to read:

Subdivision 1. MANDATORY COMPONENTS. A family connections program shall must include:

- (1) participation by a designated individual as a career teacher, principal-teacher, or counselor teacher;
- (2) an emphasis on each individual child's unique learning and development needs;
- (3) procedures to give the career teacher a major responsibility for leadership of the instructional and noninstructional activities of each child beginning with early childhood family education;
- (4) procedures to involve parents in the learning and development experiences of their children;
- (5) procedures to implement outcome based education by focusing on the needs of the learner;
- (6) procedures to coordinate and integrate the instructional program with all community education programs;
- (7) procedures to concentrate career teacher programs at sites that provide early childhood family education and subsequent learning and development programs; and
- (8) procedures for the district to fund the program.

Sec. 88. Minnesota Statutes 1996, section 125.705, subdivision 1, is amended to read:

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

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

Sec. 89. Minnesota Statutes 1996, section 125.705, subdivision 3, is amended to read:

Subd. 3. STAFF/STUDENT RATIO. (a) Except as provided in clause (b), one career teacher, principal-teacher, or counselor teacher shall be assigned for every 125 students. For each special education student included in the assignment, the 1:125 ratio shall must be reduced by one.

(b) One principal-teacher shall be assigned for every 50 students when the principal-teacher is also the principal of the school.

Sec. 90. Minnesota Statutes 1996, section 125.705, subdivision 4, is amended to read:

Subd. 4. SELECTION; RENEWAL. (a) The school board shall must establish procedures for teachers, principals, and counselors to apply for the position of career teacher, principal-teacher, or counselor teacher. The authority for selection of career teachers, principal-teachers, and counselor teachers shall be is vested in the board and no individual shall have a right to employment as a career teacher, principal-teacher, or counselor teacher based on seniority or order of employment in the district.

(b) Employment of the career teacher, principal-teacher, and counselor teacher may be on a 12-month basis with vacation time negotiated individually with the board. The annual contract of a career teacher, principal-teacher, or counselor teacher may not be renewed, as the board shall see fit; provided, however,. The board shall must give any such teacher whose contract as a career teacher, principal-teacher, or counselor teacher it declines to renew for the following year written notice to that effect before April 15. If the board fails to renew the contract of a career teacher, principal-teacher, or counselor teacher, that individual shall must be reinstated to another position in the district if eligible pursuant to section 125.12 or 125.17.

Sec. 91. Minnesota Statutes 1996, section 125.705, subdivision 5, is amended to read:

Subd. 5. DUTIES. The career teacher, principal-teacher, and counselor teacher shall be is responsible for:

(1) the overall education, learning, and development plan of assigned students. This plan shall be designed by The career teacher, principal-teacher, and counselor teacher must design this plan with the student, parents, and other faculty, and shall must seek to maximize the learning and development potential and maturation level of each pupil;

(2) measuring the proficiency of the assigned students and assisting other staff in identifying pupil needs and making appropriate educational and subject groupings;

(3) when part of the district's plan, taking responsibility for the parent and early childhood education of assigned students;

(4) designing and being responsible for program components which meet special learning needs of high potential and talented students;

(5) coordinating the ongoing, year-to-year learning and development program for assigned students; and

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

(6) developing learning and development portfolios.

Sec. 92. Minnesota Statutes 1997 Supplement, 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, 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 service cooperatives;

(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.

(c) The department may provide assistance at a neutral site to a nonpublic school participating in a district's program.

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

Sec. 93. Minnesota Statutes 1996, section 126.78, subdivision 4, is amended to read:

Subd. 4. GRANT PROCEEDS. A successful applicant ~~shall~~ must use the grant money to develop and implement or to continue a violence prevention program according to the terms of the grant application.

Sec. 94. Minnesota Statutes 1996, section 126.84, subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT. The commissioner of children, families, and learning, in consultation with the commissioner of human services, shall make male responsibility and fathering grants to youth or parenting programs that collaborate with school districts to educate young people, particularly males ages ten to 21, on the responsibilities of parenthood.

Sec. 95. Minnesota Statutes 1996, section 126.84, subdivision 3, is amended to read:

Subd. 3. EXPECTED OUTCOMES. Grant recipients ~~shall~~ must use the funds for programs designed to prevent teen pregnancy and to prevent crime in the long term. Recipient programs must assist youth to:

- (1) understand the connection between sexual behavior, adolescent pregnancy, and the roles and responsibilities of marriage and parenting;
- (2) understand the long-term responsibility of fatherhood;
- (3) understand the importance of fathers in the lives of children;
- (4) acquire parenting skills and knowledge of child development; and
- (5) find community support for their roles as fathers and nurturers of children.

Sec. 96. Minnesota Statutes 1996, section 126.84, subdivision 4, is amended to read:

Subd. 4. GRANT APPLICATIONS. (a) An application for a grant may be submitted by a youth or parenting program whose purpose is to reduce teen pregnancy or teach child development and parenting skills in collaboration with a school district. Each grant application must include a description of the program's structure and components, including collaborative and outreach efforts; an implementation and evaluation plan to measure the program's success; a plan for using males as instructors and mentors; and a cultural diversity plan to ensure that staff or teachers will reflect the cultural backgrounds of the population served and that the program content is culturally sensitive.

(b) Grant recipients must, at a minimum, provide education in responsible parenting and child development, responsible decision-making related to marriage and relationships, and the legal implications of paternity. Grant recipients also must provide public awareness efforts in the collaborating school district. Grant recipients may offer support groups, health and nutrition education, and mentoring and peer teaching.

(c) A grant applicant must establish an advisory committee to assist the applicant in planning and implementation of a grant. The advisory committee must include student representatives, adult males from the community, representatives of community organizations, teachers, parent educators, and representatives of family social service agencies.

Sec. 97. Minnesota Statutes 1996, section 126.84, subdivision 5, is amended to read:

Subd. 5. ADMINISTRATION. The commissioner of children, families, and learning shall administer male responsibility and fathering grants. The commissioner shall es-

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

tablish a grant review committee composed of teachers and representatives of community organizations, student organizations, and education or family social service agencies that offer parent education programs.

Sec. 98. Minnesota Statutes 1996, section 126A.01, is amended to read:

126A.01 ENVIRONMENTAL EDUCATION GOALS AND PLAN.

The environmental education program described in this ~~chapter section and section~~ 126A.06 has these goals for the pupils and other citizens of this state:

(a) Pupils and citizens should be able to apply informed decision-making processes to maintain a sustainable lifestyle. In order to do so, citizens should:

(1) understand ecological systems;

(2) understand the cause and effect relationship between human attitudes and behavior and the environment;

(3) be able to evaluate alternative responses to environmental issues before deciding on alternative courses of action; and

(4) understand the effects of multiple uses of the environment.

(b) Pupils and citizens shall have access to information and experiences needed to make informed decisions about actions to take on environmental issues.

(c) For the purposes of this ~~chapter section and section~~ 126A.06, "state plan" means "Greenprint for Minnesota: A State Plan for Environmental Education."

Sec. 99. Minnesota Statutes 1996, section 126B.01, subdivision 2, is amended to read:

Subd. 2. **FUNDING.** Work-based learning programs incorporating post-secondary instruction implemented under this ~~chapter section and sections~~ 126B.03 to 126B.10 shall provide for student funding according to section 123.3514.

Sec. 100. Minnesota Statutes 1996, section 126B.01, subdivision 4, is amended to read:

Subd. 4. **PARTNERSHIP GRANTS.** The council shall must award grants to implement local education and employment transition systems to local education and employment transition partnerships established under section 126B.10. Grants under this section may be used for the local education and employment transitions system, youth apprenticeship and other work-based learning programs, youth employer programs, youth entrepreneurship programs, and other programs and purposes the council determines fulfill the purposes of the education and employment transitions system. The council shall must evaluate grant proposals on the basis of the elements required in the local plan described in section 126B.10, subdivision 3. The council shall must develop and publicize the grant application process and review and comment on the proposals submitted. Priority in awarding grants must be given to local partnerships that include multiple communities and a viable base of educational, work-based learning, and employment opportunities.

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

Sec. 101. Minnesota Statutes 1996, section 126B.10, is amended to read:

126B.10 EDUCATION AND EMPLOYMENT TRANSITIONS PARTNERSHIPS.

Subdivision 1. LOCAL PARTNERSHIPS; ESTABLISHMENT. Local education and employment transitions partnerships may be established to implement local education and employment transitions systems. Local partnerships shall must represent multiple sectors in the community, including, at a minimum, representatives of employers, primary and secondary education, labor and professional organizations, workers, learners, parents, community-based organizations, and to the extent possible, post-secondary education.

Subd. 2. BOARD. A local education and employment transitions partnership shall must establish a governing board for planning and implementing work-based and other applied learning programs. The board shall must consist of at least one representative from each member of the education and employment transitions partnership. A majority of the board must consist of representatives of local or regional employers.

Subd. 3. LOCAL EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEMS. A local education and employment transitions partnership shall must assess the needs of employers, employees, and learners, and develop a plan for implementing and achieving the objectives of a local or regional education and employment transitions system. The plan shall must provide for a comprehensive local system for assisting learners and workers in making the transition from school to work or for retraining in a new vocational area. The objectives of a local education and employment transitions system include:

(1) increasing the effectiveness of the educational programs and curriculum of elementary, secondary, and post-secondary schools and the work site in preparing students in the skills and knowledge needed to be successful in the workplace;

(2) implementing learner outcomes for students in grades kindergarten through 12 designed to introduce the world of work and to explore career opportunities, including nontraditional career opportunities;

(3) eliminating barriers to providing effective integrated applied learning, service-learning, or work-based curriculum;

(4) increasing opportunities to apply academic knowledge and skills, including skills needed in the workplace, in local settings which include the school, school-based enterprises, post-secondary institutions, the workplace, and the community;

(5) increasing applied instruction in the attitudes and skills essential for success in the workplace, including cooperative working, leadership, problem-solving, and respect for diversity;

(6) providing staff training for vocational guidance counselors, teachers, and other appropriate staff in the importance of preparing learners for the transition to work, and in methods of providing instruction that incorporate applied learning, work-based learning, and service-learning experiences;

(7) identifying and enlisting local and regional employers who can effectively provide work-based or service-learning opportunities, including, but not limited to, apprenticeships, internships, and mentorships;

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

(8) recruiting community and workplace mentors including peers, parents, employers and employed individuals from the community, and employers of high school students;

(9) identifying current and emerging educational, training, and employment needs of the area or region, especially within industries with potential for job growth;

(10) improving the coordination and effectiveness of local vocational and job training programs, including vocational education, adult basic education, tech prep, apprenticeship, service-learning, youth entrepreneur, youth training and employment programs administered by the commissioner of economic security, and local job training programs under the Job Training Partnership Act, United States Code, title 29, section 1501, et seq.;

(11) identifying and applying for federal, state, local, and private sources of funding for vocational or applied learning programs;

(12) providing students with current information and counseling about career opportunities, potential employment, educational opportunities in post-secondary institutions, workplaces, and the community, and the skills and knowledge necessary to succeed;

(13) providing educational technology, including interactive television networks and other distance learning methods, to ensure access to a broad variety of work-based learning opportunities;

(14) including students with disabilities in a district's vocational or applied learning program and ways to serve at-risk learners through collaboration with area learning centers under sections 124C.45 to 124C.49, or other alternative programs; and

(15) providing a warranty to employers, post-secondary education programs, and other post-secondary training programs, that learners successfully completing a high school work-based or applied learning program will be able to apply the knowledge and work skills included in the program outcomes or graduation requirements. The warranty shall require education and training programs to continue to work with those learners that need additional skill development until they can demonstrate achievement of the program outcomes or graduation requirements.

Subd. 4. ANNUAL REPORTS. A local education and employment transitions partnership shall must annually publish a report and submit information to the council as required. The report shall must include information required by the council for the statewide system performance assessment. The report shall must be available to the public in the communities served by the local education and employment transitions partnership. The report shall must be published no later than September 1 of the year following the year in which the data was collected.

Sec. 102. REPEALER.

Minnesota Statutes 1996, section 126.84, subdivision 6, is repealed.

Sec. 103. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

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

<u>Column A</u>	<u>Column B</u>
<u>126A.01</u>	<u>115A.073</u>
<u>126A.06</u>	<u>115A.074</u>
<u>123.70</u>	<u>120C.05</u>
<u>123.701</u>	<u>120C.06</u>
<u>123.702,</u> subd. 1	<u>120C.07,</u> subd. 1
subd. 1a	subd. 2
subd. 1b	subd. 3
subd. 2	subd. 4
subd. 3	subd. 5
subd. 4	subd. 6
subd. 4a	subd. 7
subd. 5	subd. 8
subd. 6	subd. 9
subd. 7	subd. 10
<u>123.704</u>	<u>120C.08</u>
<u>123.7045</u>	<u>120C.09</u>
<u>123.35,</u> subd. 17	<u>120C.11</u>
<u>126.202</u>	<u>120C.12</u>
<u>121.203</u>	<u>120C.13</u>
<u>121.831</u>	<u>120C.20</u>
<u>124.2615</u>	<u>120C.21</u>
<u>121.835</u>	<u>120C.22</u>
<u>121.882,</u> subd. 1	<u>120C.25,</u> subd. 1
subd. 2	subd. 2
subd. 2a	subd. 3
subd. 2b	subd. 4
subd. 3	subd. 5
subd. 4	subd. 6
subd. 5	subd. 7
subd. 6	subd. 8
subd. 7	subd. 9
subd. 7a	subd. 10
subd. 8	subd. 11
subd. 9	subd. 12
<u>124.2711,</u> subd. 1	<u>120C.26,</u> subd. 1
subd. 2	subd. 2
subd. 2a	subd. 3
subd. 3	subd. 4
subd. 4	subd. 5
subd. 5	subd. 6
subd. 6	subd. 7
<u>121.85</u>	<u>120C.30</u>
<u>121.88,</u> subd. 1	<u>120C.31,</u> subd. 1
subd. 2	subd. 2
subd. 2a	subd. 3

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

<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 4</u>	<u>subd. 5</u>
<u>subd. 5</u>	<u>subd. 6</u>
<u>subd. 6</u>	<u>subd. 7</u>
<u>subd. 7</u>	<u>subd. 8</u>
<u>subd. 8</u>	<u>subd. 9</u>
<u>subd. 9</u>	<u>subd. 10</u>
<u>subd. 10</u>	<u>subd. 11</u>
<u>124.2713,</u>	<u>120C.32,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 5</u>	<u>subd. 4</u>
<u>subd. 6</u>	<u>subd. 5</u>
<u>subd. 6a</u>	<u>subd. 6</u>
<u>subd. 6b</u>	<u>subd. 7</u>
<u>subd. 7</u>	<u>subd. 8</u>
<u>subd. 8</u>	<u>subd. 9</u>
<u>subd. 9</u>	<u>subd. 10</u>
<u>subd. 10</u>	<u>subd. 11</u>
<u>124.2714</u>	<u>120C.33</u>
<u>124.2716</u>	<u>120C.34</u>
<u>121.8355,</u>	<u>120C.35,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 2a</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 3a</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>subd. 5</u>	<u>subd. 7</u>
<u>subd. 6</u>	<u>subd. 8</u>
<u>subd. 7</u>	<u>subd. 9</u>
<u>125.70</u>	<u>120C.37</u>
<u>125.701</u>	<u>120C.38</u>
<u>125.702</u>	<u>120C.39</u>
<u>125.703</u>	<u>120C.40</u>
<u>125.704</u>	<u>120C.41</u>
<u>125.705</u>	<u>120C.42</u>
<u>125.276,</u>	<u>120C.43,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2a</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 4</u>	<u>subd. 4</u>
<u>124A.291</u>	<u>120C.44</u>
<u>126.77</u>	<u>120C.45</u>
<u>126.78</u>	<u>120C.46</u>
<u>126.79</u>	<u>120C.47</u>
<u>126.84</u>	<u>120C.48</u>
<u>121.615</u>	<u>120C.50</u>

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

<u>121.70</u>		<u>120C.51</u>
<u>121.701</u>		<u>120C.52</u>
<u>121.702</u>		<u>120C.53</u>
<u>121.704</u>		<u>120C.54</u>
<u>121.705</u>		<u>120C.55</u>
<u>121.706</u>		<u>120C.56</u>
<u>121.707</u>		<u>120C.57</u>
<u>121.708</u>		<u>120C.58</u>
<u>121.709</u>		<u>120C.59</u>
<u>121.710</u>		<u>120C.60</u>
<u>126B.01</u>		<u>120C.62</u>
<u>126B.03,</u>	<u>subd. 2</u>	<u>120C.63,</u>
	<u>subd. 3</u>	<u>subd. 1</u>
		<u>subd. 2</u>
<u>126B.06</u>		<u>120C.64</u>
<u>126B.10</u>		<u>120C.65</u>
<u>121.885</u>		<u>120C.67</u>
<u>123.35,</u>	<u>subd. 8</u>	<u>120C.70</u>
<u>124.26,</u>	<u>subd. 1b</u>	<u>120C.71,</u>
	<u>subd. 1c</u>	<u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
		<u>subd. 3</u>
<u>124.2601</u>		<u>120C.72</u>
<u>124.261</u>		<u>120C.73</u>
<u>124.2605</u>		<u>120C.74</u>
<u>124.2715</u>		<u>120C.76</u>
<u>121.201</u>		<u>120C.77</u>
<u>121.612</u>		<u>120C.82</u>
<u>124.255</u>		<u>120C.84</u>
<u>124C.10</u>		<u>120C.86</u>
<u>124C.11</u>		<u>120C.87</u>
<u>124C.12</u>		<u>120C.88</u>

ARTICLE 4

CHAPTER 121A STATE ADMINISTRATION

Section 1. Minnesota Statutes 1996, section 121.11, subdivision 7, is amended to read:

Subd. 7. GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES.
The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The state board shall develop a plan to attain the adopted goals. At the state board's request, the commissioner may assign department of children, families, and

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

learning staff to assist the state board in attaining its goals. The commissioner shall explain to the state board in writing any reason for refusing or delaying a request for staff assistance. The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 2. Minnesota Statutes 1997 Supplement, section 121.1113, subdivision 1, is amended to read:

Subdivision 1. STATEWIDE TESTING. (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. The Minnesota basic skills tests in reading and mathematics shall fulfill students' eighth grade testing requirements.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profiles profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner, in consultation with the state board of education, shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under section 120.17, subdivision 2, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 126.262, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have

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

a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

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

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 3. Minnesota Statutes 1996, section 121.1115, subdivision 1, is amended to read:

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

Sec. 4. Minnesota Statutes 1996, section 121.1115, subdivision 2, is amended to read:

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

Sec. 5. Minnesota Statutes 1996, section 124.078, is amended to read:

124.078 PERMANENT SCHOOL FUND ADVISORY COMMITTEE.

A state permanent school fund advisory committee is established to advise the department of natural resources on the management of permanent school fund land, which is held in trust for the school districts of the state. The advisory committee shall must consist of the following persons or their designees: the chairs of the education committees of

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

the legislature, the chairs of the senate committee on finance and house committee on ways and means, the commissioner of children, families, and learning, one superintendent from a nonmetropolitan district, and one superintendent from a metropolitan area district. The school district superintendents shall be appointed by the commissioner of children, families, and learning.

The advisory committee shall review the policies of the department of natural resources on management of school trust fund lands and shall recommend necessary changes in policy and implementation in order to ensure provident utilization of the permanent school fund lands.

Sec. 6. Minnesota Statutes 1996, section 124.08, is amended to read:

124.08 SCHOOL ENDOWMENT FUND; DESIGNATION.

For the purpose of aid to public schools, a school endowment fund is established.

The school endowment fund shall consist of the income from the permanent school fund. The commissioner of children, families, and learning may accept for and on behalf of the permanent school fund a donation of cash, marketable securities, or other personal property. A noncash donation, other than a donation of marketable securities, must be disposed of for cash as soon as the commissioner can obtain fair market value for the donation. Marketable securities may be disposed of at the discretion of the state board of investment consistent with sections 11A.16 and 11A.24. A cash donation and the cash receipts from a donation disposed of for cash must be credited immediately to the permanent school fund. Earnings from marketable securities are earnings of the permanent school fund.

Sec. 7. Minnesota Statutes 1996, section 124.09, is amended to read:

124.09 SCHOOL ENDOWMENT FUND; APPORTIONMENT.

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

Sec. 8. Minnesota Statutes 1996, section 124.10, subdivision 1, is amended to read:

Subdivision 1. COPY TO COMMISSIONER OF FINANCE. The commissioner shall furnish a copy of the apportionment of the school endowment fund shall be furnished by the commissioner to the commissioner of finance, who thereupon shall draw warrants on the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 9. Minnesota Statutes 1996, section 124.10, subdivision 2, is amended to read:

Subd. 2. APPORTIONMENTS TO DISTRICTS. The county auditor each year shall apportion to the school districts within the county the amount received from power line taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund. The apportionments shall must be made in proportion to each dis-

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

trict's net tax capacity within the county in the prior year. The apportionments shall must be made and amounts distributed to the ~~sehool~~ districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a ~~sehool~~ district from the county school fund shall must be included in the first half distribution of property taxes to the ~~sehool~~ district. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Sec. 10. Minnesota Statutes 1996, section 124.12, is amended to read:

124.12 MANNER OF PAYMENT OF STATE AIDS.

Subd. 2. It shall be the duty of the commissioner of children, families, and learning to deliver to the commissioner of finance a certificate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner of finance to draw a warrant upon the state treasurer in favor of the district for the amount shown by each certificate to be due to the district. The commissioner of finance shall transmit such warrants to the district together with a copy of the certificate prepared by the commissioner.

Sec. 11. Minnesota Statutes 1996, section 124.14, subdivision 2, is amended to read:

Subd. 2. **ERRORS IN DISTRIBUTION.** On determining that the amount of state aid distributed to a school district is in error, the commissioner is authorized to adjust the amount of aid consistent with this subdivision. On determining that the amount of aid is in excess of the school district's entitlement, the commissioner is authorized to recover the amount of the excess by any appropriate means. Notwithstanding the fiscal years designated by the appropriation, the excess may be recovered by reducing future aid payments to the ~~sehool~~ district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the ~~sehool~~ district shall must adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.904 to 121.917. Notwithstanding the fiscal years designated by the appropriation, on determining that the amount of an aid paid is less than the school district's entitlement, the commissioner is authorized to increase such aid from the current appropriation.

Sec. 12. Minnesota Statutes 1996, section 124.14, subdivision 3, is amended to read:

Subd. 3. **AUDITS.** The commissioner shall establish procedures for conducting and shall conduct audits of school district records and files for the purpose of verifying ~~sehool~~ district pupil counts, levy limitations, and aid entitlements. The commissioner shall establish procedures for selecting and shall select districts to be audited. Disparities, if any, between pupil counts, levy limitations, or aid entitlements determined by audit of ~~sehool~~ district records and files and data reported by ~~sehool~~ districts in reports, claims and other documents shall be reviewed by the commissioner who shall order increases or decreases accordingly. Whenever possible, the commissioner shall audit at least 25 districts each year pursuant to this subdivision.

Sec. 13. Minnesota Statutes 1996, section 124.14, subdivision 3a, is amended to read:

Subd. 3a. **LESS THAN 25 DISTRICTS AUDITED.** If the commissioner audits fewer than 25 ~~sehool~~ districts in a fiscal year pursuant to subdivision 3, the commissioner

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

shall report the reasons for the number audited to the following legislative committees: house education, house appropriations, senate education, and senate finance.

Sec. 14. Minnesota Statutes 1996, section 124.14, subdivision 4, is amended to read:

Subd. 4. FINAL DECISION AND RECORDS. A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the commissioner, and. The accounts and records of any district shall must be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 15. Minnesota Statutes 1996, section 124.14, subdivision 6, is amended to read:

Subd. 6. ADJUSTMENT APPROPRIATION. There is annually appropriated from the general fund to the department of children, families, and learning any additional amounts necessary for the adjustments made pursuant to section 124.155, subdivision 1.

Sec. 16. Minnesota Statutes 1996, section 124.14, subdivision 7, is amended to read:

Subd. 7. APPROPRIATION TRANSFERS. If a direct appropriation from the general fund to the department of children, families, and learning for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 124C, 125, 126, and 134 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations shall must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 17. Minnesota Statutes 1996, section 124.14, subdivision 8, is amended to read:

Subd. 8. HEALTH AND SAFETY AID TRANSFER. The commissioner of children, families, and learning, with the approval of the commissioner of finance, annually may transfer an amount from the appropriation for health and safety aid to the appropriation for debt service aid for the same fiscal year. The amount of the transfer equals the amount necessary to fund any shortage in the debt service aid appropriation created by a data correction that occurs between November 1 and June 30 of the preceding fiscal year.

Sec. 18. Minnesota Statutes 1996, section 124.15, subdivision 2, is amended to read:

Subd. 2. VIOLATIONS OF LAW. The commissioner shall reduce the district's special state aid for any school year whenever the board of the district authorizes or permits within the district violations of law within the district by:

(1) employment in a public school of the district of employing a teacher who does not hold a valid teaching license or permit, or in a public school;

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

(2) noncompliance with a mandatory rule of general application promulgated by the state board in accordance with statute in the absence of, unless special circumstances making make enforcement thereof inequitable, contrary to the best interest of, or imposing impose an extraordinary hardship on, the district affected, or, or the rule is contrary to the district's best interests;

(3) the district's continued performance by the district of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, which if the contract has been disapproved where, the time for review of the determination of disapproval has expired, and no proceeding for review is pending, or;

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota, or;

(5) failure to provide reasonably provide for the a resident pupil's school attendance to which a resident pupil is entitled under Minnesota Statutes, or

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in section 363.03,

the special state aid to which a district is otherwise entitled for any school year shall be reduced. The reduction must be made in the amount and upon the procedure provided in this section or, in the case of the violation stated in clause (1), upon the procedure provided in section 124.19, subdivision 3.

Sec. 19. Minnesota Statutes 1996, section 124.15, subdivision 2a, is amended to read:

Subd. 2a. ASSURANCE OF COMPLIANCE. After consultation with the commissioner of human rights, the state board of education shall adopt rules in conformance with chapter 14 which. The rules must direct school districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and which specify the information required to be submitted in support of the assurances. The commissioner of children, families, and learning shall provide copies of the assurances and the supportive information to the commissioner of human rights. If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota human rights act are occurring in the district, the commissioner of human rights shall notify the commissioner of children, families, and learning of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 3,

Sec. 20. Minnesota Statutes 1996, section 124.15, subdivision 3, is amended to read:

Subd. 3. NOTICE TO BOARD. When it appears that one or more of the violations an enumerated violation is occurring in a district, the commissioner shall forthwith notify the board of that district in writing thereof. Such The notice shall must specify the violations, set a reasonable time within which the district shall must correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced. The time allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

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

Sec. 21. Minnesota Statutes 1996, section 124.15, subdivision 4, is amended to read:

Subd. 4. DISPUTE VIOLATIONS; HEARING. The board to which such notice is given may, by a majority vote of the whole board, decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids; ~~in which case written notice of such decision shall be given. The board must give the commissioner written notice of the decision.~~ If the commissioner, after such further investigation as the commissioner deems necessary, adheres to the previous notice, ~~such~~ the board shall be entitled to a hearing by the state board; ~~in which event a. The state board must set a hearing time and place shall be set therefor and notice and the board of the district must be given notice by mail to the board of the district. The state board shall must adopt rules governing the proceedings for hearings which shall. The hearings must be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. Such~~ The rules may provide that any question of fact to be determined upon such review at the hearing may be referred to one or more members of the board or to an employee of the state board acting as a referee to hear evidence and report to the state board the testimony taken to the state board. The state board, or any a person designated to receive evidence upon a review under this act at a hearing, shall have the same right to issue subpoenas and administer oaths and parties to the review hearing shall have the same right to subpoenas issued as are accorded with respect to allowed for proceedings before the industrial commission. There shall be A stenographic record must be made of all testimony given and other proceedings during such the hearing, and as far as. If practicable, rules governing reception admission of evidence in courts shall obtain apply to the hearing. The decision of the state board shall must be in writing and the controlling facts upon which the decision is made shall must be stated in sufficient detail to apprise the parties and the reviewing court of the basis and reason of for the decision. The decision shall must be confined to whether or not any of the specified violations or any of them existed at the date of the commissioner's first notice, whether such the violations as did exist were corrected within the time permitted, and whether such the violations require reduction of the state aids under this section.

Sec. 22. Minnesota Statutes 1996, section 124.15, subdivision 5, is amended to read:

Subd. 5. VIOLATION; AID REDUCTION. The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time of it the notice, or that any that existed the violations were corrected within the time permitted, there shall be no reduction of state aids payable to the school district. Otherwise state aids payable to the district for the year in which the violation occurred shall be reduced as follows: The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year.

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

Sec. 23. Minnesota Statutes 1996, section 124.15, subdivision 6, is amended to read:

Subd. 6. REDUCTION IN AIDS PAYABLE. Reductions in aid under this section and section 124.19 shall must be from general education aid. If there is not sufficient general education aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other aids listed in section 124.155, subdivision 2, that are payable to the district for that year in the order in which the aids are listed in section 124.155, subdivision 2. If there is not a sufficient amount of state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Sec. 24. Minnesota Statutes 1996, section 124.15, subdivision 8, is amended to read:

Subd. 8. NOTICE TO DISTRICT. Any notice to be given to the board of a district will be deemed given when a copy thereof is mailed, registered, to the superintendent of the district, if there is a superintendent, and to the clerk of the board of the district, unless. If it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, in which event then the time for correction will be accordingly extended by the commissioner so that a reasonable time will be allowed from actual receipt of notice for correction. If notice is sent by the commissioner with respect to a violation which is continued by the district in a succeeding year, no separate notice for that violation for the succeeding year will be required. Proceedings initiated by such notice shall include any continuing violation notwithstanding that a part thereof occurs in a year different from that the year in which it started. The commissioner may require reasonable proof of the time that a violation ceased for the determination of the amount of aids to be withheld. Costs and disbursements of the review by the district court, exclusive of those incurred in the administrative proceedings, may be taxed against the losing party and in the event taxed against the state shall must be paid from the appropriations made to the department for the payment of special state aids.

Sec. 25. Minnesota Statutes 1997 Supplement, 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 124.315, subdivision 4, 124.912, subdivisions 1, paragraph (2), 2, and 3, 124.916, subdivisions 1, 2, and 3, paragraphs 4, 5, and 6, 124.918, subdivision 6, and 124A.03, subdivision 2. 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.

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

Sec. 26. Minnesota Statutes 1997 Supplement, section 124.155, subdivision 2, is amended to read:

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

- (1) general education aid authorized in section 124A.23;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in sections 124.32 and 124.3201;
- (4) 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 section 124.83;
- (11) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3;
- (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. 27. Minnesota Statutes 1996, section 124.195, subdivision 1, is amended to read:

Subdivision 1. **APPLICABILITY.** This section applies to all aids or credits paid by the commissioner of ~~children, families, and learning~~ from the general fund to school districts.

Sec. 28. Minnesota Statutes 1997 Supplement, 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 endow-

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

ment 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

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
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. 29. Minnesota Statutes 1996, section 124.195, subdivision 3, is amended to read:

Subd. 3. PAYMENT DATES AND PERCENTAGES. The commissioner of children, families, and learning shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

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

	Payment date	Percentage
Payment 1	July 15:	2.25
Payment 2	July 30:	4.50
Payment 3	August 15: the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 6.75 percent	
Payment 4	August 30:	9.0
Payment 5	September 15:	12.75
Payment 6	September 30:	16.50
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent	
Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent	
Payment 9	November 15:	31.0
Payment 10	November 30:	37.0
Payment 11	December 15:	40.0
Payment 12	December 30:	43.0
Payment 13	January 15:	47.25
Payment 14	January 30:	51.5
Payment 15	February 15:	56.0
Payment 16	February 28:	60.5
Payment 17	March 15:	65.25
Payment 18	March 30:	70.0
Payment 19	April 15:	73.0
Payment 20	April 30:	79.0
Payment 21	May 15:	82.0
Payment 22	May 30:	90.0
Payment 23	June 20:	100.0

Sec. 30. Minnesota Statutes 1996, section 124.195, subdivision 3a, is amended to read:

Subd. 3a. **APPEAL.** The commissioner, in consultation with the commissioner of finance, may revise the payment dates and percentages in subdivision 3 for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3.

Sec. 31. Minnesota Statutes 1996, section 124.195, subdivision 3b, is amended to read:

Subd. 3b. **CASH FLOW ADJUSTMENT.** During each year in which the cash flow low points for August, September, and October estimated by the commissioner of

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

finance for invested treasurer's cash exceeds \$360,000,000, the commissioner of children, families, and learning shall increase the cumulative disbursement percentages established in subdivision 3 to the following amounts:

Payment 3	August 15:	12.75 percent
Payment 4	August 30:	15.00 percent
Payment 5	September 15:	17.25 percent
Payment 6	September 30:	19.50 percent
Payment 7	October 15:	21.75 percent

Sec. 32. Minnesota Statutes 1996, section 124.195, subdivision 4, is amended to read:

Subd. 4. PAYMENT LIMIT. Subdivision 3 does not authorize the commissioner of children, families, and learning to pay to a district's operating funds an amount of state general fund cash that exceeds the sum of:

- (a) its estimated aid and credit payments for the current year according to subdivision 10;
- (b) its actual aid payments according to subdivisions 8 and 9; and
- (c) the final adjustment payment for the prior year.

Sec. 33. Minnesota Statutes 1996, section 124.195, subdivision 5, is amended to read:

Subd. 5. COMMISSIONER'S ASSUMPTIONS. For purposes of determining the amount of state general fund cash to be paid to school districts pursuant to subdivision 3, the commissioner of children, families, and learning shall:

(a) (1) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.11 are made in the following manner:

- (1) (i) 50 percent within seven business days of each due date; and
- (2) (ii) 100 percent within 14 business days of each due date;
- (b) (2) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.111 are made in the following manner:

- (1) (i) 50 percent within seven business days of the October 15 due date;
- (2) (ii) 100 percent within 14 business days of the October 15 due date; and
- (3) (iii) 100 percent within ten business days of the November 15 due date; and

(c) (3) assume that the payments to school districts by county auditors pursuant to section 124.10, subdivision 2, are made at the end of the months indicated in that subdivision.

Sec. 34. Minnesota Statutes 1996, section 124.195, subdivision 6, is amended to read:

Subd. 6. FINAL ADJUSTMENT PAYMENT. For all aids and credits paid according to subdivision 10, the final adjustment payment shall must include the amounts nec-

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

essary to pay the district's full aid entitlement for the prior year based on actual data. This payment ~~shall~~ must be used to correct all estimates used for the payment schedule in subdivision 3. The payment ~~shall~~ must be made as specified in subdivision 3. In the event actual data are not available, the final adjustment payment may be computed based on estimated data. A corrected final adjustment payment ~~shall~~ must be made when actual data are available.

Sec. 35. Minnesota Statutes 1997 Supplement, 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~~ must be made at 90 percent of the estimated entitlement during the fiscal year of the entitlement. 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~~ must 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. 36. Minnesota Statutes 1997 Supplement, 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, ~~124D~~, 125, 126, 134, and section 273.1392, shall be paid at 90 percent of the estimated entitlement during the fiscal year of the entitlement. The final adjustment payment, according to subdivision 6, ~~shall~~ must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 37. Minnesota Statutes 1996, section 124.195, subdivision 14, is amended to read:

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

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

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

the state. School Districts are encouraged to make such refunds promptly. The commissioner may approve a schedule for making a refund when a district demonstrates that its cash flow is inadequate to promptly make the refund in full.

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

Sec. 38. Minnesota Statutes 1996, section 124.196, is amended to read:

124.196 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of finance determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner of children, families, and learning shall modify payments to school districts according to this section. The modifications shall ~~must~~ begin no sooner than September 1 of each fiscal year, and shall ~~must~~ remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a school district pursuant to section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in each of the district's ~~four~~ operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the preceding fiscal year. The net cash balance shall ~~must~~ include all cash and investments, less certificates of indebtedness outstanding, and ~~orders not paid for want of funds~~.

A district may appeal the payment schedule established by this section according to the procedures established in section 124.195, subdivision 3a.

Sec. 39. Minnesota Statutes 1996, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. ADJUSTED NET TAX CAPACITY. (a) **COMPUTATION.** The department of revenue shall ~~must~~ annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall ~~must~~ determine an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated

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

as the adjusted net tax capacity. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue ~~shall~~ must make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted net tax capacities. On or before June 15 annually, the department of revenue shall file its final report on the adjusted net tax capacities established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of children, families, and learning and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) **METHODOLOGY.** In making its annual assessment/sales ratio studies, the department of revenue ~~shall~~ must use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota Administrative Procedure Act. For purposes of this section, sections 270.12, subdivision 2, clause (8), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) **AGRICULTURAL LANDS.** For purposes of determining the adjusted net tax capacity of agricultural lands for the calculation of adjusted net tax capacities, the market value of agricultural lands ~~shall~~ must be the price for which the property would sell in an arms length transaction.

(d) **FORCED SALES.** The commissioner of revenue may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner of revenue that these forced sales indicate true market value.

(e) **STIPULATED VALUES AND ABATEMENTS.** The estimated market value to be used in calculating sales ratios ~~shall~~ must be the value established by the assessor before any stipulations resulting from appeals by property owners and before any abatement unless the abatement was granted for the purpose of correcting mere clerical errors.

(f) **SALES OF INDUSTRIAL PROPERTY.** Separate sales ratios ~~shall~~ must be calculated for commercial property and for industrial property. These two classes ~~shall~~ be

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

combined only in jurisdictions in which there is not an adequate sample of sales in each class.

Sec. 40. Minnesota Statutes 1996, section 124.2131, subdivision 2, is amended to read:

Subd. 2. ADJUSTED NET TAX CAPACITY; GROWTH LIMIT. In the calculation of adjusted net tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted net tax capacity of taxable property for any school district over the adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted net tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the immediately preceding year.

Sec. 41. Minnesota Statutes 1996, section 124.2131, subdivision 3a, is amended to read:

Subd. 3a. CAPTURED TAX CAPACITY ADJUSTMENT. In calculating adjusted net tax capacity, the commissioner of revenue shall increase the adjusted net tax capacity of a school district containing a tax increment financing district for which an election is made under section 469.1782, subdivision 1, clause (1). The amount of the increase equals the captured net tax capacity of the tax increment financing district in the year preceding the first taxes payable year in which the special law permits collection beyond that permitted by the general law duration limit that otherwise would apply. The addition applies beginning for aid and levy for the first taxes payable year in which the special law permits collection of increment beyond that permitted by the general law duration limit that otherwise would apply. The addition continues to apply for each taxes payable year the district remains in effect.

Sec. 42. Minnesota Statutes 1996, section 124.2131, subdivision 5, is amended to read:

Subd. 5. ADJUSTED NET TAX CAPACITY; APPEALS. Should any ~~if a~~ district, within 30 days after receipt of a copy of a report filed with the commissioner of children, families, and learning made pursuant to subdivision 1 or 3, be ~~is~~ of the opinion that the commissioner of revenue has made an error in the determination of the school district's market value, it may appeal from the report or portion thereof relating to the school district to the commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner of revenue shall advise the school district of the determination within 30 days. If the school district wishes to appeal the determination of the commissioner of revenue, it must file a notice of appeal with the tax court, as provided in subdivisions 6 to 11 within ten days of the notice of determination from the commissioner of revenue.

Sec. 43. Minnesota Statutes 1996, section 124.2131, subdivision 6, is amended to read:

Subd. 6. NOTICE OF APPEAL. The school district shall ~~must~~ file with the court administrator of the tax court a notice of appeal from the determination of the commis-

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

sitioner of revenue fixing the market value of the school district, and such notice shall must show the basis of the alleged error. A copy of such the notice of appeal shall must be served upon the commissioner of revenue, and proof of service shall must be filed with the court administrator.

Sec. 44. Minnesota Statutes 1996, section 124.2131, subdivision 7, is amended to read:

Subd. 7. **HEARING.** Upon receipt of the notice of appeal the tax court shall must review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the commissioner of revenue of the market value of the property in the school district. If the court finds it probable that such an error has been made, it shall must notice the matter for hearing; otherwise, it shall must dismiss the appeal and notify the parties thereof. Hearing shall Hearings must be set and held in the same manner as other hearings of the tax court are set and heard, except that an appeal filed under subdivision 5 shall must take precedence over other appeals pending before the court. The attorney general shall represent the commissioner of revenue. The Administrative Procedure Act, sections 14.09 to 14.28, 14.38, 14.44 to 14.45, and 14.57 to 14.69, shall apply to hearings insofar as it is applicable.

Sec. 45. Minnesota Statutes 1996, section 124.2131, subdivision 8, is amended to read:

Subd. 8. **TAX COURT DETERMINATION.** The tax court shall hear, consider, and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing, the court shall must: (1) file findings of fact, or (2) refer the issues to the commissioner of revenue with instructions and recommendations for a determination and correction of the market value of the appealing school district. The decision of the tax court, if it decides the matter de novo, shall have the same force and effect as a determination by the commissioner of revenue in the first instance under this section, and the commissioner of revenue shall must be notified thereof. If the matter is rereferred to the commissioner of revenue, a redetermination by the commissioner of revenue in accordance with the recommendations of the tax court shall must likewise have the same force and effect as a determination by it in the first instance under this section.

Sec. 46. Minnesota Statutes 1996, section 124.2131, subdivision 9, is amended to read:

Subd. 9. **HEARING EXAMINER.** In addition to the powers and duties of the tax court as prescribed by chapter 271, and any act amendatory thereof, any hearing ordered pursuant to the provisions hereunder this section may be heard by a hearing examiner in lieu of one or more judges of the tax court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more judges of the tax court. The hearing examiner shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The tax court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

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

Sec. 47. Minnesota Statutes 1996, section 124.2131, subdivision 11, is amended to read:

Subd. 11. AIDS PENDING APPEALS. During the pendency of any appeal from the commissioner of revenue evaluation, state aids to the appealing district so appealing shall ~~must~~ be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

Sec. 48. Minnesota Statutes 1996, section 124.214, is amended to read:

124.214 AID ADJUSTMENTS.

Subdivision 1. OMISSIONS. No adjustments to any aid payments made pursuant to this chapter or chapter 124A, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 30 of the next school year, unless otherwise specifically provided by law.

Subd. 2. ABATEMENTS. Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of children, families, and learning the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 124.912, subdivision 9. The amount of the abatement adjustment shall ~~must~~ be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) (i) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(i) (A) section 124A.23 if the district received general education aid according to that section for the second preceding year;

(ii) (B) section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 124.225 for the second preceding year;

(iii) (C) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;

(iv) (D) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;

(v) (E) section 124.83, if the district received health and safety aid according to that section for the second preceding year;

(vi) (F) sections 124.2713, 124.2714, and 124.2715, if the district received aid for community education programs according to any of those sections for the second preceding year;

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

(vii) (G) section 124.2711, subdivision 2a, if the district received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) (H) section 124.321, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;

(ix) (I) section 124A.03, subdivision 1g, if the district received referendum equalization aid according to that section for the second preceding year; and

(x) (J) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year; to

(b) to (ii) the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Subd. 3. **EXCESS TAX INCREMENT.** (a) If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) (b) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) (i) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) (A) section 124A.23, if the district received general education aid according to that section for the second preceding year;

(ii) (B) section 124.226, subdivisions 1 and 4, if the school district received transportation aid according to section 124.225 for the second preceding year;

(iii) (C) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;

(iv) (D) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;

(v) (E) section 124.83, if the district received health and safety aid according to that section for the second preceding year;

(vi) (F) sections 124.2713, 124.2714, and 124.2715, if the district received aid for community education programs according to any of those sections for the second preceding year;

(vii) (G) section 124.2711, subdivision 2a, if the district received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) (H) section 124.321, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;

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

(~~(x)~~ (I) section 124A.03, subdivision 1g, if the district received referendum equalization aid according to that section for the second preceding year; and

(~~(x)~~ (J) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year; to

(B) to (ii) the total amount of the ~~school~~ district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(B) (c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment; and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district ~~shall~~ must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a ~~school~~ district for a calendar year that exceeds \$25,000.

Sec. 49. Minnesota Statutes 1996, section 124.625, is amended to read:

124.625 VETERANS TRAINING.

The commissioner shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the commissioner to pay the necessary expenses of operation of the program. The department of children, families, and learning ~~shall~~ must act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program ~~shall~~ must be deposited in the veterans training revolving fund and is appropriated to the department for those purposes.

Sec. 50. Minnesota Statutes 1996, section 124A.036, as amended by Laws 1997, chapter 7, article 1, section 65, is amended to read:

124A.036 PAYMENTS TO RESIDENT AND NONRESIDENT DISTRICTS.

Subdivision 1. AID TO DISTRICT OF RESIDENCE. General education aid ~~shall~~ must be paid to the district of residence unless otherwise specifically provided by law.

Subd. 1a. REPORTING; REVENUE FOR HOMELESS. For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered a resident of the school district that enrolls the pupil.

Subd. 2. DISTRICT WITHOUT SCHOOLS. Except as otherwise provided in law, any district not maintaining classified elementary or secondary schools ~~shall~~ must pay the tuition required in order to enable resident pupils to attend school in another dis-

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

trict when necessary, and shall must receive general education aid on the same basis as other districts. The aid shall must be computed as if the pupils were enrolled in the district of residence.

Subd. 3. NOTIFICATION OF RESIDENT DISTRICT. A district educating a pupil who is a resident of another district shall must notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall is not be liable to that district for any tuition billing received after August 1 of the next school year.

Subd. 4. STATE AGENCY AND COURT PLACEMENTS. If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall must, prior to before placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of children, families, and learning of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of children, families, and learning of the placement decision prior to before the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall must notify the district of residence, the district of attendance and the commissioner of children, families, and learning of an emergency placement within 15 days of the placement.

Subd. 5. ALTERNATIVE ATTENDANCE PROGRAMS. The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

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

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall must be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

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

(d) The district of residence shall must pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 120.03, or a pupil, as defined in section 120.181, who is enrolled in a program listed in this subdivision. The tuition shall must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education aid and special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

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

(e) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

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

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

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

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

Sec. 51. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>121.01</u>	<u>121A.01</u>
<u>121.81</u>	<u>121A.02</u>
<u>121.82</u>	<u>121A.03</u>
<u>121.02,</u>	<u>subd. 1</u>
	<u>subd. 2a</u>
	<u>subd. 3</u>
	<u>subd. 4</u>
<u>121.03</u>	<u>121A.04,</u>
<u>121.04</u>	<u>subd. 1</u>
<u>121.05</u>	<u>subd. 2</u>
<u>121.06</u>	<u>subd. 3</u>
<u>121.14</u>	<u>subd. 4</u>
<u>121.11,</u>	<u>121A.05</u>
	<u>subd. 7</u>
	<u>subd. 7b</u>
	<u>subd. 7d</u>
	<u>subd. 9</u>
	<u>subd. 11</u>
	<u>subd. 7c</u>
	<u>121A.06</u>
	<u>121A.07</u>
	<u>121A.08</u>
	<u>121A.09</u>
	<u>121A.10,</u>
	<u>subd. 1</u>
	<u>subd. 2</u>
	<u>subd. 3</u>
	<u>subd. 4</u>
	<u>subd. 5</u>
	<u>121A.11</u>

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

<u>121.1113</u>		<u>121A.12</u>	
<u>121.1115</u> ,	<u>subd. 1</u>	<u>121A.13</u> ,	<u>subd. 1</u>
	<u>subd. 1a</u>		<u>subd. 2</u>
	<u>subd. 2</u>		<u>subd. 3</u>
<u>126.685</u>		<u>121A.15</u>	
<u>121.48</u>		<u>121A.17</u>	
<u>121.1601</u>		<u>121A.19</u>	
<u>126.82</u>		<u>121A.20</u>	
<u>121.16</u> ,	<u>subd. 1</u>	<u>121A.22</u> ,	<u>subd. 1</u>
	<u>subd. 3</u>		<u>subd. 2</u>
<u>121.161</u>		<u>121A.23</u>	
<u>121.162</u>		<u>121A.24</u>	
<u>121.163</u>		<u>121A.25</u>	
<u>121.175</u>		<u>121A.27</u>	
<u>121.15</u> ,	<u>subd. 1</u>	<u>121A.31</u> ,	<u>subd. 1</u>
	<u>subd. 1a</u>		<u>subd. 2</u>
	<u>subd. 1b</u>		<u>subd. 3</u>
	<u>subd. 2</u>		<u>subd. 4</u>
	<u>subd. 3</u>		<u>subd. 5</u>
	<u>subd. 4</u>		<u>subd. 6</u>
	<u>subd. 5</u>		<u>subd. 7</u>
	<u>subd. 6</u>		<u>subd. 8</u>
	<u>subd. 7</u>		<u>subd. 9</u>
	<u>subd. 7a</u>		<u>subd. 10</u>
	<u>subd. 8</u>		<u>subd. 11</u>
	<u>subd. 9</u>		<u>subd. 12</u>
<u>121.1501</u>		<u>121A.32</u>	
<u>121.1502</u>		<u>121A.33</u>	
<u>121.931</u> ,	<u>subd. 1</u>	<u>121A.36</u> ,	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 5</u>		<u>subd. 3</u>
<u>121.932</u> ,	<u>subd. 2</u>	<u>121A.37</u> ,	<u>subd. 1</u>
	<u>subd. 3</u>		<u>subd. 2</u>
	<u>subd. 4</u>		<u>subd. 3</u>
	<u>subd. 4a</u>		<u>subd. 4</u>
	<u>subd. 4b</u>		<u>subd. 5</u>
	<u>subd. 5</u>		<u>subd. 6</u>
	<u>subd. 6</u>		<u>subd. 7</u>
<u>121.933</u> ,	<u>subd. 1</u>	<u>121A.38</u>	
<u>121.95</u>		<u>121A.39</u>	
<u>121.498</u>		<u>121A.41</u>	
<u>121.496</u> ,	<u>subd. 2</u>	<u>121A.43</u> ,	<u>subd. 1</u>
	<u>subd. 3</u>		<u>subd. 2</u>
<u>121.11</u> ,	<u>subd. 5</u>	<u>121A.50</u>	
<u>121.918</u>		<u>121A.51</u>	
<u>121.919</u>		<u>121A.52</u>	

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

<u>124.078</u>		<u>121A.54</u>
<u>124.079</u>		<u>121A.55</u>
<u>124.08</u>		<u>121A.56</u>
<u>124.09</u>		<u>121A.57</u>
<u>124.10</u>		<u>121A.58</u>
<u>124.12</u>		<u>121A.60</u>
<u>124.14,</u>	<u>subd. 1</u>	<u>121A.61,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 3a</u>	<u>subd. 4</u>
	<u>subd. 4</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
	<u>subd. 7</u>	<u>subd. 7</u>
	<u>subd. 8</u>	<u>subd. 8</u>
<u>124.15,</u>	<u>subd. 1</u>	<u>121A.62,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 2a</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>
	<u>subd. 4</u>	<u>subd. 5</u>
	<u>subd. 5</u>	<u>subd. 6</u>
	<u>subd. 6</u>	<u>subd. 7</u>
	<u>subd. 7</u>	<u>subd. 8</u>
	<u>subd. 8</u>	<u>subd. 9</u>
<u>124.155</u>		<u>121A.63</u>
<u>124.18</u>		<u>121A.65</u>
<u>124.195,</u>	<u>subd. 1</u>	<u>121A.67,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 3a</u>	<u>subd. 4</u>
	<u>subd. 3b</u>	<u>subd. 5</u>
	<u>subd. 3c</u>	<u>subd. 6</u>
	<u>subd. 4</u>	<u>subd. 7</u>
	<u>subd. 5</u>	<u>subd. 8</u>
	<u>subd. 6</u>	<u>subd. 9</u>
	<u>subd. 7</u>	<u>subd. 10</u>
	<u>subd. 8</u>	<u>subd. 11</u>
	<u>subd. 9</u>	<u>subd. 12</u>
	<u>subd. 10</u>	<u>subd. 13</u>
	<u>subd. 11</u>	<u>subd. 14</u>
	<u>subd. 14</u>	<u>subd. 15</u>
	<u>subd. 15</u>	<u>subd. 16</u>
<u>124.196</u>		<u>121A.68</u>
<u>124A.036</u>		<u>121A.69</u>
<u>124.2131,</u>	<u>subd. 1</u>	<u>121A.70,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>

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

<u>subd. 3a</u>	<u>subd. 4</u>
<u>subd. 5</u>	<u>subd. 5</u>
<u>subd. 6</u>	<u>subd. 6</u>
<u>subd. 7</u>	<u>subd. 7</u>
<u>subd. 8</u>	<u>subd. 8</u>
<u>subd. 9</u>	<u>subd. 9</u>
<u>subd. 10</u>	<u>subd. 10</u>
<u>subd. 11</u>	<u>subd. 11</u>
<u>124.214</u>	<u>121A.72</u>
<u>124.2141</u>	<u>121A.73</u>
<u>126.256</u>	<u>121A.80</u>
<u>126.115</u>	<u>121A.82</u>
<u>124.625</u>	<u>121A.84</u>

ARTICLE 5

CHAPTER 122A

SCHOOL DISTRICTS; FORMATION AND COOPERATION

Section 1. Minnesota Statutes 1996, section 121.155, is amended to read:

121.155 JOINT POWERS AGREEMENTS FOR FACILITIES.

Subdivision 1. INSTRUCTIONAL FACILITIES. Any group of districts may form a joint powers district under section 471.59 representing all participating districts to build or acquire a facility to be used for instructional purposes. The joint powers board must submit the project for review and comment under section 121.15. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the school boards of each member district have adopted a resolution pledging the full faith and credit of that district. The resolution shall irrevocably commit that district to pay a proportionate share, based on pupil units, of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The district's payment of its proportionate share of the shortfall shall be made from the district's capital expenditure fund. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of children, families, and learning.

Subd. 2. SHARED FACILITIES. A group of governmental units may form a joint powers district under section 471.59 representing all participating units to build or acquire a facility. The joint powers board must submit the project for review and comment under section 121.15. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question sub-

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

mitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the boards of each member unit have adopted a resolution pledging the full faith and credit of that unit. The resolution must irrevocably commit that unit to pay an agreed upon share of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of children, families, and learning.

Sec. 2. Minnesota Statutes 1996, section 122.01, is amended to read:

122.01 DEFINITIONS.

Subdivision 1. DEFINITIONS. For purposes of this chapter, the words defined in section 120.02, have the same meaning.

Subd. 2. TEACHER. For purposes of this chapter, "teacher" means a teacher as defined in section 125.12, subdivision 1.

Sec. 3. Minnesota Statutes 1996, section 122.02, is amended to read:

122.02 CLASSES, NUMBER.

School Districts shall be classified as common, independent, or special districts, each of which is a public corporation. Each district shall be known by its classification and each shall be assigned a number by the commissioner so that its title will be school district number

Sec. 4. Minnesota Statutes 1996, section 122.03, is amended to read:

122.03 ASSIGNMENT OF IDENTIFICATION NUMBERS.

Subdivision 1. ASSIGNMENT. The commissioner of children, families, and learning shall, by order, assign an identification number to each district. The assignment shall be made so that each classified district has an exclusive identification number which is exclusive to it in its classification.

Subd. 2. NOTIFICATION. Upon making the assignment of an identification number, the commissioner of children, families, and learning shall forthwith notify the clerk of the district and the county auditors of the counties in which any part of the district lies of the identification number assigned. A certified copy of the order may be recorded in the office of the county recorder to show the new legal name of the district.

Subd. 3. LEGAL IDENTIFICATION. From and after the making of the order, The legal identification of the district shall become and be as assigned the assigned identification number. All records, correspondence, reports and references to the district shall must thereafter refer to the district by its proper title as assigned.

Subd. 4. USE OF NUMBERS. A number once assigned to a district under section 122.02 or under any prior law, shall must not be used again to identify any district in the same classification. As the need arises, and as required by law, as new districts are formed, the commissioner of children, families, and learning shall assign unused numbers as identification. When numbered districts are dissolved, the numbers assigned to them will not be reassigned to any other district.

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

Sec. 5. Minnesota Statutes 1996, section 122.21, is amended to read:

122.21 DETACHMENT AND ANNEXATION OF LAND.

Subdivision 1. DETACHMENT AND ANNEXATION. The owner of land which adjoins any independent district, and whose land is not in a special district may petition the county board of the county in which the greater part of the area proposed for detachment and annexation lies to detach all or any part of the land together with the intervening lands as defined in subparagraph paragraph (b) below, from the district it now is in, and to attach it, together with such intervening land, to the adjoining district. For purpose of this section, land is adjoining a school district if:

(a) The boundary of the area proposed for detachment and annexation is the same as the district boundary to which attachment is sought at any point, including corners, or

(b) The area proposed for detachment and annexation is separated at any point from the district to which annexation is sought by not more than one-half mile and the intervening land is vacant and unoccupied or is owned by one or more of the following: The United States, or the state of Minnesota or any of its political subdivisions, or an owner who is unknown or cannot be found or

(c) The area proposed by a land owner for detachment and annexation is adjoining, (as defined in subparagraphs paragraphs (a) and (b) above), any land proposed for detachment from and annexation to the same district in another pending petition.

Subd. 2. PETITION. The petition shall must contain:

(a) A correct description of the area proposed for detachment and annexation, together with such including supporting data with regard to regarding location and title to land as will establish facts conformable to subdivision 4 to establish that the land is adjoining a district.

(b) The reasons for the proposed change with facts showing that the granting of the petition will not reduce the size of any district to less than four sections, unless the district is not operating a school within the district.

(c) Consent to the petition, endorsed thereon at any time before the hearing by the board of the district from which the area is to be removed, if, at the time of the filing of the petition, any part of the area proposed for detachment is part of a district which maintains and operates a secondary school within the district. Before the hearing, the consent of the board of the district in which the area proposed for detachment lies must be endorsed on the petition.

(d) An identification of the district to which annexation is sought.

(e) Such other information as the petitioners may desire to affix.

(f) An acknowledgment by the petitioner.

Subd. 3. FILING PETITION. The petition shall must be filed with the auditor who shall present it to the county board at its next meeting. At the meeting, the county board shall must fix a time and place for hearing the petition, which time. The hearing shall be not more than 60 nor less than ten days from the date of the meeting. The auditor shall forthwith serve notice of the hearing on each district directly affected by the petition, by

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

mail addressed to the clerk. If any area affected by the petition is in another county, the auditor shall mail a notice of hearing to the auditor of such county and shall also give one week's published notice of the hearing in the county wherein in which the hearing is to be held, and ten days' posted notice in each school district affected. Such posted and published notice may combine pending petitions. At the hearing on the petition, the county board shall must receive and hear any evidence for or against the petition. The hearing may be adjourned from time to time.

Subd. 4. ORDER. Within six months of the time when the petition was filed filing of the petition, the county board shall must issue its order either granting or denying the petition, unless all or part. If any of the land area described in the petition is included in a plat for consolidation or combination which has been approved by the commissioner of children, families, and learning in which event, then no order may be issued while consolidation or combination proceedings are pending. No order shall be issued which results in attaching to a district any territory not adjoining that district, as defined in subdivision 1(a). No order shall be issued which reduces the size of any district to less than four sections unless the district is not operating a school within the district. The order may be made effective at have a deferred effective date not later than July 1 next immediately following its issuance. If the petition be is granted, the auditor shall transmit a certified copy to the commissioner. Failure to issue an order within six months of the filing of the petition or termination of proceedings upon an approved consolidation plat, whichever is later, is a denial of the petition.

Subd. 5. MODIFICATION OF RECORDS. Upon receipt of the order, the commissioner shall forthwith modify the records and any plats and petitions and proceedings involving districts affected by such order presently before the commissioner for action or record, to conform to the order.

Subd. 6. TAXABLE PROPERTY. Upon the effective date of the order, the detachment and annexation ordered therein is effected. All taxable property in the area so detached and annexed remains taxable for payment of any school purpose obligations theretofore authorized by or on that date outstanding already authorized by or outstanding on the effective date of the order against the district from which detached. Such property is not by virtue of the order relieved. The order does not relieve such property from the obligation of any bonded debt theretofore already incurred to which it was subject prior to the order. All taxable property in the area so detached and annexed is taxable for payment of any school district obligations authorized on or subsequent to the effective date of the order by the district to which annexation is made.

Sec. 6. Minnesota Statutes 1996, section 122.22, subdivision 1, is amended to read:

Subdivision 1. DISSOLUTION. Any district may be dissolved and the territory be attached to other districts by proceeding in accordance with this section.

Sec. 7. Minnesota Statutes 1996, section 122.22, subdivision 4, is amended to read:

Subd. 4. PETITION. A petition executed pursuant to subdivision 2(b) shall be filed with the auditor. It shall The petition must contain the following:

(a) A statement that petitioners desire proceedings instituted leading to dissolution of the district and other provisions made for the education of the inhabitants of the territory and that petitioners are eligible voters of the district;

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

(b) An identification of the district; and

(c) The reasons supporting the petition which may include recommendations as to disposition of territory to be dissolved. The recommendations are advisory in nature only and are not binding on any petitioners or county board for any purpose.

The persons circulating the petition shall attach their affidavit swearing or affirming that the persons executing the petition are eligible voters, as defined in section 201.014, of the district and that they signed in the presence of one of the circulators.

The auditor shall present the petition to the county board at its next meeting. At that meeting, the county board shall must determine a date for a hearing. The hearing shall be not less than 20 nor more than 60 days from the date of that meeting.

Sec. 8. Minnesota Statutes 1996, section 122.22, subdivision 5, is amended to read:

Subd. 5. **CERTIFICATION.** Certification executed pursuant to subdivision 2(c) shall must be filed with the auditor. ~~It shall~~ The certification must contain the following:

(a) A copy of the resolution initiating the election;

(b) A copy of the notice of election with an affidavit of publication or posting;

(c) The question voted on;

(d) The results of the election by number of votes cast for and number against the question; and

(e) If an advisory ballot is taken on annexation, the question voted on and number of ballots cast for and against the proposal.

The auditor shall present the certification to the county board at its next meeting. At that meeting, the county board shall must determine a date for a hearing. The hearing shall be not less than 20 nor more than 60 days from the date of that meeting.

Sec. 9. Minnesota Statutes 1996, section 122.22, subdivision 6, is amended to read:

Subd. 6. **HEARING.** When a hearing is ordered under this section, the auditor shall have give ten days' posted notice of the hearing in the district proposed for dissolution, one week's published notice in the county, and ten days' mailed notice to the clerk of the district proposed for dissolution and to the clerk of each adjoining district and to the commissioner. If all or any part of the district proposed for dissolution or any adjoining district lies in another county, the auditor shall forthwith upon establishment of the hearing date, mail notice of the hearing to the auditor of each county so situated upon establishment of the hearing date.

Sec. 10. Minnesota Statutes 1996, section 122.22, subdivision 7a, is amended to read:

Subd. 7a. **INFORMATION TO COUNTY AUDITOR.** (a) Before the day of a hearing ordered pursuant to this section, each district adjoining the district proposed for dissolution shall must provide the following information and resolution to the county auditor of the county containing the greatest land area of the district proposed for dissolution:

(1) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, and the capital loan obligation of the district;

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

(2) The net tax capacity of the district;

(3) The most current school tax rates for the district, including any referendum, discretionary, or other optional levies being assessed currently and the expected duration of the levies;

(4) A resolution passed by the school board of the district stating that if taxable property of the dissolved district is attached to it, one of the following requirements is imposed:

- (i) the taxable property of the dissolving district which is attached to its district shall not be liable for the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or the capital loan obligation of the district which existed as of the time of the attachment;
- (ii) the taxable property of the dissolving district which is attached to its district shall be liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or the capital loan obligation of the district which existed as of the time of the attachment in the proportion which the net tax capacity of that part of the dissolving district which is included in the newly enlarged district bears to the net tax capacity of the entire district as of the time of attachment; or
- (iii) the taxable property of the dissolving district which is attached to its district shall be liable for some specified portion of the amount that could be requested pursuant to subclause (ii).

(b) An apportionment pursuant to paragraph (a), clause (4), subclause (ii) or (iii), shall be made by the county auditor of the county containing the greatest land area of the district proposed for transfer.

(c) An apportionment of bonded indebtedness, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or capital loan obligation pursuant to paragraph (a), clause (4), subclause (ii) or (iii), shall not relieve any property from any tax liability for payment of any bonded or capital obligation, but taxable property in a district enlarged pursuant to this section becomes primarily liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or capital loan obligation to the extent of the proportion stated.

Sec. 11. Minnesota Statutes 1996, section 122.22, subdivision 9, is amended to read:

Subd. 9. **ORDER FOR DISSOLUTION.** (a) An order issued under subdivision 8, clause (b), shall must contain the following:

- (1) A statement that the district is dissolved unless the results of an election held pursuant to subdivision 11 provide otherwise;
- (2) A description by words or plat or both showing the disposition of territory in the district to be dissolved;
- (3) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, and the capital loan obligation of the district to be dissolved;
- (4) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the

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

assumption of its outstanding preexisting bonded indebtedness by any territory from the dissolving district which is attached to it;

(5) An effective date for the order. The effective date shall be July 1 of an odd-numbered year unless the school board and the exclusive representative of the teachers in each affected district agree to an effective date of July 1 of an even-numbered year. The agreement must be in writing and submitted to the commissioner of children, families, and learning; and

(6) Other information the county board may desire to include.

(b) The auditor shall within ten days from its issuance serve a copy of the order by mail upon the clerk of the district to be dissolved and upon the clerk of each district to which the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which all or any part of the district to be dissolved or any district to which the order attaches territory lies, and upon the commissioner.

Sec. 12. Minnesota Statutes 1996, section 122.22, subdivision 13, is amended to read:

Subd. 13. ELECTION DATE. If an election is required under subdivision 11, then before the expiration of a 45 day period after the date of the order for dissolution and attachment, the auditor shall set a date and call the election by filing a written order therefor for the election and serving a copy thereof of the order personally or by mail on the clerk of the district in which the election is to be held. The date shall be not less than 15 nor more than 30 days after the date of the order, upon which date a special election shall be held in the district proposed for dissolution. The auditor shall cause post and publish notice of the election to be posted and published according to law. Upon receipt of the notice, the board shall conduct the election.

Sec. 13. Minnesota Statutes 1996, section 122.22, subdivision 14, is amended to read:

Subd. 14. ELECTION RESULTS. The board must certify the results of the election shall be certified by the board to the auditor. If a majority of all votes cast on the question at the election approve the order, the order becomes final and effective as of the date specified in the order. Each person served with the order shall be so notified. If a majority of all votes cast on the question disapprove the order, the proceedings are dismissed, and the order becomes void.

Sec. 14. Minnesota Statutes 1996, section 122.22, subdivision 18, is amended to read:

Subd. 18. BONDED DEBT. The bonded debt of a district dissolved under provisions of this section shall must be paid according to levies made therefor for that debt under provision of chapter 475. The obligation of the taxable property in the dissolved district with reference to the payment of such bonded debt is not affected by this section.

Sec. 15. Minnesota Statutes 1996, section 122.22, subdivision 20, is amended to read:

Subd. 20. CURRENT ASSETS AND LIABILITIES. If the dissolved district is not divided by the order of dissolution and attachment, all of its current assets and liabili-

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

ties, real and personal, and all its legally valid and enforceable claims and contract obligations shall must pass to the district to which it is attached, except as provided in section 122.532. If the district to be dissolved is divided by the order of dissolution and attachment, the commissioner shall, within 30 days after the order is issued, issue an order for the distribution of its current assets and liabilities, real and personal. If the commissioner's order provides for the transfer of an interest in real estate to a district, this order may also impose a dollar amount as a claim against that district in favor of other districts, and this claim shall be paid and enforced in the manner provided by law for the payment of judgments against a district. The obligations of districts to the teachers employed by the dissolved district shall be governed by the provisions of section 122.532.

Sec. 16. Minnesota Statutes 1996, section 122.22, subdivision 21, is amended to read:

Subd. 21. **LEVIES.** (a) In the year prior to the effective date of the dissolution of a district, the school board of a district to which all of the dissolving district is to be attached may adopt a resolution directing the school board of the dissolving district to certify levies for general education, basic transportation, and capital expenditure equipment and facilities in an amount not to exceed the maximum amount authorized for the dissolving district for taxes payable in the year the dissolution is effective. If the dissolving district is to be attached to more than one school district, the boards of the districts to which the dissolving district is to be attached may adopt a joint resolution that accomplishes the purpose in this paragraph.

(b) Notwithstanding any other law to the contrary, upon receipt of a resolution under paragraph (a), the board of the dissolving district must certify levies in the amounts specified in the resolution for taxes payable in the year the dissolution is effective.

Sec. 17. Minnesota Statutes 1996, section 122.23, subdivision 2, is amended to read:

Subd. 2. **RESOLUTION.** (a) Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser less, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared ~~prepare a plat~~. The resolution or petition shall must show the approximate area proposed for consolidation.

(b) The resolution or petition may propose the following:

(1) that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, or that the taxable property in the newly created district will be taxable for the payment of all or a portion of the bonded debt previously incurred by any component district as provided in subdivision 16;

(2) that obligations for a capital loan or an energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding in a preexisting district as of the effective date of consolidation remain solely with the preexisting district that obtained the loan, or that all or a portion of the loan obligations will be assumed by the newly created or enlarged district and paid by the newly created or enlarged district on behalf of the preexisting district that obtained the loan;

(3) that referendum levies previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, be combined as

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

provided in section 122.531, subdivision 2a or 2b, or that the referendum levies be discontinued;

(4) that the board of the newly created district consist of the number of members determined by the component districts, which may be six or seven members elected according to subdivision 18, or any number of existing school board members of the component districts, and a method to gradually reduce the membership to six or seven; or

(5) that separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts be established.

The resolution must provide for election of board members from one of the following options: single-member districts; multimember districts; at large; or a combination of these options. The resolution must include a plan for the orderly transition to the option chosen.

A group of districts that operates a cooperative secondary facility funded under section 124.494 may also propose a temporary school board structure as specified in section 124.494, subdivision 7.

If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall forthwith prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected.

(c) The plat shall must show:

(1) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(2) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(3) The boundaries of any proposed separate election districts, and

(4) Other pertinent information as determined by the county auditor.

Sec. 18. Minnesota Statutes 1996, section 122.23, subdivision 2b, is amended to read:

Subd. 2b. **ORDERLY REDUCTION PLAN.** As part of the resolution required by subdivision 2, the school board must prepare a plan for the orderly reduction of the membership of the board to six or seven members and a plan for the establishment or dissolution of election districts. The plan must be submitted to the secretary of state for review and comment.

Sec. 19. Minnesota Statutes 1996, section 122.23, subdivision 3, is amended to read:

Subd. 3. **SUPPORTING STATEMENT.** The county auditor shall prepare a supporting statement to accompany the plat shall be prepared by the county auditor. The statement shall must contain:

(a) The adjusted net tax capacity of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of

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

the district included shall be shown separately and the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, including a statement that at the time the plat is submitted to the state board of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dissolved and all of each district to which attachment is proposed is included in the plat,

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, capital loan obligations, or referendum levies of component districts,

(f) Any other information the county auditor desires to include, and

(g) The signature of the county auditor.

Sec. 20. Minnesota Statutes 1996, section 122.23, subdivision 6, is amended to read:

Subd. 6. COMMISSIONER. The commissioner shall, upon receipt of a plat, forthwith examine it and approve, modify or reject it. The commissioner shall also approve or reject any proposal contained in the resolution or petition regarding the disposition of the bonded debt of the component districts. If the plat shows the boundaries of proposed separate election districts and if the commissioner modifies the plat, the commissioner shall also modify the boundaries of the proposed separate election districts. The commissioner shall conduct a hearing at the nearest county seat in the area upon reasonable notice to the affected districts and county boards if requested within 20 days after submission of the plat. Such a hearing may be requested by the board of any affected district, a county board of commissioners, or the petition of 20 resident voters living within the area proposed for consolidation may request such a hearing. The commissioner shall endorse on the plat action regarding any proposal for the disposition of the bonded debt of component districts and the reasons for these actions and. Within 60 days of the date of the receipt of the plat, the commissioner shall return it to the county auditor who submitted it. The commissioner shall furnish a copy of that plat, and the supporting statement and its endorsement to the auditor of each county containing any land area of the proposed new district. If land area of a particular county was included in the plat, as submitted by the county auditor, and all of such land area is excluded in the plat as modified and approved, the commissioner shall also furnish a copy of the modified plat, supporting statement, and any endorsement to the auditor of such county.

Sec. 21. Minnesota Statutes 1996, section 122.23, subdivision 7, is amended to read:

Subd. 7. NOTICE TO BOARD. Upon receipt of an approved plat, the county auditor shall forthwith notify the board of any district, all or part of whose land is included in the proposed new district.

Sec. 22. Minnesota Statutes 1996, section 122.23, subdivision 8, is amended to read:

Subd. 8. BOARD ADOPTION. The board of any independent district maintaining a secondary school, the board of any common district maintaining a secondary school, all

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

or part of whose land is included in the proposed new district, shall must, within 45 days of the approval of the plat by the commissioner, either adopt or reject the plan as proposed in the approved plat. If the board of any such district entitled to act on the petition rejects the proposal, the proceedings are terminated and dismissed. If any board fails to act on the plat within the time allowed, the proceedings are terminated.

Sec. 23. Minnesota Statutes 1996, section 122.23, subdivision 9, is amended to read:

Subd. 9. MULTIPLE DISTRICTS; APPROVAL. If the approved plat contains land area in more than one independent district maintaining a secondary school, or common district maintaining a secondary school, and if each board entitled to act on the plat approves the plat, each board shall cause publish notice of its action to be published at least once in its official newspaper. If all of the ~~school~~ boards entitled to act on the plat call, by resolution, for an election on the question, or if five percent of the eligible voters of any such district petition the clerk of the district, within 30 days after the publication of the notice, for an election on the question, the consolidation shall not become effective until approved by a majority vote in the district at an election held in the manner provided in subdivisions 11, 12, and 13.

Sec. 24. Minnesota Statutes 1996, section 122.23, subdivision 10, is amended to read:

Subd. 10. APPROVAL BY RESIDENTS. If an approved plat contains land area in any district not entitled to act on approval or rejection of the plat by action of its board, the plat may be approved by the residents of the land area within 60 days of approval of plat by the commissioner in the following manner:

A petition calling upon the county auditor to call and conduct an election on the question of adoption or rejection of the plat may be circulated in the land area by any person residing in the area. Upon the filing of the petition with the county auditor, executed by at least 25 percent of the eligible voters in each district or part of a district contained in the land area, the county auditor shall forthwith call and conduct a special election of the electors resident in the whole land area on the question of adoption of the plat. For the purposes of this section, the term "electors resident in the whole land area" means any person residing on any remaining portion of land, a part of which is included in the consolidation plat. Any eligible voter owning land included in the plat who lives upon land adjacent or contiguous to that part of the voter's land included in the plat shall be included and counted in computing the 25 percent of the eligible voters necessary to sign the petition and shall also be qualified to sign the petition. Failure to file the petition within 60 days of approval of the plat by the commissioner terminates the proceedings.

Sec. 25. Minnesota Statutes 1996, section 122.23, subdivision 11, is amended to read:

Subd. 11. NOTICE OF ELECTION. Upon an election becoming callable under provisions of subdivision 9 or 10, the ~~school~~ board shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper is published in the area, one weeks' published notice shall be given. The notice shall must specify the time, place and purpose of the election.

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

Sec. 26. Minnesota Statutes 1996, section 122.23, subdivision 12, is amended to read:

Subd. 12. **ELECTION.** The school board shall determine the date of the election, the number of boundaries of voting precincts, and the location of the polling places where voting shall be conducted, and the hours the polls will be open. The school board shall also provide official ballots which shall must be used exclusively and shall be in the following form:

For consolidation

Against consolidation

The school board shall must appoint election judges who shall act as clerks of election. The ballots and results shall must be certified to the school board who shall canvass and tabulate the total vote cast for and against the proposal.

Sec. 27. Minnesota Statutes 1996, section 122.23, subdivision 13, is amended to read:

Subd. 13. **EFFECTIVE DATE.** If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the school board shall must, within ten days of the election, notify the county auditor who shall, within ten days of the notice or of the expiration of the period during which an election can be called, issue an order setting a date for the effective date of the change. The effective date shall must be July 1 of the year determined by the school board in the original resolution adopted under subdivision 2. The auditor shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. The school board shall must similarly notify the county auditor if the election fails. The proceedings are then terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each school district affected.

Sec. 28. Minnesota Statutes 1996, section 122.23, subdivision 14, is amended to read:

Subd. 14. **IDENTIFICATION NUMBER.** Upon receipt of the order creating a new district, the commissioner shall forthwith, by order, assign an identification number to the new district and shall mail a copy of the order to the county auditor and to each auditor who holds a copy of the plat. If all of the territory in one and only one independent district maintaining a secondary school is included in the new independent district created pursuant to consolidation, and if the commissioner finds that it is more practical and reasonable and in the interest of efficiency and economy of operation to so do, the commissioner may assign to the new district the same number as previously held by the included independent district.

Sec. 29. Minnesota Statutes 1996, section 122.23, subdivision 16, is amended to read:

Subd. 16. **BONDED DEBT.** As of the effective date of the consolidation, the bonded debt of all component districts shall must be paid according to the plan for consolidation proposed in the approved plat and according to this subdivision.

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

(a) If the plan for consolidation so provides, the bonded debt of all component districts ~~shall~~ must be paid according to levies previously made for that debt under chapter 475. In this case, the obligation of the taxable property in the component districts with reference to the payment of such bonded debt is not affected by the consolidation.

(b) If the plan for consolidation makes no provision for the disposition of bonded debt, all the taxable property in the newly created district is taxable for the payment of any bonded debt incurred by any component district in the proportion which the net tax capacity of that part of a preexisting district which is included in the newly created district bears to the net tax capacity of the entire preexisting district as of the time of the consolidation.

(c) If the plan for consolidation so provides, all the taxable property in the newly created district will be taxable for a portion of the bonded debt incurred by any component district prior to the consolidation.

~~The county auditor shall make the apportionment required under paragraphs (b) and (c) shall be made by the county auditor and shall be incorporated and incorporate the apportionment~~ as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly created district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Sec. 30. Minnesota Statutes 1996, section 122.23, subdivision 16c, is amended to read:

Subd. 16c. **BONDS; ELECTION.** The board of the newly created district, when constituted as provided in subdivision 17, may provide for an election of that district on the issuance of bonds. It may issue and sell bonds authorized at the election, or bonds authorized at an election previously held in any preexisting district wholly included within the newly created district, or bonds for a purpose for which an election is not required by law. The actions may be taken at any time after the date of the county auditor's order issued under subdivision 13, and before or after the date upon which the consolidation becomes effective for other purposes, and taxes for the payment of the bonds shall be levied upon all taxable property in the newly created district. No bonds shall be delivered to purchasers until 30 days after the date of the county auditor's order. If within this period a notice of appeal from the county auditor's order to the district court is filed in accordance with section 127.25, no bonds shall be delivered by the newly created district to purchasers unless:

(1) the county auditor's order is affirmed by final order of the district court in the special proceeding, and a period of 30 days from the service of the final order expires without an appeal being commenced; or,

(2) if an appeal is taken, the order is affirmed and the time for petitioning for further review has expired; ~~Notwithstanding the pendency of the appeal,~~ if all of the territory of one and only one independent district maintaining a secondary school is included in the newly created district, and if the net tax capacity of taxable property in the territory comprises 90 percent or more of the net tax capacity of all taxable property in the newly created district, ~~then~~ the board may issue, sell, and deliver any bonds voted by the preexisting independent district and any bonds voted or otherwise authorized by the new-

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

ly created district, notwithstanding the pendency of the appeal, and the bonds shall must be paid by the levy of taxes upon the property within the territory of the preexisting independent district and within the other areas, if any, that are finally determined to be properly included within the newly created district. In any election held in the newly created district as authorized in the preceding sentence, all qualified electors residing within the area of that district as defined in the county auditor's order shall be entitled to vote, but the votes cast by residents of former districts or portions of former districts included in the area, other than the independent district maintaining the secondary school, shall be received and counted separately. The bonds shall must not be issued and sold unless authorized by a majority of the votes cast thereon by electors of the independent district maintaining the secondary school, and also by a majority of the votes cast thereon by electors residing within the entire area of the newly created district.

Sec. 31. Minnesota Statutes 1996, section 122.23, subdivision 18, is amended to read:

Subd. 18. BOARD ELECTION; DUTIES. (a) The county auditor shall determine a date, not less than 30 nor more than 60 days from the date that the order setting the effective date of the consolidation according to subdivision 13 was issued, upon which date shall be held to hold a special election in the district for the purpose of electing a board of six members for terms of four years and until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. Notwithstanding the foregoing, three members of the first board must be elected to terms that expire on the first Monday in January following the first regularly scheduled school district general election that occurs more than six months after the election of the first board and three members must be elected to terms that expire on the first Monday in January following the second school district general election that occurs more than six months after the election of the first board. If the first board consists of seven members, then four members may be elected at either the first or second regularly scheduled school district general election following the election of the first board. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper is published in the proposed new district, one weeks' published notice shall be given. The notice shall must specify the time, place, and purpose of the election.

(c) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application shall must be filed not less than 21 days before the election.

(d) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall must be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for

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

(b) As of the effective date of a consolidation, any employee organization may petition the commission of the bureau of mediation services for a certification election under chapter 179A. An organization certified as the exclusive representative for month-to-month employees in a particular proceeding continues as the exclusive representative for those particular month employees until a date of a consolidation. If a petition for representation of month employees is filed within 90 days, an exclusive representative for those particular month employees continues

SUBD. 18A. NONLICENSING EMPLOYEES. (a) As of the effective date of a consolidation of two or more districts or parts of them, each nonlicensed employee by an affected district must be assigned to the newly created district.

read:

(4) The board of each district included in the new enlarged district shall continue to maintain separate the schools therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to maintain property within the schools for the period prior to the date, and to certify to the county auditor according to levy limitations applicable to the consolidated districts the taxes collectible in the calendar year when the consolidation becomes effective.

and results to the County Auditor for tabulation and canvass.

as the exclusive representative until the bureau of mediation services certification proceedings are concluded.

(c) The terms and conditions of employment of nonlicensed employees assigned to the newly created district are temporarily governed by contracts executed by an exclusive representative for a period of 90 days from the effective date of the consolidation. If a petition for representation is filed with the bureau of mediation services within the 90 days, the contractual terms and conditions of employment for those nonlicensed employees who were governed by a preexisting contract continue in effect until the bureau of mediation services proceedings are concluded and, if an exclusive representative has been elected, until successor contracts are executed between the board of the newly created district and the new exclusive representative. The terms and conditions of employment of nonlicensed employees assigned to the newly created district who were not governed by a collective bargaining agreement at the time of the consolidation are governed by the policies of the board of the newly created district.

(d) The date of first employment in the newly created district is the date on which services were first performed by the employee in the preexisting district. Any sick leave, vacation time, or severance pay benefits accumulated under policies of the preexisting district or contracts between the exclusive representatives and the board of the preexisting district continue to apply in the newly created district to the employees of the preexisting districts, subject to any maximum accumulation limitations negotiated in a successor contract. Future leaves of absence, vacations, or other benefits to be accumulated in the newly created district are governed by board policy or by contract between the exclusive representative of an appropriate unit of employees and the board of the newly created district. The board of the newly created district shall must provide, to transferred nonlicensed employees, open enrollment in all insurance plans with no limit on preexisting conditions.

Sec. 33. Minnesota Statutes 1996, section 122.23, subdivision 20, is amended to read:

Subd. 20. RETIREMENT INCENTIVES. (a) For consolidations effective July 1, 1994, and thereafter, a school board of a district may offer early retirement incentives to licensed and nonlicensed staff. The early retirement incentives that the board may offer are:

- (1) the payment of employer pension plan contributions for a specified period of allowable service credit for district employees who have at least ten years of allowable service credit in the applicable pension plan under paragraph (b);
- (2) an extended leave of absence for an eligible employee under section 125.60;
- (3) severance payment incentives under paragraph (c); and
- (4) the employer payment of the premiums for continued health insurance coverage under paragraph (d).

These incentives may only be offered to employees who terminate active employment with the school district or who enter into an extended leave of absence as a result of the consolidation, whichever applies. The board may determine the staff to whom the incentives are offered. Unilateral implementation of this section by a school board is not an unfair labor practice under chapter 179A.

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

(b) An employee with at least ten years of allowable service credit in the applicable pension plan who is offered an early retirement incentive under paragraph (a), clause (1), may purchase up to five additional years of allowable service credit from the applicable pension plan. To do so, the former employee must pay the member contributions to the pension plan annually in a manner and in accord with a schedule specified by the executive director of the applicable fund. If the former employee makes the member contribution, the board ~~shall~~ must make the applicable employer contribution. The salary used to determine these contributions is the salary of the person in the last year that the former employee was employed by the district. During the period of continuing member and employer contributions, the person is not considered to be an active member of the applicable pension plan, is not eligible for any active member disability or survivorship benefit coverage, and is not included in any postemployment termination benefit plan changes unless the applicable benefit legislation provides otherwise. Continued eligibility to purchase service credit under this paragraph expires if the person is subsequently employed during the service purchase period by a public employer with retirement coverage under a pension plan specified in section 356.30, subdivision 3.

(c) Severance payment incentives must conform with sections 465.72, 465.721, and 465.722.

(d) The board may offer a former employee continued employer-paid health insurance coverage. Coverage may not extend beyond age 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this subdivision, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state and for which the employing unit pays more than one-half of the cost of the insurance premiums.

(e) A school board may offer these incentives beginning on the day that the consolidation is approved under section 122.23, subdivision 12 or, if an election is not called under section 122.23, subdivision 9 or 10, on the day that the plat is approved by the commissioner. A board may offer these incentives until the June 30 following the effective date of the consolidation.

Sec. 34. Minnesota Statutes 1996, section 122.241, is amended to read:

122.241 COOPERATION AND COMBINATION.

Subdivision 1. SCOPE. Sections 122.241 to 122.248 establish procedures for school boards that adopt, by resolution, a five-year written agreement:

(1) to provide at least secondary instruction cooperatively for at least one or two years, if the districts cooperate according to subdivision 2; and

(2) to combine into one district.

Subd. 2. COOPERATION REQUIREMENTS. Cooperating districts ~~shall~~ must:

(1) implement a written agreement according to section 122.541 no later than the first year of cooperation;

(2) all be members of one education district, if any one of the districts is a member, no later than the end of the second year of cooperation; and

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

(3) all be members of one SC, if any one of the districts is a member.

Clause (1) does not apply to a district that implemented an agreement for secondary education, according to section 122.535, during any year before the 1991-1992 school year. If the districts cooperate for one or more years, the agreement may be continued during those years.

Subd. 3. COMBINATION REQUIREMENTS. Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of children, families, and learning, of enrollment at least at that level for five years;

(2) at least two districts if either:

(i) both of the districts qualify for secondary sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

(ii) the combined district qualifies for secondary sparsity revenue;

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; or

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (2), (3), or (4) must be approved by the commissioner of children, families, and learning. The commissioner shall disapprove a combination under clause (2), (3), or (4) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 35. Minnesota Statutes 1996, section 122.242, subdivision 1, is amended to read:

Subdivision 1. ADOPTION AND STATE BOARD REVIEW. Each school board must adopt, by resolution, a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative resolutions for an item that will occur in more than three years. The plan must be submitted to the state board of education and the secretary of state for review and comment. Significant modifications and specific resolutions of items must be submitted to the state board for review and comment. In the official newspaper of each district proposed for combination, the school board must publish at least a summary of the adopted plans, each significant modification and resolution of items, and each state board review and comment.

Sec. 36. Minnesota Statutes 1996, section 122.242, subdivision 3, is amended to read:

Subd. 3. BOARD FORMATION. The plan must state:

(1) whether the new district would have one elected school board or whether it would have one elected school board and one elected board for each elementary school exercising powers and duties delegated to it by the school board of the entire district;

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

(2) how many of the existing members of each district would become members of the ~~school~~ board of the combined district and, if so, a method to gradually reduce the membership to six or seven; and

(3) if desired, election districts that include the establishment of separate areas from each of the combining districts from which ~~school~~ board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts.

Sec. 37. Minnesota Statutes 1996, section 122.242, subdivision 8, is amended to read:

Subd. 8. REFERENDUM. The plan must set forth:

(1) procedures for a referendum, held prior to the year of the proposed combination, to approve combining the ~~school~~ districts; and

(2) whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum.

Sec. 38. Minnesota Statutes 1996, section 122.242, subdivision 9, is amended to read:

Subd. 9. FINANCES. The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, down payment levies under section 124.82, and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 121.915, clause (1); and

(5) two- and five-year projections, prepared by the department of ~~children, families, and learning~~ upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 39. Minnesota Statutes 1996, section 122.243, is amended to read:

122.243 STATE BOARD AND VOTER APPROVAL.

Subdivision 1. COMMISSIONER APPROVAL. Before submitting the question of combining ~~school~~ districts to the voters at a referendum, the cooperating districts shall ~~must~~ submit the proposed combination to the commissioner of ~~children, families, and learning~~. The commissioner shall determine the date for submission and may require any

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

information it determines necessary. The commissioner shall disapprove the proposed combination if it is educationally unsound, will not reasonably enable the combined district to fulfill statutory and rule requirements, or if the plan or modifications are incomplete. If disapproved by the commissioner, the referendum shall be postponed, but not canceled, by the school boards.

Subd. 2. VOTER APPROVAL. A referendum on the question of combination shall must be conducted during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate. The referendum shall must be on a date called by the school boards. The referendum shall must be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted. If the referendum fails again, the districts shall must modify their cooperation and combination plan. A third referendum may be conducted. If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 124.2725 until the following year. Referendums shall be conducted on the same date in all districts.

Sec. 40. Minnesota Statutes 1996, section 122.245, subdivision 2, is amended to read:

Subd. 2. NONLICENSED EMPLOYEES TERMINATION. If compatible plans are not negotiated according to section 122.242, subdivision 5, the school boards shall comply with this subdivision with respect to nonlicensed employees. Nonlicensed employees whose positions are discontinued as a result of cooperation or combination, as applicable, shall be:

- (1) employed by a cooperating board or the combined board, if possible;
- (2) assigned to work in a cooperating district or the combined district, if possible; or
- (3) terminated in the inverse order in which they were employed in a district, according to a combined seniority list of nonlicensed employees in the cooperating or combined district, as applicable.

Sec. 41. Minnesota Statutes 1996, section 122.246, is amended to read:

122.246 COUNTY AUDITOR PLAT.

Upon the request of two or more districts that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined district is located in more than one county, the request shall must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat shall must show:

- (1) the boundaries of each of the present districts;
- (2) the boundaries of the proposed district;
- (3) the boundaries of proposed election districts, if requested; and
- (4) other information deemed pertinent by the school boards or the county auditor.

Sec. 42. Minnesota Statutes 1996, section 122.247, subdivision 2, is amended to read:

Subd. 2. BONDED DEBT. Debt service for bonds outstanding at the time of the combination may be levied by the combined school board consistent with the plan

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

adopted according to section 122.242, and any subsequent modifications, subject to section 475.61. The primary obligation to pay the bonded indebtedness that is outstanding on the effective date of combination remains with the district that issued the bonds. However, the combined district may make debt service payments on behalf of a preexisting district.

Sec. 43. Minnesota Statutes 1996, section 122.247, subdivision 2a, is amended to read:

Subd. 2a. **CAPITAL LOAN.** The combined school board may levy for the obligations for a capital loan outstanding at the time of combination, consistent with the plan adopted according to section 122.242 and any subsequent modifications. The primary obligation to levy as required by the capital loan remains with taxable property in the pre-existing district that obtained the capital loan. However, the obligation of a capital loan may be extended to all of the taxable property in the combined district.

Sec. 44. Minnesota Statutes 1996, section 122.248, is amended to read:

122.248 REPORTS TO DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.

Cooperating districts may submit joint reports and jointly provide information required by the department of children, families, and learning. The joint reports must allow information to be attributed to each district. A combined district must report and provide information as a single unit.

Sec. 45. Minnesota Statutes 1996, section 122.25, subdivision 2, is amended to read:

Subd. 2. **BOARD ELECTION.** At the annual meeting, if a majority of the votes cast on the question favors the conversion to an independent district, a board of six members shall be elected. Nominations may be made from the floor of the meeting and election shall be by secret ballot. All board members elected at this meeting shall serve for terms expiring on the third Tuesday in the next May next following the election on which date a regular annual election shall be held in the manner provided by law. At this first annual election for independent districts, six directors shall be elected, two to hold office until July 1 following the next annual election, two to hold office until the expiration of one year from said July 1 and two to hold office until the expiration of two years from said July 1; the time which each director shall hold office being designated on the ballot.

Sec. 46. Minnesota Statutes 1996, section 122.25, subdivision 3, is amended to read:

Subd. 3. **IDENTIFICATION NUMBER.** If the organization of the district is changed from common to independent at the meeting, the clerk shall forthwith notify the auditor and the commissioner.

Upon receipt of such notification, the commissioner shall forthwith assign a new identification number to the district and shall notify the auditor and the clerk of the district thereof.

Sec. 47. Minnesota Statutes 1996, section 122.32, is amended to read:

122.32 REMAINING DISTRICTS, ACTION OF COUNTY BOARD; ELECTION.

Subdivision 1. **DISSOLUTION.** If there be any organized school district not maintaining a classified school within the district, except those districts which have a contract

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

with a state university or with the board of regents of the University of Minnesota for the education of all the children of the district, such district shall hereby be dissolved as of the date the district ceases to maintain a classified school. Any such district not maintaining a classified school shall forthwith must be attached by order of the county board to such district maintaining classified elementary or secondary schools upon notice and hearing as provided in section 122.22 for the attachment of dissolved districts.

Subd. 2. SPECIAL ELECTION. Prior to the order of the county board, the board may direct the county auditor to call a special election in the manner and form in which district elections are held. The purpose of the election shall be to determine to which district or districts the dissolved district shall be attached. The county board after hearing shall must determine the form of question as it should appear on the ballot. The results of the election shall be advisory in nature only.

Subd. 3. ORDER; ASSET AND LIABILITY TRANSFER. The county auditor shall certify the results of the election shall be certified by the county auditor to the county board and. Within 45 days after such election, the county board shall must issue its order dissolving the district. The order shall must also attach the dissolved district to a proper district as determined by the county board, and a copy of such order shall must be filed with the commissioner of children, families, and learning. Title to all the property, real and personal, of the district dissolved passes to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings the county board shall issue its order providing for the division of the current assets and liabilities according to such terms as it may deem just and equitable. If the order of the county board attaches any land area to a district with bonded debt, the taxable property in such area assumes its proportionate share of the authorized and outstanding debt of the district to which it is attached.

Sec. 48. Minnesota Statutes 1996, section 122.34, is amended to read:

122.34 PRIVATE SCHOOLS IN NONOPERATING DISTRICTS.

Section 122.32 shall not apply to any seheel district in which is located any existing private school maintaining elementary and secondary education for 75 percent of eligible pupils within the district and complying with the requirements of section 120.101.

Sec. 49. Minnesota Statutes 1996, section 122.355, is amended to read:

122.355 BORDER DISTRICTS; CONTINUED OPERATION.

Subdivision 1. BORDER DISTRICTS. The common school districts situated along the border of the state of Minnesota and the state of Wisconsin which have, for the preceding 25 years, prior to May 26, 1965 been educating pupils of their district in seheel districts in Wisconsin may continue to operate as common school districts notwithstanding that any of such seheel districts do not maintain classified schools. Such seheel districts are not subject to the terms and provisions of sections 122.32 to 122.52.

Subd. 2. CONTINUED OPERATION. The provisions of subdivision 1 shall remain in effect as long as the seheel district does not discontinue the practice of education for their district as described in subdivision 1.

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

Sec. 50. Minnesota Statutes 1996, section 122.41, is amended to read:

122.41 DUTY TO MAINTAIN ELEMENTARY AND SECONDARY SCHOOLS.

Each ~~school~~ district shall must maintain classified elementary and secondary schools, grades 1 through 12, unless the district is exempt according to section 122.34 or 122.355, has made an agreement with another district or districts as provided in sections 122.535, 122.541, or sections 122.241 to 122.248, or 122.93, subdivision 8, or has received a grant under sections 124.492 to 124.495. A district that has an agreement according to sections 122.241 to 122.248 or 122.541 shall must operate a school with the number of grades required by those sections. A district that has an agreement according to section 122.535 or 122.93, subdivision 8, or has received a grant under sections 124.492 to 124.495 shall must operate a school for the grades not included in the agreement, but not fewer than three grades.

Sec. 51. Minnesota Statutes 1996, section 122.43, is amended to read:

122.43 PHASE OUT OF DISSOLVED DISTRICT.

Subd. 2. **MAINTAIN SCHOOLS.** The board of each district so dissolved shall continue to maintain ~~school~~ schools until all its territory has been attached to a proper district not later than July 1. Such boards shall only make such contracts and do such things as are necessary to properly maintain schools ~~properly~~ for the period they may be in session prior to the attachment.

Sec. 52. Minnesota Statutes 1996, section 122.44, is amended to read:

122.44 PROCEDURE FOR ATTACHMENT TO ORGANIZED DISTRICTS.

Subdivision 1. **ATTACHMENT.** Upon notice and hearing, as provided in section 122.22 for the attachment of dissolved districts, all territory of school districts dissolved by sections 122.41 to 122.52 and all area of the state not in a district maintaining classified elementary and secondary schools shall must be attached by order of the county board to organized districts maintaining classified elementary and secondary schools, grades 1 through 12, unless a district has made an agreement with another district or districts as provided in section 122.535 or 122.541.

Sec. 53. Minnesota Statutes 1996, section 122.45, subdivision 2, is amended to read:

Subd. 2. **TAXABLE PROPERTY.** As of the effective date of the attachment, all the taxable property in the newly enlarged district is taxable for the payment of any bonded debt theretofore already incurred by any component district in the proportion which the net tax capacity of that part of a preexisting district which is included in the newly enlarged district bears to the net tax capacity of the entire preexisting district as of the time of the attachment. The county auditor shall make this apportionment shall be made by the county auditor and shall be incorporated and incorporate the apportionment as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly enlarged district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

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

Sec. 54. Minnesota Statutes 1996, section 122.45, subdivision 3a, is amended to read:

Subd. 3a. **REIMBURSEMENT; SPECIAL LEVY.** (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 shall ~~must~~ be obligations of the consolidated district after attachment (in the amount and kind determined by the commissioner according to subdivision 1, where a dissolved district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

- (1) all taxes inuring to the consolidating district upon levies made by the dissolved district;
- (2) all cash, bank accounts, investments, and other current assets;
- (3) earned state aids of the dissolved districts;
- (4) returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory; ~~provided,~~ The county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized for a school district.

Sec. 55. Minnesota Statutes 1996, section 122.46, is amended to read:

122.46 OFFICERS AND TEACHERS, TRANSITIONAL PROVISIONS.

Subdivision 1. **BOARD.** The board of the district maintaining a secondary school to which district is attached territory of districts discontinued by sections 122.41 to 122.52 shall ~~must~~ assume the duties and responsibilities of the board of the district so enlarged for the balance of the term to which the members were elected. At the next annual school election the successors to the members whose terms then expire shall be elected by the legally qualified voters of the newly enlarged district. Thereafter board members shall be elected according to the election procedure established for the election of board members in independent districts.

Sec. 56. Minnesota Statutes 1996, section 122.47, is amended to read:

122.47 SPECIAL SCHOOL DISTRICTS, APPLICATION.

When provisions of sections 122.41 to 122.52 are made to apply to any special school district, such district shall hereby be converted to an independent school district

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

on the effective date specified in the orders issued under provisions of sections 122.41 to 122.52. All applicable provisions of Minnesota Statutes 1965, section 122.26, relating to such conversions shall otherwise be in force. To the extent that any law or charter provision of any special district is inconsistent with the status of an independent school district or the powers common to independent school districts, such law or charter provision is hereby repealed. Provided, however, that nothing in sections 122.41 to 122.52 shall in any way invalidate remaining portions of such laws or home rule charters, or the continuance of such special school districts to which no new territory is attached under the provisions of sections 122.41 to 122.52.

Sec. 57. Minnesota Statutes 1996, section 122.48, is amended to read:

122.48 PRIVATE SCHOOLS.

Sections 122.41 to 122.46 shall not apply to any ~~school~~ district in which is located any existing private school maintaining elementary and secondary education for 75 percent of the eligible pupils within the district and complying with the requirements of section 120.101.

Sec. 58. Minnesota Statutes 1996, section 122.531, subdivision 2c, is amended to read:

Subd. 2c. DISCONTINUED REFERENDUM REVENUE. If the plan for consolidation provides for discontinuance of referendum revenue previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, the newly created district ~~shall~~ must not receive referendum revenue unless the voters of the newly created district authorize referendum revenue pursuant to section 124A.03, subdivision 2.

Sec. 59. Minnesota Statutes 1996, section 122.531, subdivision 5a, is amended to read:

Subd. 5a. SUPPLEMENTAL REVENUE. (a) For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (b), in the case of a consolidation, the newly created district's 1991-1992 revenue and 1991-1992 actual pupil units are the sum of the 1991-1992 revenue and 1991-1992 pupil units, respectively, of the former districts comprising the new district.

(b) For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (b), in the case of a dissolution and attachment, a district's 1991-1992 revenue is the revenue of the existing district plus the result of the following calculation:

- (1) the 1991-1992 revenue of the dissolved district divided by
- (2) the dissolved district's 1991-1992 actual pupil units, multiplied by
- (3) the pupil units of the dissolved district in the most recent year before the dissolution allocated to the newly created or enlarged district.

(c) In the case of a dissolution and attachment, the department of children, families, and learning shall allocate the pupil units of the dissolved district to the newly enlarged district based on the allocation of the property on which the pupils generating the pupil units reside.

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

Sec. 60. Minnesota Statutes 1996, section 122.531, subdivision 9, is amended to read:

Subd. 9. LEVY FOR SEVERANCE PAY OR EARLY RETIREMENT INCENTIVES. The school board of a newly created or enlarged district to which part or all of a dissolved district was attached according to section 122.22 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the dissolution or consolidation, if the commissioner of children, families, and learning approves the incentives and the amount to be levied. The amount may be levied over a period of up to five years and shall must be spread in whole or in part on the property of a preexisting district or the newly created or enlarged district, as determined by the school board of the newly created or enlarged district.

Sec. 61. Minnesota Statutes 1996, section 122.5311, subdivision 1, is amended to read:

Subdivision 1. CAPITAL LOAN OBLIGATIONS. If a district has a capital loan outstanding at the time of reorganization according to section 122.22, 122.23, or sections 122.241 to 122.248, and if the plan for reorganization provides for payment of all or a portion of the capital loan obligation by the newly created or enlarged district or makes no provision for payment, all of the taxable property in the newly created or enlarged district is taxable for the payment to the extent stated in the plan. Notwithstanding any contract to the contrary, if all of the taxable property in the newly created or enlarged district is taxable for the payment of the capital loan and until the capital loan is retired or canceled, the maximum effort debt service levy shall must be recalculated annually by the department of children, families, and learning to be equal to the required debt service levy plus an additional amount. The additional amount shall must be the greater of:

(i) zero, or

(ii) the maximum effort debt service levy of the preexisting district minus the required debt service levy of the preexisting district that received the capital loan.

For the purpose of the recalculation, additional bond issues after the date of the reorganization shall not impact the maximum effort debt service levy or the required debt service levy.

Notwithstanding any contract to the contrary, the plan for reorganization may specify that the obligation for a capital loan remains solely with the preexisting district that incurred the obligation. This subdivision does not relieve any property from any tax liability for payment of any capital loan obligation.

Sec. 62. Minnesota Statutes 1996, section 122.532, subdivision 2, is amended to read:

Subd. 2. TEACHER ASSIGNMENT. (a) As of the effective date of a consolidation in which a district is divided or the dissolution of a district and its attachment to two or more existing districts, each teacher employed by an affected district shall be assigned to the newly created or enlarged district on the basis of a ratio of the pupils assigned to each district according to the new district boundaries. The district receiving the greatest number of pupils must be assigned the teacher with the greatest seniority, and the remaining teachers must be alternately assigned to each district until the district receiving the fewest pupils has received its ratio of teachers who will not be retiring before the effective date of the consolidation or dissolution.

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

(b) Notwithstanding paragraph (a), the school board and the exclusive representative of teachers in each school district involved in the consolidation or dissolution and attachment may negotiate a plan for assigning teachers to each newly created or enlarged district.

Sec. 63. Minnesota Statutes 1996, section 122.532, subdivision 3a, is amended to read:

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

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

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

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

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

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

Sec. 64. Minnesota Statutes 1996, section 122.532, subdivision 4, is amended to read:

Subd. 4. **CONTRACTS; TERMINATION; TENURE.** Except as provided in this section, the provisions of section 125.12 or 125.17 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to the employment if the teacher had been employed by that new district before the effective date of the consolidation or dissolution and attachment. For the purpose of applying the provisions of subdivision 3, clause (c), and the provisions of section 125.12, subdivision 6b, each school district must be considered to have started school each year on the same date.

Sec. 65. Minnesota Statutes 1996, section 122.535, subdivision 2, is amended to read:

Subd. 2. **AGREEMENT.** The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall must be effective on July 1 and shall be for a specified or indefinite number of years.

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

The agreement shall must set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district as an exchange teacher according to section 125.13, or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Sec. 66. Minnesota Statutes 1996, section 122.535, subdivision 3, is amended to read:

Subd. 3. **INFORMATIONAL MEETING.** Before entering into agreements permitted by subdivision 2 of this section, the school board shall must hold a public hearing. The board shall must publish notice of the hearing in the newspaper with the largest circulation in the district. If the board proposes to enter into agreements with two or more districts, the board may conduct separate or consolidated hearings.

Sec. 67. Minnesota Statutes 1996, section 122.535, subdivision 4, is amended to read:

Subd. 4. **REVIEW AND COMMENT.** After the hearing required by subdivision 3 and before entering into an agreement, the board shall must submit the agreement to the commissioner of children, families, and learning for review and comment.

Sec. 68. Minnesota Statutes 1996, section 122.535, subdivision 5, is amended to read:

Subd. 5. **AID PAYMENTS.** A district entering into an agreement permitted in subdivision 2 of this section shall must continue to count its resident pupils who are educated in other districts as resident pupils in the calculation of pupil units for the purposes of state aids, levy limitations, and any other purpose. A district may continue to provide transportation and collect transportation aid for its resident pupils. For purposes of aid calculations, the commissioner of children, families, and learning may adjust the cost per eligible pupil transported to reflect changes in cost resulting from the agreement, if any.

Sec. 69. Minnesota Statutes 1996, section 122.535, subdivision 6, is amended to read:

Subd. 6. **SEVERANCE PAY.** A district shall must pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of the agreement. A teacher is eligible under this subdivision if the teacher:

- (1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;
- (2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall must be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or oth-

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

er similar pay according to a contract with the district or district policy. These entities requiring a valid Minnesota teaching license include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, a SC, a board formed under section 471.59, a state residential academy, the Lola and Rudy Perpich Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 70. Minnesota Statutes 1996, section 122.541, subdivision 1, is amended to read:

Subdivision 1. DISTRICT REQUIREMENTS. The school boards of two or more districts may, after consultation with the department of children, families, and learning, enter into an agreement providing for:

(1) discontinuance by all districts except one of at least the 10th, 11th, and 12th grades; and

(2) instruction of the pupils in the discontinued grades in one of the cooperating districts. Each district shall must continue to operate a school with at least three grades. Before entering into a final agreement, the boards shall must provide a copy of this agreement to the commissioner of children, families, and learning.

Sec. 71. Minnesota Statutes 1996, section 122.541, subdivision 2, is amended to read:

Subd. 2. AID; TRANSPORTATION. (a) Each district shall must continue to count its resident pupils who are educated in a cooperating district as resident pupils in the calculation of pupil units for all purposes. The agreement shall must provide for tuition payments between or among the districts.

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

(b) Each district shall must continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, 124.223, and 124.225. A district may provide some or all transportation to its resident pupils by contracting with a cooperating district. For purposes of section 124.225, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from the agreement.

Sec. 72. Minnesota Statutes 1996, section 122.541, subdivision 4, is amended to read:

Subd. 4. NEGOTIATED PLAN FOR DISCONTINUED TEACHERS. The school board and exclusive bargaining representative of the teachers in each district discontinuing grades may negotiate a plan to assign or employ in a cooperating district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. The school board and exclusive bargaining representative of the teachers in each district providing instruction to nonresident pupils may negotiate a plan to employ teachers from a cooperating district whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall include the plans in their agreement.

Sec. 73. Minnesota Statutes 1996, section 122.541, subdivision 5, is amended to read:

Subd. 5. COMBINED SENIORITY LIST. If compatible plans are not negotiated before the March 1 preceding any year of the agreement, the cooperating districts shall be governed by this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by a cooperating district or assigned to teach in a cooperating district as exchange teachers pursuant to section 125.13. If necessary, teachers whose positions are discontinued as a result of the agreement and who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by a cooperating district, according to a combined seniority list of teachers in the cooperating districts. For the purpose of establishing a combined seniority list, each school district must be considered to have started school each year on the same date.

Sec. 74. Minnesota Statutes 1996, section 122.541, subdivision 6, is amended to read:

Subd. 6. NOTICE AND HEARING. Prior to entering into an agreement, the school board shall consult with the community at an informational meeting. The board shall must publish notice of the meeting in the official newspaper of the district and may send written notice of the meeting to parents of pupils who would be affected.

Sec. 75. Minnesota Statutes 1996, section 122.541, subdivision 7, is amended to read:

Subd. 7. MEETING LOCATION. Notwithstanding any law to the contrary, school boards that have an agreement may hold a valid joint meeting at any location that would be permissible for one of the school boards participating in the meeting. A school board that has an agreement may hold a meeting in any district that is a party to the agreement. The school board shall comply with section 471.705 and any other law applicable to a meeting of a school board.

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

Sec. 76. Minnesota Statutes 1996, section 122.895, is amended to read:

122.895 EMPLOYEES OF COOPERATIVE DISTRICTS UPON DISSOLUTION OR WITHDRAWAL.

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

(a) "Teacher" means a teacher as defined in section 125.12, subdivision 1, who is employed by a district or center listed in subdivision 2, except that it does not include a superintendent.

(b) "Cooperative" means any district or center to which this section applies.

(c) "Withdrawal" means a school district's removal of its students from a program of instruction, counseling, or evaluation provided by a cooperative in order to provide the same educational services by other means.

(d) "Education support position" means a position not requiring a teaching license in which an employee assists a teacher by providing instructional, counseling, or evaluative support services directly to students.

(e) "Education support employee" means an employee holding an education support position.

Subd. 2. **APPLICABILITY.** This section applies to:

(1) an education district organized according to sections 122.91 to 122.95;

(2) a cooperative vocational center organized according to section 123.351;

(3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;

(4) an intermediate district organized according to chapter 136D;

(5) a service cooperative which employs teachers to provide instruction; and

(6) school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Subd. 2a. AGREEMENTS FOR COOPERATIVE SPECIAL EDUCATION.

(a) Upon the termination of an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a school district participating in the agreement will be afforded rights to employment by other school districts according to subdivisions 3, 4, and 5. Nonlicensed employees of a participating district employed to provide special education services will, upon the agreement's termination, be afforded rights to employment by other participating districts according to subdivision 8.

(b) Upon a school district's withdrawal from the cooperative provision of special education under an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a participating district will be afforded rights to employment by other school districts according to subdivisions 3, 6, and 7. Non-licensed employees of a participating district employed to provide special education ser-

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

vices will be afforded rights to employment by the withdrawing district according to subdivision 9.

Subd. 3. NOTIFICATION OF TEACHERS. In any year in which a cooperative dissolves or a member withdraws from a cooperative, the governing board of a cooperative shall must provide all teachers employed by the cooperative written notification by March 10 of:

- (1) the dissolution of the cooperative and the effective date of dissolution; or
- (2) the withdrawal of a member of the cooperative and the effective date of withdrawal.

Subd. 4. RIGHTS OF A TEACHER WITH A CONTINUING CONTRACT IN A MEMBER DISTRICT UPON DISSOLUTION. (a) This subdivision applies to a teacher previously employed in a member district who:

- (1) had a continuing contract with that member district;
- (2) has been continuously employed immediately after leaving that member district by one or more cooperatives that provided instruction to pupils enrolled in that member district; and
- (3) is either a probationary teacher or has a continuing contract with the cooperative that is dissolving.

(b) A teacher may elect to resume the teacher's continuing contract with the member district by which the teacher was previously employed by filing a written notice of the election with the member school board on or before March 20. Failure by a teacher to file a written notice by March 20 of the year the teacher receives a notice according to subdivision 3 constitutes a waiver of the teacher's rights under this subdivision.

The member district shall must make reasonable realignments of positions to accommodate the seniority rights of a teacher electing to resume continuing contract rights in the member district according to this subdivision.

Upon returning the teacher shall receive credit for:

- (1) all years of continuous service under contract with the cooperative and the member district for all purposes relating to seniority, compensation, and employment benefits; and
- (2) the teacher's current educational attainment on the member district's salary schedule.

(c) A teacher who does not elect to return to the member district according to this subdivision may exercise rights under subdivision 5.

Subd. 5. RIGHTS OF OTHER TEACHERS. (a) This subdivision applies to a teacher who:

- (1) has a continuing contract with the cooperative; and
- (2) either did not have a continuing contract with any member district or does not return to a member district according to the procedures set forth in subdivision 4, paragraph (b).

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

(b) By May 10 of the school year in which the cooperative provides the notice required by subdivision 3, clause (1), the cooperative ~~shall~~ must provide to each teacher described in subdivision 4 and this subdivision a written notice of available teaching positions in any member district to which the cooperative was providing services at the time of dissolution. Available teaching positions are all teaching positions that, during the school year following dissolution:

(1) are positions for which the teacher is licensed; and

(2) are not assigned to a continuing contract teacher employed by a member school district after any reasonable realignments which may be necessary under the applicable provisions of section 125.12, subdivision 6a or 6b, to accommodate the seniority rights of teachers employed by the member district.

(c) On or before June 1 of the school year in which the cooperative provides the notice required by subdivision 3, clause (1), any teacher wishing to do so must file with the school board a written notice of the teacher's intention to exercise the teacher's rights to an available teaching position. Available teaching positions ~~shall~~ must be offered to teachers in order of their seniority within the dissolved cooperative.

(d) Paragraph (e) applies to:

(1) a district that was a member of a dissolved cooperative; or

(2) any other district that, except as a result of open enrollment according to section 120.062, provides essentially the same instruction provided by the dissolved cooperative to pupils enrolled in a former member district.

(e) For five years following dissolution of a cooperative, a district to which this paragraph applies may not appoint a new teacher or assign a probationary or provisionally licensed teacher to any position requiring licensure in a field in which the dissolved cooperative provided instruction until the following conditions are met:

(1) a district to which this paragraph applies has provided each teacher formerly employed by the dissolved cooperative, who holds the requisite license, written notice of the position; and

(2) no teacher holding the requisite license has filed a written request to be appointed to the position with the school board within 30 days of receiving the notice.

If no teacher files a request according to clause (2), the district may fill the position as it sees fit. During any part of the school year in which dissolution occurs and the first school year following dissolution, a teacher may file a request for an appointment according to this paragraph regardless of prior contractual commitments with other member districts. Available teaching positions ~~shall~~ must be offered to teachers in order of their seniority on a combined seniority list of the teachers employed by the cooperative and the appointing district.

(f) A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the appointing district's salary schedule for the teacher's years of continuous service under contract with the cooperative and the member district and the teacher's educational attainment at the time of appointment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for

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

accumulations of sick leave and rights to severance benefits as if the teacher had been employed by the member district during the teacher's years of employment by the cooperative.

Subd. 6. RIGHTS OF A TEACHER WITH A CONTINUING CONTRACT IN A MEMBER DISTRICT UPON WITHDRAWAL OF THE DISTRICT. (a) This subdivision applies to a teacher previously employed by a member district who:

- (1) had a continuing contract with the member district which withdraws from a cooperative;
- (2) has been continuously employed immediately after leaving that member district by one or more cooperatives that provided instruction to pupils enrolled in that member district; and
- (3) is either a probationary teacher or has a continuing contract with the cooperative from which the member district is withdrawing.

(b) A teacher may elect to resume the teacher's continuing contract with the withdrawing district by which the teacher was previously employed by filing a written notice of the election with the withdrawing school board on or before March 20. Failure by a teacher to file written notice by March 20 of the year the teacher receives a notice according to subdivision 3 constitutes a waiver of a teacher's rights under this subdivision.

The member district shall must make reasonable realignments of positions to accommodate the seniority rights of a teacher electing to resume continuing contract rights in the member district according to this subdivision.

Upon returning, the teacher shall receive credit for:

- (1) all years of continuous service under contract with the cooperative and the member district for all purposes relating to seniority, compensation, and employment benefits; and
- (2) the teacher's current educational attainment on the member district's salary schedule.

Subd. 7. RIGHTS OF A TEACHER PLACED ON UNREQUESTED LEAVE UPON WITHDRAWAL. (a) This subdivision applies to a teacher who is placed on unrequested leave of absence, according to section 125.12, subdivision 6a or 6b, in the year in which the cooperative provides the notice required by subdivision 3, clause (2), by a cooperative from which a member district is withdrawing.

This subdivision applies to a district that, except as a result of open enrollment according to section 120.062, provides essentially the same instruction provided by the cooperative to pupils enrolled in the withdrawing district.

(b) A teacher shall be appointed by a district to which this subdivision applies to an available teaching position which:

- (1) is in a field of licensure in which pupils enrolled in the withdrawing district received instruction from the cooperative; and
- (2) is within the teacher's field of licensure.

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

For the purpose of this paragraph, an available teaching position means any position that is vacant or would otherwise be occupied by a probationary or provisionally licensed teacher.

(c) A board may not appoint a new teacher to an available teaching position unless no teacher holding the requisite license on unrequested leave from the cooperative has filed a written request for appointment. The request ~~shall~~ must be filed with the board of the appointing district within 30 days of receiving written notice from the appointing board that it has an available teaching position. If no teacher holding the requisite license files a request according to this paragraph, the district may fill the position as it sees fit. Available teaching positions ~~shall~~ must be offered to teachers in order of their seniority on a combined seniority list of the teachers employed by the cooperative and the withdrawing member district.

(d) A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the appointing district's salary schedule for the teacher's years of continuous service under contract with the cooperative and the member district and the teacher's educational attainment at the time of appointment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for accumulations of sick leave and rights to severance benefits as if the teacher had been employed by the member district during the teacher's years of employment by the cooperative.

Subd. 8. NONLICENSED EMPLOYEES UPON DISSOLUTION. (a) A nonlicensed employee who is terminated by a cooperative that dissolves shall be appointed by a district that is a member of the dissolved cooperative to a position that is created within 36 months of the dissolution of the cooperative and is created as a result of the dissolution of the cooperative. A position ~~shall~~ must be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(b) When an education support employee is terminated by a cooperative that dissolves, a district that is a member of the dissolved cooperative ~~shall~~ must appoint the employee to an education support position if the position is created within 36 months of the dissolution of the cooperative as a result of the dissolution. An education support position ~~shall~~ must be offered to an education support employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a district formerly a member of a dissolved cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the dissolution of the cooperative.

Subd. 9. NONLICENSED EMPLOYEES UPON WITHDRAWAL. (a) A nonlicensed employee of a cooperative whose active employment is discontinued or reduced

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

as a result of the withdrawal of a member district from the cooperative shall be appointed by the withdrawing member district to a position that is created within 36 months of the withdrawal and is created as a result of the withdrawal of the member district. A position shall must be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(b) When an education support employee of a cooperative has active employment discontinued or reduced as a result of the withdrawal of a member district from the cooperative, the withdrawing member district shall must appoint the employee to an education support position if the position is created within 36 months of the withdrawal as a result of the withdrawal of the member district. An education support position shall must be offered to an education support employee, who meets the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a member district which has withdrawn from a cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the district's withdrawal from the cooperative.

Subd. 10. COOPERATIVES THAT MERGE. Notwithstanding subdivisions 1 to 9, the following paragraphs apply to cooperatives that merge.

(a) If a cooperative enters into an agreement to merge with another cooperative, the boards of the cooperatives and the exclusive representatives of the teachers in the cooperatives and the teachers in each member district may negotiate a plan to assign or employ in a member district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall must include the plans in their agreement.

(b) If compatible plans are not negotiated under paragraph (a) by the March 1 preceding the effective date of the merger of the cooperatives, subdivisions 2 to 9 apply to teachers and nonlicensed employees whose positions are terminated as a result of an agreement to merge cooperatives.

Sec. 77. Minnesota Statutes 1996, section 122.91, subdivision 2, is amended to read:

Subd. 2. AGREEMENT. School Boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. Once established, cities, counties, and other governmental units as defined in section 471.59, may become members of the education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

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

Sec. 78. Minnesota Statutes 1996, section 122.91, subdivision 2a, is amended to read:

Subd. 2a. **AGREEMENT; SPECIAL PROVISIONS.** The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member school districts to allow a post-secondary institution or cities, counties, and other governmental units to become a member of the education district.

Sec. 79. Minnesota Statutes 1996, section 122.91, subdivision 3a, is amended to read:

Subd. 3a. **MEETING WITH REPRESENTATIVES.** Before entering into an agreement, the school board of each member district must meet and confer with the exclusive representatives of the teachers of each school district proposing to enter the education district.

Sec. 80. Minnesota Statutes 1996, section 122.91, subdivision 4, is amended to read:

Subd. 4. **NOTICE AND HEARING.** Before entering into an agreement, the school board of each member district shall must publish a summary of the proposed agreement and its effect upon the district at least once in a newspaper of general circulation in the district a summary of the proposed agreement and its effect upon the district. The board shall must conduct a public hearing on the proposed agreement not more than ten days after the notice and at least 30 days before entering into an agreement.

Sec. 81. Minnesota Statutes 1996, section 122.91, subdivision 6, is amended to read:

Subd. 6. **SERVICE COOPERATIVES.** If requested, service cooperatives shall must provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the agreement. The service cooperatives may provide any other services requested by the education district.

Sec. 82. Minnesota Statutes 1996, section 122.93, subdivision 3, is amended to read:

Subd. 3. **CONTRACTS.** The board may enter into contracts with school districts and other public and private agencies to provide services needed in the education district.

Sec. 83. Minnesota Statutes 1996, section 122.93, subdivision 8, is amended to read:

Subd. 8. **DISCONTINUING GRADES.** The board of a school district that is a member of an education district may discontinue any of kindergarten through grade 12 or part of those grades and provide instruction for those grades or parts of grades within the education district.

Sec. 84. Minnesota Statutes 1996, section 122.95, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION.** For the purposes of this section, "teacher" has the meaning given it in section 125.12, subdivision 1, except that it does not include a superintendent.

Sec. 85. Minnesota Statutes 1996, section 122.95, subdivision 1a, is amended to read:

Subd. 1a. **FILLING POSITIONS; NEGOTIATED AGREEMENTS.** The school boards in all member districts and exclusive bargaining representatives of the

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

teachers in all member districts may negotiate a plan for filling positions resulting from implementation of the education district agreement. If the plan is negotiated among the member school districts and the exclusive bargaining representative of each member school district and unanimously agreed upon, in writing, the education district shall must include the plan in the education district agreement. If a plan is not negotiated, the education district is governed by subdivision 2.

Sec. 86. Minnesota Statutes 1996, section 122.95, subdivision 2, is amended to read:

Subd. 2. FILLING POSITIONS. (a) When an education district board or a member board is filling a position resulting from implementation of the agreement, the board may offer the position to a teacher currently employed by a member district according to the exchange teacher provisions of section 125.13.

(b) If the position is not filled by a currently employed teacher, the board shall must offer the position to an available teacher in the order of seniority in fields of licensure on a combined seniority list of all available teachers in the member districts. For the purpose of establishing a combined seniority list, each school district must be considered to have started school each year on the same date. An available teacher is a teacher in a member district who:

(1) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, not more than one year before the initial formation of an education district as a result of an intention to enter into an education district agreement;

(2) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, as a result of implementing the education district agreement, after the formation of the education district; or

(3) is placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or is terminated according to section 125.17, subdivision 11, as a result of implementing the education district, in the same year the position is filled.

(c) If no currently employed teacher or available teacher accepts the position, the board may fill the position with any other teacher.

(d) Any teacher who has been placed on unrequested leave of absence or who has been terminated has a right to a position only as long as the teacher has a right to reinstatement in a member district under section 125.12, subdivision 6a or 6b, or 125.17, subdivision 11.

Sec. 87. Minnesota Statutes 1996, section 122.95, subdivision 4, is amended to read:

Subd. 4. DETERMINATION OF REASON FOR LEAVE. When a school board that intends to enter into an education district agreement, and at the time a school board that has entered into an education district agreement places a teacher on unrequested leave of absence, according to section 125.12, subdivision 6a or 6b, or terminates a teacher's services under section 125.17, subdivision 11, the board shall must make a determination whether the placement or termination is a result of implementing the education district agreement. That determination shall must be included in the notice of proposed

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

placement or termination, may be reviewed at a hearing upon request of the teacher, and shall must be included in the notice of final action of the board. If the determination is not disputed by the teacher before June 1 or the final date required for action by the board, the teacher shall be deemed to acquiesce in the board's determination.

Sec. 88. Minnesota Statutes 1996, section 123.35, subdivision 19a, is amended to read:

Subd. 19a. LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT. (a) ~~No school~~ A district shall must not be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in section 123.35, subdivision 19b, paragraph (d), to participate in or provide financial support for the purposes of the agreement for a time period in excess of one fiscal year, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void.

(b) This subdivision shall not affect the continued liability of a ~~school~~ district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The ~~school~~ district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the ~~school~~ district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

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

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

(1) its concurrence with issuing bonds or incurring other debt;

(2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or

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

(3) its intention to terminate participation in the agreement.

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

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

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

Sec. 89. Minnesota Statutes 1996, section 123.35, subdivision 19b, is amended to read:

Subd. 19b. WITHDRAWING FROM COOPERATIVE. If a school district withdraws from a cooperative unit defined in paragraph (d), the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(a) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to section 123.35, subdivision 19a. The school district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(b) If the cooperative unit and the school district cannot agree on the terms and conditions, the commissioner of children, families, and learning shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. The assets shall ~~must~~ be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(c) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (b).

(d) For the purposes of this section, a cooperative unit is:

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

- (1) an education district organized under sections 122.91 to 122.95;
- (2) a cooperative vocational center organized under section 123.351;
- (3) an intermediate district organized under chapter 136D;
- (4) a service cooperative organized under section 123.582; or
- (5) a regional management information center organized under section 121.935 or as a joint powers district according to section 471.59.

Sec. 90. Minnesota Statutes 1996, section 123.35, subdivision 21, is amended to read:

Subd. 21. APPEAL TO COMMISSIONER. If a cooperative unit as defined in subdivision 19b, paragraph (d), denies membership in the unit to a school district, the school district may appeal to the commissioner of children, families, and learning. The commissioner may require the cooperative unit to grant the district membership.

Sec. 91. Minnesota Statutes 1996, section 123.351, subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT. Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering into the agreement. The agreement may also provide for membership by cities, counties, and other governmental units as defined in section 471.59. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified voters of the district equal to five percent of the number of voters at the last school district general election, is filed with the clerk of the board within 60 days after publication of the resolution, the board shall must not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election shall must be conducted and canvassed in the same manner as school district general elections. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may enter into an agreement to establish the center for purposes described in this section.

Sec. 92. Minnesota Statutes 1996, section 123.351, subdivision 3, is amended to read:

Subd. 3. GOVERNING BOARD. (a) The center shall must be operated by a center board of not less than five members which shall consist of members from school boards of each of the participating school districts within the center and member cities, counties, and other governmental units, appointed by their respective boards. Each participating school district shall must have at least one member on the center board. The center board shall must choose an administrative officer to administer center board policy and directives who shall serve as an ex officio member of the board but shall not have a vote.

(b) The terms of office of the first members of the center board shall must be determined by lot as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, all terms to expire on June 30 of the appropriate year;

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

provided that if the number of members is not evenly divisible by three, the membership will be as evenly distributed as possible among one, two and three year terms with the remaining members serving the three year term. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it shall must be filled by the appropriate school board within 90 days. A person appointed to the center board shall qualify as a center board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board shall must be at a time mutually agreed upon by center board members. At this meeting, the center board shall must choose its officers and conduct any other necessary organizational business. Thereafter the center board shall must meet on the first of July 1 of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk and treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board except in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123.33 and 123.34, shall apply to the board and officers of the center.

(e) Each participating school district shall must have equal voting power with at least one vote. A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Sec. 93. Minnesota Statutes 1996, section 123.351, subdivision 4, is amended to read:

Subd. 4. POWERS AND DUTIES. (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services defined in section 123.582, subdivisions 7 and 8, agreed upon by the participating members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall must employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The authority for selection and employment of a director shall be vested in the center

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

board. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The center board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program shall must be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall must be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 94. Minnesota Statutes 1996, section 123.351, subdivision 5, is amended to read:

Subd. 5. FINANCING. (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. ~~No~~ A participating school district or member shall must not have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share shall must be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 95. Minnesota Statutes 1996, section 123.351, subdivision 8, is amended to read:

Subd. 8. ADDITION AND WITHDRAWAL OF DISTRICTS. Upon approval by majority vote of a ~~school~~ board and of the center board, an adjoining ~~school~~ district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating ~~school~~ district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board shall must file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

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

Sec. 96. Minnesota Statutes 1996, section 123.351, subdivision 8a, is amended to read:

Subd. 8a. **DISSOLUTION.** The boards of each participating district may agree to dissolve a center effective at the end of any school year or at an earlier time as they may mutually agree. A dissolution shall ~~must~~ be accomplished in accordance with any applicable provisions of the agreement establishing the center. Upon receipt of the dissolution resolutions from the boards of the participating districts, the center board shall file a certified copy with the county auditors of the counties affected. The dissolution shall ~~must~~ not affect the continuing liability of the previously participating districts for bonded indebtedness incurred prior to the dissolution, or for other continuing obligations, including reemployment insurance.

Sec. 97. Minnesota Statutes 1996, section 123.582, subdivision 2, is amended to read:

Subd. 2. **PURPOSE OF SC.** The primary purposes of designation as a SC shall be to perform planning on a regional basis and to assist in meeting specific needs of clients in participating governmental units which could be better provided by a SC than by the members themselves. The SC shall ~~must~~ provide those programs and services which are determined, pursuant to subdivision 7, to be priority needs of the particular region and shall ~~must~~ assist in meeting special needs which arise from fundamental constraints upon individual members.

Sec. 98. Minnesota Statutes 1996, section 124.2725, subdivision 15, is amended to read:

Subd. 15. **RETIREMENT AND SEVERANCE LEVY.** A cooperating or combined district that levied under Minnesota Statutes 1996, section 124.2725, subdivision 3, for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Sec. 99. Minnesota Statutes 1996, section 124.511, is amended to read:

124.511 SURPLUS COUNTY SCHOOL TAX FUNDS; DISTRIBUTION.

When, by reason of reorganization of districts, there is a surplus in the county treasury to the credit of the county school tax fund on account of an excessive tax levy ~~heretofore~~ already made, and when there is no need ~~therefor~~ for the surplus, shall be paid by the county treasurer shall pay the surplus to the reorganized district upon the order of the county board.

Sec. 100. Minnesota Statutes 1996, section 124C.45, subdivision 1, is amended to read:

Subdivision 1. **GOVERNANCE.** A school district may establish an area learning center either by itself or in cooperation with other districts, a SC, an intermediate school district, a local education and employment transitions partnership, public and private secondary and post-secondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, a center must serve the geographic area of at least two districts.

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

Sec. 101. Minnesota Statutes 1997 Supplement, 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 district average general education revenue 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. 102. Minnesota Statutes 1996, section 124C.49, is amended to read:

124C.49 DESIGNATION AS CENTER.

The commissioner of children, families, and learning, in cooperation with the state board of education, shall establish a process for state designation and approval of area learning centers that meet the provisions of sections 124C.45 to 124C.48. Any process for designating and approving an area learning center must emphasize the importance of having the area learning center serve students who have dropped out of school, are homeless, are eligible to receive free or reduced priced lunch, have been suspended or expelled, have been declared truant or are pregnant or parents.

Sec. 103. REPEALER.

Minnesota Statutes 1996, sections 122.532, subdivision 1; and 122.541, subdivision 3, are repealed.

Sec. 104. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
<u>122.01</u>	<u>122A.01</u>
<u>122.02</u>	<u>122A.02</u>
<u>122.03</u>	<u>122A.03</u>
<u>122.21</u>	<u>122A.05</u>
<u>122.22,</u>	<u>122A.06,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 4</u>	<u>subd. 4</u>
<u>subd. 5</u>	<u>subd. 5</u>
<u>subd. 6</u>	<u>subd. 6</u>
<u>subd. 7</u>	<u>subd. 7</u>
<u>subd. 7a</u>	<u>subd. 8</u>
<u>subd. 8</u>	<u>subd. 9</u>
<u>subd. 9</u>	<u>subd. 10</u>
<u>subd. 11</u>	<u>subd. 11</u>
<u>subd. 13</u>	<u>subd. 12</u>

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

<u>subd. 14</u>	<u>subd. 13</u>
<u>subd. 18</u>	<u>subd. 14</u>
<u>subd. 20</u>	<u>subd. 15</u>
<u>subd. 21</u>	<u>subd. 16</u>
<u>122.23,</u>	<u>122A.10,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 2a</u>	<u>subd. 3</u>
<u>subd. 2b</u>	<u>subd. 4</u>
<u>subd. 3</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>subd. 5</u>	<u>subd. 7</u>
<u>subd. 6</u>	<u>subd. 8</u>
<u>subd. 7</u>	<u>subd. 9</u>
<u>subd. 8</u>	<u>subd. 10</u>
<u>subd. 9</u>	<u>subd. 11</u>
<u>subd. 10</u>	<u>subd. 12</u>
<u>subd. 11</u>	<u>subd. 13</u>
<u>subd. 12</u>	<u>subd. 14</u>
<u>subd. 13</u>	<u>subd. 15</u>
<u>subd. 14</u>	<u>subd. 16</u>
<u>subd. 15</u>	<u>subd. 17</u>
<u>subd. 16</u>	<u>subd. 18</u>
<u>subd. 16c</u>	<u>subd. 19</u>
<u>subd. 18</u>	<u>subd. 20</u>
<u>subd. 18a</u>	<u>subd. 21</u>
<u>subd. 19</u>	<u>subd. 22</u>
<u>subd. 20</u>	<u>subd. 23</u>
<u>127.25</u>	<u>122A.11</u>
<u>122.535</u>	<u>122A.12</u>
<u>122.541,</u>	<u>122A.14,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 4</u>	<u>subd. 3</u>
<u>subd. 5</u>	<u>subd. 4</u>
<u>subd. 6</u>	<u>subd. 5</u>
<u>subd. 7</u>	<u>subd. 6</u>
<u>122.895,</u>	<u>122A.15,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 2a</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 4</u>	<u>subd. 5</u>
<u>subd. 5</u>	<u>subd. 6</u>
<u>subd. 6</u>	<u>subd. 7</u>
<u>subd. 7</u>	<u>subd. 8</u>
<u>subd. 8</u>	<u>subd. 9</u>
<u>subd. 9</u>	<u>subd. 10</u>
<u>subd. 10</u>	<u>subd. 11</u>

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

<u>122.241</u>		<u>122A.17</u>
<u>122.242</u>		<u>122A.18</u>
<u>122.243</u>		<u>122A.19</u>
<u>122.244</u>		<u>122A.20</u>
<u>122.245</u> ,	subd. 1	<u>122A.21</u> , subd. 1
	subd. 2	subd. 2
	subd. 3	subd. 4
<u>124.2725</u> ,	subd. 15	<u>122A.21</u> , <u>122A.22</u>
<u>122.246</u>		<u>122.23</u> , subd. 1
<u>122.247</u> ,	subd. 1	subd. 2
	subd. 2	subd. 3
	subd. 2a	subd. 4
	subd. 3	
<u>122.248</u>		<u>122A.24</u>
<u>122.25</u>		<u>122A.26</u>
<u>122.32</u>		<u>122A.30</u>
<u>122.34</u>		<u>122A.31</u>
<u>122.355</u>		<u>122A.32</u>
<u>122.41</u>		<u>122A.34</u>
<u>122.43</u>		<u>122A.35</u>
<u>122.44</u>		<u>122A.36</u>
<u>122.45</u> ,	subd. 1	<u>122A.37</u> , subd. 1
	subd. 2	subd. 2
	subd. 3a	subd. 3
<u>122.46</u>		<u>122A.38</u>
<u>122.47</u>		<u>122A.39</u>
<u>122.48</u>		<u>122A.40</u>
<u>122.51</u>		<u>122A.41</u>
<u>122.531</u> ,	subd. 1	<u>122A.43</u> , subd. 1
	subd. 1a	subd. 2
	subd. 2	subd. 3
	subd. 2a	subd. 4
	subd. 2b	subd. 5
	subd. 2c	subd. 6
	subd. 2d	subd. 7
	subd. 4	subd. 8
	subd. 4a	subd. 9
	subd. 5a	subd. 10
	subd. 6	subd. 11
	subd. 9	subd. 12
<u>122.5311</u>		<u>122A.44</u>
<u>122.532</u> ,	subd. 2	<u>122A.45</u> , subd. 1
	subd. 3	subd. 2
	subd. 3a	subd. 3
	subd. 4	subd. 4
<u>122.533</u>		<u>122A.46</u>

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

<u>124.511</u>		<u>122A.47</u>
<u>121.155</u>		<u>122A.48</u>
<u>122.539</u>		<u>122A.49</u>
<u>122.91,</u>	<u>subd. 1</u>	<u>122A.50,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 2a</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>
	<u>subd. 3a</u>	<u>subd. 5</u>
	<u>subd. 4</u>	<u>subd. 6</u>
	<u>subd. 6</u>	<u>subd. 7</u>
<u>122.92</u>		<u>122A.51</u>
<u>122.93,</u>	<u>subd. 1</u>	<u>122A.52,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
	<u>subd. 8</u>	<u>subd. 7</u>
<u>122.94,</u>	<u>subd. 1</u>	<u>122A.53,</u> <u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
	<u>subd. 5</u>	<u>subd. 3</u>
<u>122.95,</u>	<u>subd. 1</u>	<u>122A.54,</u> <u>subd. 1</u>
	<u>subd. 1a</u>	<u>subd. 2</u>
	<u>subd. 2</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>
	<u>subd. 4</u>	<u>subd. 5</u>
<u>123.582</u>		<u>122A.56</u>
<u>123.351,</u>	<u>subd. 1</u>	<u>122A.57,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
	<u>subd. 7</u>	<u>subd. 7</u>
	<u>subd. 8</u>	<u>subd. 8</u>
	<u>subd. 8a</u>	<u>subd. 9</u>
	<u>subd. 9</u>	<u>subd. 10</u>
	<u>subd. 10</u>	<u>subd. 11</u>
<u>123.35,</u>	<u>subd. 19b</u>	<u>122A.58,</u> <u>subd. 1</u>
	<u>subd. 21</u>	<u>subd. 2</u>
<u>122.98</u>		<u>122A.59</u>
<u>124.193</u>		<u>122A.60</u>
<u>124C.45,</u>	<u>subd. 1</u>	<u>122A.65,</u> <u>subd. 1</u>
	<u>subd. 1a</u>	<u>subd. 2</u>
	<u>subd. 2</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>

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

<u>124C.46</u>	<u>122A.66</u>
<u>124C.47</u>	<u>122A.67</u>
<u>124C.48</u>	<u>122A.68</u>
<u>124C.49</u>	<u>122A.69</u>

ARTICLE 6

CHAPTER 123A

POWERS AND DUTIES OF SCHOOL DISTRICTS

Section 1. Minnesota Statutes 1996, section 120.59, is amended to read:

120.59 PURPOSE OF FLEXIBLE LEARNING YEAR PROGRAMS.

The purpose of Sections 120.59 to 120.67 is to authorize districts to evaluate, plan and employ the use of flexible learning year programs. It is anticipated that the open selection of the type of flexible learning year operation from a variety of alternatives will allow each district ~~which seeks~~ seeking to utilize this concept to suitably fulfill the educational needs of its pupils. These alternatives ~~shall~~ must include, but not be limited to, various 45-15 plans, four-quarter plans, quinmester plans, extended learning year plans, flexible all-year plans, and four-day week plans.

Sec. 2. Minnesota Statutes 1996, section 120.60, is amended to read:

120.60 DEFINITION OF FLEXIBLE LEARNING YEAR.

“Flexible learning year program” means any district plan approved by the state board of education ~~which that~~ utilizes buildings and facilities during the entire year and/or ~~which or that~~ provides forms of optional scheduling of pupils and personnel during the learning year in elementary and secondary schools or residential facilities for children with a disability.

Sec. 3. Minnesota Statutes 1996, section 120.61, is amended to read:

120.61 ESTABLISHMENT OF FLEXIBLE LEARNING YEAR PROGRAM.

The board of any district, with the approval of the state board of education, may establish and operate a flexible learning year program in one or more of the day or residential facilities for children with a disability within the district.

Sec. 4. Minnesota Statutes 1996, section 120.62, is amended to read:

120.62 DIVISION OF CHILDREN INTO GROUPS.

The board of any district operating a flexible learning year program in one or more of the facilities within the district ~~shall~~ must divide the students of each selected facility into as many groups as necessary to accommodate this program. Students of the same family ~~shall~~ must be placed in the same group unless one or more of these students is enrolled in a special education class or unless the parent or guardian of these students requests that the students be placed in different groups. No board ~~shall~~ may discriminate on the basis of race, color, creed, religion, marital status, status with regard to public assis-

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

tance, sex, or national origin when assigning pupils to attendance groups pursuant to this section.

Sec. 5. Minnesota Statutes 1996, section 120.63, is amended to read:

120.63 PUBLIC HEARING BEFORE IMPLEMENTATION.

Prior to Before implementing a flexible learning year program in any facility of the district, the board shall must negotiate with the teachers, principals, assistant principals, supervisory personnel and employees to the extent required by the public employment labor relations act, and shall must consult with the parents of pupils who would be affected by the change, and with the community at large. These procedures shall must include at least three informational meetings for which the board has given published notice to the teachers and employees and to the parents of pupils affected.

Sec. 6. Minnesota Statutes 1996, section 120.64, is amended to read:

120.64 ASSIGNMENT OF TEACHERS.

Subdivision 1. **IMPLEMENTING PROGRAM.** In districts where a flexible learning year program is implemented in fewer than all of the facilities maintained by the district, the board of the district shall must make every reasonable effort to assign qualified teachers who prefer a traditional schedule to facilities of the same level retaining a traditional schedule.

Subd. 2. **TEACHER SCHEDULE.** A full-time teacher currently employed by a district which that converts to a flexible learning year program shall may not, without the teacher's written consent, be required to teach under this program (1) more or less than the number of scheduled days or their equivalent the facilities of the district were maintained during the year preceding implementation of the flexible learning year program; (2) in a period of the calendar year substantially different from the period in which the teacher taught during the year preceding implementation of the flexible learning year program.

Subd. 3. **CONTRACT RIGHTS; PROGRAM ADOPTION.** In no event shall may a teacher's continuing contract rights to a position held the year preceding implementation of a flexible learning year program or teaching experience earned during a probationary period the year preceding implementation be lost or impaired upon adoption of a flexible learning year program. If the year of teaching preceding implementation was the end of a probationary period, the continuing contract right to a full year's contract which normally would be acquired for the next succeeding learning year shall must be acquired in the year of adoption of the flexible program.

Subd. 4. **CONTRACT FOR LEARNING YEAR.** Any district operating a flexible learning year program shall must enter into one contract governing the entire learning year with each teacher employed in a flexible program. If individual teachers contract to teach less than a period of 175 days during a learning year, each 175 days of employment accrued during any five-year period after the adoption of a flexible learning year program shall must be deemed consecutive and shall constitute constitutes a full year's employment for purposes of establishing and retaining continuing contract rights to a full learning year position pursuant to sections 125.12, subdivisions 3 and 4, and 125.17, subdivisions 2 and 3. A teacher who has not been discharged or advised of a refusal to renew the teacher's contract by the applicable date, as specified in section 125.12 or 125.17, in

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

the year in which the teacher will complete the requisite number of days for securing a continuing contract shall must have a continuing full learning year contract with the district.

Subd. 5. CONTRACT RIGHTS; TERMINATION OF PROGRAM. Continuing contract rights established pursuant to this section shall must not be impaired or lost by the termination of a flexible learning year program.

Sec. 7. Minnesota Statutes 1996, section 120.66, is amended to read:

120.66 POWERS AND DUTIES OF THE STATE BOARD.

Subdivision 1. POWERS AND DUTIES. The state board of education shall must:

(1) promulgate rules necessary to the operation of sections 120.59 to 120.67;

(2) cooperate with and provide supervision of flexible learning year programs to determine compliance with the provisions of sections 120.59 to 120.67, the state board standards and qualifications, and the proposed program as submitted and approved;

(3) provide any necessary adjustments of (a) attendance and membership computations and (b) the dates and percentages of apportionment of state aids; and

(4) consistent with the definition of "average daily membership" in section 124.17, subdivision 2, furnish the board of a district implementing a flexible learning year program with a formula for computing average daily membership. This formula shall must be computed so that tax levies to be made by the district, state aids to be received by the district, and any and all other formulas based upon average daily membership are not affected solely as a result of adopting this plan of instruction.

Subd. 2. LIMITATIONS. Sections 120.59 to 120.67 shall may not be construed to authorize the state board to require the establishment of a flexible learning year program in any district in which the board has not voted to establish, maintain, and operate such a program.

Sec. 8. Minnesota Statutes 1996, section 121.585, subdivision 2, is amended to read:

Subd. 2. STATE BOARD DESIGNATION. An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner of children, families, and learning that it will:

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

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 9. Minnesota Statutes 1996, section 121.585, subdivision 6, is amended to read:

Subd. 6. CONTRACTS. A district may contract with a licensed employee to provide services in a learning year program that are in addition to the services provided according to the master contract of employment for teachers or an equivalent contract for

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

licensed employees who are not teachers. These additional services and compensation, if any, for the services shall ~~must~~ not become a part of the employee's continuing contract rights under section 125.12 or 125.17.

Sec. 10. Minnesota Statutes 1996, section 121.585, subdivision 7, is amended to read:

Subd. 7. REVENUE COMPUTATION AND REPORTING. Aid and levy revenue computations shall ~~must~~ be based on the total number of hours of education programs for pupils in average daily membership for each fiscal year. For purposes of section 124.17, average daily membership shall be computed by dividing the total number of hours of participation for the fiscal year by the minimum number of hours for a year determined for the appropriate grade level. Hours of participation that occur after the close of the regular instructional year and before July 1 shall ~~must~~ be attributed to the following fiscal year. Thirty hours may be used for teacher workshops, staff development, or parent-teacher conferences. As part of each pilot program, the department of children, families, and learning and each district must report and evaluate the changes needed to adjust the dates of the fiscal year for aid and levy computation and fiscal year reporting. For revenue computation purposes, the learning year program shall generate revenue based on the formulas for the fiscal year in which the services are provided.

State aid and levy revenue computation for the learning year programs begins July 1, 1988, for fiscal year 1989.

Sec. 11. Minnesota Statutes 1996, section 121.904, subdivision 1, is amended to read:

Subdivision 1. SCOPE. School District revenues shall ~~must~~ be recognized and reported on the district books of account in accordance with this section.

Sec. 12. Minnesota Statutes 1996, section 121.904, subdivision 2, is amended to read:

Subd. 2. APPLICABILITY TO PERIOD AND FUND. Except as provided in this section, revenues shall ~~must~~ be recorded in a manner which clearly indicates that they are applicable to a specific accounting period and fund.

Sec. 13. Minnesota Statutes 1996, section 121.904, subdivision 3, is amended to read:

Subd. 3. RECEIVABLE. Receivables shall ~~must~~ be recorded in a manner which clearly reflects the amounts of money due to a particular fund from public and private sources at the date of each accounting statement.

Sec. 14. Minnesota Statutes 1997 Supplement, 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 ~~must~~ recognize as revenue, in the fund for which the levy was made, the lesser of:

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

(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 of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2; or

(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 must 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. 15. Minnesota Statutes 1996, section 121.904, subdivision 4c, is amended to read:

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

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

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

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are

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

shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

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

(c) The commissioner of finance must certify to the commissioner of children, families, and learning the amount available to reduce the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of children, families, and learning must notify school districts of a change in the levy recognition percent by January 15 of the same month.

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

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

(ii) When the levy recognition percent is reduced from the prior fiscal year, a special adjustment payment shall must be made to each school district with an operating referendum levy that received an aid reduction when the levy recognition percent was last increased. The special adjustment payment shall must be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of children, families, and learning such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3.

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

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

Sec. 16. Minnesota Statutes 1996, section 121.904, subdivision 13, is amended to read:

Subd. 13. **DEVIATIONS FOOTNOTED.** Deviations from the principles set forth in this section shall must be evaluated and explained in footnotes to audited financial statements.

Sec. 17. Minnesota Statutes 1996, section 121.906, is amended to read:

121.906 EXPENDITURES; REPORTING.

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

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

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

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

Sec. 18. Minnesota Statutes 1996, section 121.908, is amended to read:

121.908 ACCOUNTING, BUDGETING AND REPORTING REQUIREMENT.

Subdivision 1. **UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS.** Each Minnesota school district shall must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the department of children, families, and learning.

Subd. 2. **AUDITED FINANCIAL STATEMENT.** Each district shall must submit to the commissioner by August 15 of each year an unaudited financial statement for the preceding fiscal year. This statement shall must be submitted on forms prescribed by the commissioner.

Subd. 3. **STATEMENT FOR COMPARISON AND CORRECTION.** By December 31 of the calendar year of the submission of the unaudited financial statement, the district shall must provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance.

Subd. 3a. **BUDGET APPROVAL.** Prior to July 1 of each year, the school board of each district shall must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted shall must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by

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

the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures.

Subd. 5. JOINT POWERS AGREEMENTS; SC'S, EDUCATION DISTRICTS. All governmental units formed by joint powers agreements entered into by districts pursuant to section 120.17, 120.1701, 123.351, 471.59, or any other law and all service cooperatives and education districts ~~shall be~~ are subject to the provisions of this section.

Subd. 6. BENEFITS. A school district providing early retirement incentive payments under section 125.611, severance pay under section 465.72, or health insurance benefits to retired employees under section 471.61, must account for the payments according to uniform financial accounting and reporting standards.

Sec. 19. Minnesota Statutes 1996, section 121.911, is amended to read:

121.911 CASH FLOW; SCHOOL DISTRICT REVENUES; BORROWING FOR CURRENT OPERATING COSTS; CAPITAL EXPENDITURE DEFICITS.

Subdivision 1. STATE AIDS PAYMENT. The commissioner of finance shall remit all payments of state aids to school districts in conformance with the dates provided by law or, when not so provided, with a schedule of aid payments to be established by the commissioner of children, families, and learning in consultation with other affected state agencies.

Subd. 2. TAXES. The auditors or finance officers of Minnesota counties shall remit all payments of taxes to the school districts in conformance with the provisions of section 276.11. School Districts which have need for tax remittance advances may secure them from the counties by making formal requests in conformance with section 276.11.

Subd. 3. TAX AND AID ANTICIPATION CERTIFICATES. Minnesota school districts may issue tax and aid anticipation certificates in conformance with the provisions of sections 124.71 to 124.76, with the additional provision that the proceeds of such borrowing or any other method of borrowing shall be recorded as liabilities of funds for which the taxes were levied, or for which the aids are receivable. Nothing in this subdivision shall provide authority for borrowing against the tax levies and aids of one school district fund for the purpose of increasing the available cash balance of another fund.

Subd. 4. BORROWING FOR OUTSTANDING BONDS. Unless otherwise provided by law, ~~no~~ a district shall must not, for the purpose of increasing the available cash balance of another fund, borrow or transfer funds from the building construction fund, debt redemption fund, trust and agency fund, or from any sinking fund for outstanding bonds issued for any purpose. However, if the contemplated use for which funds were originally placed in the building construction fund or a sinking fund is afterwards abandoned or if a balance remains after the use is accomplished, a district may devote these funds as provided in section 475.65. For the purpose of insuring fund integrity, on determining that a district is in violation of this subdivision or section 121.904, the commissioner shall require that such district maintain separate bank accounts for building construction funds, debt redemption funds, trust and agency funds, and sinking funds for outstanding bonds. Nothing in this subdivision shall be construed to prohibit the use of common bank accounts for other funds unless prohibited by law.

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

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

Sec. 20. Minnesota Statutes 1997 Supplement, section 121.912, subdivision 1, is amended to read:

Subdivision 1. LIMITATIONS. Except as provided in this subdivision, sections 121.9121, 123.36, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 123.7045 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, the balance shall cancel to the district's general fund.

Sec. 21. Minnesota Statutes 1996, section 121.912, subdivision 1a, is amended to read:

Subd. 1a. TECHNICAL COLLEGES. Money shall must not be transferred from the post-secondary general fund to any other operating or nonoperating fund.

Sec. 22. Minnesota Statutes 1996, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. TRA AND FICA TRANSFER. (a) Notwithstanding subdivision 1, a district may transfer money from the general fund to the community service fund for the employer contributions for teacher retirement and FICA for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall must not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 23. Minnesota Statutes 1996, section 121.912, subdivision 2, is amended to read:

Subd. 2. DEFINITION. As used in this section, "operating fund" and "nonoperating fund" shall have the meanings specified in the uniform financial accounting and reporting standards for Minnesota school districts. Any transfer for a period in excess of one year shall be deemed to be a permanent transfer.

Sec. 24. Minnesota Statutes 1996, section 121.912, subdivision 3, is amended to read:

Subd. 3. DEFICITS; EXCEPTION. For the purposes of this section, a permanent transfer includes creating a deficit in a nonoperating fund for a period past the end of the

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

current fiscal year which is covered by moneys in an operating fund. However, a deficit in the capital expenditure fund pursuant to section 121.911, subdivision 5, shall does not constitute a permanent transfer.

Sec. 25. Minnesota Statutes 1996, section 121.912, subdivision 5, is amended to read:

Subd. 5. ACCOUNT TRANSFER FOR CERTAIN SEVERANCE PAY. A school district may maintain in a designated for certain severance pay account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district. The amount necessary shall must be calculated according to standards established by the advisory council on uniform financial accounting and reporting standards.

Sec. 26. Minnesota Statutes 1996, section 121.912, subdivision 6, is amended to read:

Subd. 6. ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS. A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248, or has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, or consolidation under section 122.23, subdivision 13, or has been assigned an identification number by the commissioner under section 122.23, subdivision 14, may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation and during the year following the effective date of reorganization.

Sec. 27. Minnesota Statutes 1996, section 121.9121, subdivision 2, is amended to read:

Subd. 2. APPLICATION. A board requesting authority to transfer money shall must apply to the commissioner and provide information requested. The application shall must indicate the law or rule prohibiting the desired transfer. It shall The application must be signed by the superintendent and approved by the school board.

Sec. 28. Minnesota Statutes 1996, section 121.9121, subdivision 4, is amended to read:

Subd. 4. APPROVAL STANDARD. The commissioner may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall must relate directly to the fund or account involved and to the amount to be transferred.

Sec. 29. Minnesota Statutes 1996, section 121.914, subdivision 2, is amended to read:

Subd. 2. STATUTORY OPERATING DEBT. If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance shall be is defined as "statutory operating debt" for the purposes of this section and sections 121.917 and 124.914, subdivision 1.

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

Sec. 30. Minnesota Statutes 1996, section 121.914, subdivision 3, is amended to read:

Subd. 3. DEBT VERIFICATION. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. This procedure ~~shall also~~ must identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt. The standards for this uniform auditing or verification procedure ~~shall~~ must be promulgated by the state board pursuant to chapter 14. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 31. Minnesota Statutes 1996, section 121.914, subdivision 4, is amended to read:

Subd. 4. DEBT ELIMINATION. If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district ~~shall~~ must follow the procedures set forth in section 124.914, subdivision 1, to eliminate this statutory operating debt.

Sec. 32. Minnesota Statutes 1996, section 121.914, subdivision 5, is amended to read:

Subd. 5. CERTIFICATION OF DEBT. The commissioner of children, families, and learning shall certify the amount of statutory operating debt for each school district. Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.

Sec. 33. Minnesota Statutes 1996, section 121.914, subdivision 6, is amended to read:

Subd. 6. REPORT. On January 15, 1998, the commissioner of children, families, and learning shall report to the legislature on the districts for which the levy allowable under section 124.914, subdivision 1, has been insufficient to eliminate the statutory operating debt of the district, determined as of June 30, 1977.

Sec. 34. Minnesota Statutes 1996, section 121.914, subdivision 7, is amended to read:

Subd. 7. APPLICABILITY. This section and the provisions of section 124.914, subdivision 1, ~~shall be~~ are applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section and the provisions of section 124.914, subdivision 1, ~~shall~~ do not apply to independent school district No. 625.

Sec. 35. Minnesota Statutes 1996, section 121.914, subdivision 8, is amended to read:

Subd. 8. PLAN DISCLOSURE. Any district eligible to receive any amounts pursuant to section 124.914, subdivision 1, ~~shall~~ must disclose its statutory operating debt retirement plan by footnote to the audited financial statement.

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

Sec. 36. Minnesota Statutes 1996, section 121.917, is amended to read:

121.917 EXPENDITURE LIMITATIONS.

Subdivision 1. REDUCE STATUTORY OPERATING DEBT. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 121.914 ~~shall~~ must limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner, increased by an amount equal to 2-1/2 percent of that district's operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

(b) When a district is no longer required to levy pursuant to section 124.914, subdivision 1, subdivision 2 ~~shall be~~ is applicable.

Subd. 2. UNDESIGNATED FUND BALANCES. Beginning in fiscal year 1978 and each year thereafter, any district not subject to the provisions of subdivision 1 ~~shall~~ must limit its expenditures so that its undesignated fund balances ~~shall~~ do not constitute statutory operating debt as defined in section 121.914.

Subd. 3. FAILURE TO LIMIT EXPENDITURES. If a school district does not limit its expenditures in accordance with this section, the commissioner may so notify the appropriate committees of the legislature by no later than January 1 of the year following the end of that fiscal year.

Subd. 4. SPECIAL OPERATING PLAN. (1) If the net negative unappropriated operating fund balance as defined in section 124A.02, subdivision 25, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district ~~shall~~ must, prior to January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner ~~of children, families, and learning~~ for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all of the curriculum requirements of the state board.

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

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

Sec. 37. Minnesota Statutes 1996, section 123.11, subdivision 1, is amended to read:

Subdivision 1. ANNUAL MEETING. The annual meeting of all common districts ~~shall~~ must be held on the last Tuesday in June, at 8:00 p.m., unless a different hour has been fixed at the preceding annual meeting, upon ten days' posted. The clerk ~~shall~~ give notice ~~given by the clerk, and of the meeting,~~ specifying the matters to come before such meeting; ~~but~~. Failure of the clerk to give such notice, or to specify the business to be trans-

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

acted ~~thereat~~, shall not affect the validity of any business, except the raising of money to build or purchase a school house, the authorizing of an issue of bonds, the fixing of a school house site, or the organization as an independent district. At the annual meeting in a common district five legal voters shall constitute a quorum. The chair and clerk of the board shall officiate in their respective capacities at all meetings of the electors of the district. In the event of the absence of the chair or clerk, the voters shall elect a chair or clerk pro tem. The voters shall have the power in an annual meeting to repeal and modify their proceedings. The polls at all meetings shall be open at least one hour.

Sec. 38. Minnesota Statutes 1996, section 123.11, subdivision 2, is amended to read:

Subd. 2. **ELECTIONS.** The annual meeting shall must have power to elect, by ballot, officers of the district. In all elections or vote by ballot, the clerk shall record the names of all voters participating therein and the chair shall appoint two electors ~~who~~. The electors, with the assistance of the clerk, shall supervise the balloting and canvass the votes. If any candidates receive an equal number of votes for an office, the board shall resolve the tie by lot.

Sec. 39. Minnesota Statutes 1996, section 123.11, subdivision 3, is amended to read:

Subd. 3. **CANDIDATES FOR OFFICE.** Any person desiring to be a candidate for a district office at the annual meeting of the district shall file with the clerk of the district an application to be placed on the ballot for such office, ~~or~~. Any five voters of the district may file such an application for or on behalf of any qualified voter in the district that they desire shall to be such a candidate. The application Applications shall be filed not less than 12 days before the annual school district meeting. The clerk of the district, in the notice of annual meeting, shall state the names of the candidates for whom applications have been filed, failure to do so shall not affect the validity of the election thereafter held. At the annual meeting of common districts, nomination of candidates for offices may be made from the floor by any qualified voter.

Sec. 40. Minnesota Statutes 1996, section 123.11, subdivision 4, is amended to read:

Subd. 4. **BALLOTS.** The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers placing thereon the names of the proposed candidates for such office with a blank space after such names, ~~such~~. The ballots shall be marked as official ballots, and the ballots so prepared by the clerk of the district shall be used to the exclusion of all other ballots at such annual meeting or election in the election of officers of the district.

Sec. 41. Minnesota Statutes 1996, section 123.11, subdivision 7, is amended to read:

Subd. 7. **SPECIAL MEETING.** Upon the filing of a petition therefor, executed by five eligible voters, as defined in Minnesota election law, of the common district, specifying the business to be acted upon, or upon the adoption of a proper resolution so specifying, signed by a majority of the members of the board, the clerk shall forthwith call a special meeting of the district ~~upon~~. The clerk shall give ten days' posted notice and one week's published notice if there be a newspaper printed in the district and specify in the notice the business named in the request or resolution and the time and place of the meeting. If there be ~~is~~ no clerk in the district or if the clerk fails for three days after receiving a request or resolution to give notice of a meeting, it may be called by like notice by five eligible voters, as defined in Minnesota election law, of the district. No business except

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

that named in the notice shall be transacted at the meeting. If there are not five eligible voters, as defined in Minnesota election law, or if there is not a board therein, the county auditor may call a special meeting by giving notice thereof as provided in this section. The voters at a special meeting have power to repeal or modify their proceedings.

Sec. 42. Minnesota Statutes 1996, section 123.12, is amended to read:

123.12 BOARDS OF COMMON SCHOOL DISTRICTS.

Subdivision 1. SCHOOL BOARD. The care, management and control of a common district is vested in a board of three members to be known as the school board. The term of office of a member shall be three years, and until a successor qualifies. The board of each common district ~~shall~~ must consist of a chair, a treasurer, and a clerk. The board may by resolution establish a time and place for regular meeting and no notice of such meeting need be sent to any members of the board.

Subd. 2. FINANCES. The board ~~shall~~ must submit to the annual meeting an estimate of the expenses of the district for the coming year for a school term as determined by the board and for such other specified purposes as the board may deem proper. If ~~such~~ the annual meeting ~~shall fail~~ fails to vote a sufficient tax to maintain the district for such time, the board ~~shall~~ must levy such tax pursuant to and within the limitations of sections 124.226, 124.2716, 124.91, 124.912, 124.914, 124.916, and 124.918; but no board shall expend any money or incur any liability for any purpose beyond the sum appropriated by vote of the district for such purpose, or levied by the board pursuant to this subdivision, or on hand and applicable thereto.

Subd. 9. SCHOOL VISITS. The board ~~shall~~ must visit each school at least once every three months.

Subd. 14. OFFICIAL NEWSPAPER. At its first meeting following July 1 each year, the board ~~shall~~ must designate, by resolution, as the official newspaper of the district, some legal newspaper of general circulation within the district, and contract with such newspaper for its publications. If there is more than one such newspaper, the board ~~shall~~ let ~~such~~ must enter a contract ~~to~~ with the lowest responsible bidder at the earliest practicable date. All notices and proceedings required by law to be published by the board ~~shall~~ must be published in the official newspaper so designated. The fees for such publication ~~shall~~ must not exceed the fees for publication of legal notices as prescribed by Minnesota Statutes.

Sec. 43. Minnesota Statutes 1996, section 123.13, is amended to read:

123.13 OFFICERS OF COMMON SCHOOL DISTRICTS.

Subd. 2. TREASURER. The treasurer shall receive and be responsible for all money in the district and disburse the same on orders signed by the clerk and countersigned by the chair or other vouchers authorized by law; ~~provided, that,~~ In the event that the chair has been continuously absent from the district for a period of 30 days or more, the treasurer may pay orders without the signature of the chair. Each order ~~shall~~ must state the fund on which it is drawn, the name of the payee, and the nature of the claim for which such order is issued and ~~shall~~ must be so drawn that when signed by the treasurer in an appropriate place, it becomes a check on the school district depository. The treasurer shall keep an account of each fund, and of all receipts and disbursements showing the sources of all receipts and the nature and purpose of disbursements. The treasurer shall

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

deposit the funds of the district in the official depository in accordance with the provisions of law.

Sec. 44. Minnesota Statutes 1996, section 123.15, is amended to read:

123.15 SCHOOLHOUSES AND SITES, COMMON SCHOOL DISTRICTS.

Subdivision 1. ACQUISITION OF SITES. When authorized by the voters at a regular meeting or at a special meeting called for that purpose, the board may acquire necessary sites for school houses, or enlargements or additions to existing school house sites, by lease, purchase, or condemnation under the right of eminent domain; lease, erect or purchase garages for district-owned school buses; and sell or exchange school houses or sites and execute deeds of conveyances thereof. It may acquire by lease, purchase, or condemnation under eminent domain suitable tracts of land either within or without outside of the district for the purpose of instruction, experimentation, and demonstration in agriculture. In any city, a school site, when practicable, shall must contain at least one block, and, if. Outside of any city, a school site must contain at least two acres; and when. If any school house site shall contain contains less than such the required amount the board may, without a vote of the electors, acquire other land adjacent to or near such site to make, with such site, all or part of such the required amount. When If property is taken by eminent domain by authority of this subdivision, when needed by the district for such purpose, the fact that the property so needed has been was acquired by the owner under the power of eminent domain, or is already devoted to public use, shall not prevent its acquisition by the district.

Subd. 2. SITE DESIGNATION. The annual meeting or election shall have power to designate a site for a school house and provide for building or otherwise placing a school house thereon, when proper notice has been given; but. A site on which a with an existing school house stands or where a school house is begun being built shall not be changed except by vote therefor, of three-fifths of the voters of the district voting on the question.

Subd. 3. TEACHER DWELLING. When authorized by a two-thirds majority of all the electors voting at an annual or special meeting, the board may erect, purchase, or acquire a dwelling house for the use of its teachers; provided that. The proposition shall be submitted only at a meeting or election. The notice of which stated the meeting shall state that such the proposition would shall be considered or submitted thereat.

Sec. 45. Minnesota Statutes 1996, section 123.33, subdivision 1, is amended to read:

Subdivision 1. SCHOOL BOARD. The care, management, and control of independent districts shall be is vested in a board of directors, to be known as the school board. The term of office of a member shall be four years and until a successor qualifies. The membership of the school board shall consist of six elected directors together with such ex officio member as may be provided by law. But The board may submit to the electors at any school election the question whether the board shall consist of seven members and. If a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a four-year term and thereafter the board shall consist of seven members.

Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the ques-

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

tion whether the board shall consist of six members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 46. Minnesota Statutes 1996, section 123.33, subdivision 2, is amended to read:

Subd. 2. SCHOOL BOARD VACANCY. A vacancy in any board occurs when a member (a) dies, or (b) resigns, or (c) ceases to be a resident of the district, or (d) is unable to serve on such board and attend its meetings for not less than 90 days because of illness or prolonged absence from the district.

Sec. 47. Minnesota Statutes 1996, section 123.33, subdivision 2a, is amended to read:

Subd. 2a. SCHOOL BOARD MEMBER TRAINING. A member ~~must~~ shall receive training in school finance and management developed in consultation with the Minnesota school boards association and consistent with section 121.919. The school boards association ~~shall~~ must make available to each newly elected school board member training in school finance and management consistent with section 121.919 within 180 days of that member taking office. The program shall be developed in consultation with the department of children, families, and learning and appropriate representatives of higher education.

Sec. 48. Minnesota Statutes 1996, section 123.33, subdivision 3, is amended to read:

Subd. 3. ILL OR ABSENT MEMBER. A vacancy caused by a member being unable to serve on such board and attend its meetings for not less than 90 days because of illness or prolonged absence from the district, may, after the board has by resolution declared such vacancy to exist, be filled by the board at any regular or special meeting thereof for the remainder of the unexpired term, or until such ill or absent member is again able to resume duties as a member of such board, whichever date is earliest. When such the ill or absent member is again able to resume duties as a member of the board, the board ~~shall~~ must by resolution so determine and declare such person to be again a member of the board, and the member appointed by the board to be no longer a member thereof.

Sec. 49. Minnesota Statutes 1996, section 123.33, subdivision 4, is amended to read:

Subd. 4. VACANCY; APPOINTMENT. Any other vacancy in a board ~~shall~~ must be filled by board appointment at a regular or special meeting. The appointment ~~shall~~ be evidenced by a resolution entered in the minutes and shall continue until an election is held under this subdivision. All elections to fill vacancies shall be for the unexpired term. If the vacancy occurs before the first day to file affidavits of candidacy for the next school district general election and more than two years remain in the unexpired term, a special election shall be held in conjunction with the school district general election. The appointed person shall serve until the qualification of the successor elected to fill the unexpired part of the term at that special election. If the vacancy occurs on or after the first day to file affidavits of candidacy for the school district general election, or when less than two years remain in the unexpired term, there shall be no special election to fill the vacancy and the appointed person shall serve the remainder of the unexpired term and until a successor is elected and qualifies at the school district election.

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

Sec. 50. Minnesota Statutes 1996, section 123.33, subdivision 6, is amended to read:

Subd. 6. **RULES.** The board shall make, and when deemed advisable, change or repeal rules relating to the organization and management of the board and the duties of its officers.

Sec. 51. Minnesota Statutes 1996, section 123.33, subdivision 7, is amended to read:

Subd. 7. **DUTIES.** The board shall must superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. The board may enter into an agreement with a post-secondary institution for secondary or post-secondary nonsectarian courses to be taught at a secondary school, nonsectarian post-secondary institution, or another location.

Sec. 52. Minnesota Statutes 1996, section 123.33, subdivision 11, is amended to read:

Subd. 11. **PUBLISHING OF PROCEEDINGS.** The board shall must cause its official proceedings to be published once in the official newspaper of the district. Such publication shall be made within 30 days of the meeting at which such proceedings occurred. If the board determines that publication of a summary of the proceedings would adequately inform the public of the substance of the proceedings, the board may direct that only a summary be published, conforming to the requirements of section 331A.01, subdivision 10.

Sec. 53. Minnesota Statutes 1996, section 123.33, subdivision 11a, is amended to read:

Subd. 11a. **MAILING OF PROCEEDINGS.** If a school board of a district that has no newspaper with its known office of issue or a secondary office located within the boundaries of the district and no newspaper that is distributed to more than one-third of the residences in the district determines that mailing a summary of its proceedings would be more economical than publication of the proceedings and that it would adequately inform the public, it may mail a summary of its proceedings to each residence in the district that can be identified as a homestead from the property tax records and to each other residence in the district that the board can identify. The county shall must make the property tax records available to the board for this purpose. The board shall must keep a copy of the summary of the proceedings as part of its records. The decision of a school board to mail summaries, rather than publish the proceedings under this subdivision shall be presumed valid, subject to challenge by a court action.

Sec. 54. Minnesota Statutes 1996, section 123.335, is amended to read:

123.335 **IMPREST CASH FUNDS.**

Subdivision 1. **IMPREST FUND.** The board may establish one or more imprest funds for the payment in cash of any proper claim against the district which it is impractical to pay in any other manner, except that no claim for salary or personal expenses of a district officer or employee shall be paid from such funds. The board shall must appoint a custodian of each such fund who shall be responsible for its safekeeping and disbursement according to law. Money for the operation of such fund shall be secured by a transfer from the general fund. A claim itemizing all the various demands for which disburse-

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

ments have been made from the fund ~~shall~~ must be presented to the board at the next board meeting after the disbursements have been made. The board ~~shall~~ must act upon it as in the case of other claims and an order shall be issued to the custodian for the amount allowed. The custodian shall use the proceeds of the order to replenish the fund; and. If the board fails to approve the claim in full for any sufficient reason, the custodian shall be personally responsible for the difference.

Subd. 2. ADVANCES. The board may authorize an imprest fund for the purpose of advancing money to officers or employees to pay the actual and necessary expenses of such officer or employee in attending meetings outside of the district. The board ~~shall~~ must appoint a custodian of such fund who shall be responsible for its safekeeping and disbursement according to law. At the first regular meeting of the board after such meeting, the custodian shall submit an itemized claim for the actual and necessary expenses incurred and paid. The board ~~shall~~ must act upon it as in the case of other claims and an order shall be issued to the custodian for the amount allowed. The custodian shall use the proceeds of the order to repay the amount advanced from the fund and make final settlement with the officer or employee. As an alternative the board may authorize travel advances if control is maintained by use of a travel advance account, the balance of which is supported by names of employees to whom money has been advanced.

Sec. 55. Minnesota Statutes 1996, section 123.34, subdivision 1, is amended to read:

Subdivision 1. OFFICER SELECTION. Within ten days after the election of the first board in independent districts and annually thereafter on July 1, or as soon thereafter as practicable, the board ~~shall~~ must meet and organize by selecting a chair, clerk, and a treasurer, who shall hold their offices for one year and until their successors are selected and qualify. The persons who perform the duties of the clerk and treasurer need not be members of the board and the board by resolution may combine the duties of the offices of clerk and treasurer in a single person in the office of business affairs. They may appoint a superintendent who shall be ex officio a member of the board, but not entitled to vote therein. In districts in which board members are elected at the general election in November, the annual meeting of the board ~~shall~~ must be held on the first Monday of January or as soon thereafter as practicable.

Sec. 56. Minnesota Statutes 1996, section 123.34, subdivision 2, is amended to read:

Subd. 2. CHAIR. The chair when present shall preside at all meetings of the board, countersign all orders upon the treasurer for claims allowed by the board, represent the district in all actions and perform all the duties usually incumbent on such officer. In case of absence, inability, or refusal of the clerk to draw orders for the payment of money authorized by a vote of the majority of the board to be paid, the orders may be drawn by the chair, and paid by the treasurer. A statement ~~thereof~~ of the orders drawn, with a copy of such orders, ~~being~~ shall be delivered to the clerk by the treasurer, or the office of the clerk may be declared vacant by the chair and treasurer and filled by appointment.

Sec. 57. Minnesota Statutes 1996, section 123.34, subdivision 7, is amended to read:

Subd. 7. PERFORMANCE BOND. When the duty devolves upon any person employed by a board to receive money and pay it over to the treasurer of the district, the district ~~shall~~ must require a bond from such person and pay all premiums therefor. The amount of each bond shall be fixed by the board and the bond approved by it. The bond ~~shall~~ must be not less than \$500 conditioned for the faithful performance of the duty and

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

shall be filed with the clerk. In lieu of individual bonds, the district may prescribe and keep in effect a schedule or position insurance policy or blanket bond in such aggregate amount as the district determines, insuring the fidelity of such persons in the amount of not less than \$500 for each such person.

Sec. 58. Minnesota Statutes 1996, section 123.34, subdivision 8, is amended to read:

Subd. 8. CLERK RECORDS. The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk shall, within three days after an election, notify all persons elected of their election. ~~On or before~~ By August 15 of each year the clerk shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the ~~school~~ district, as provided in section 121.908, subdivision 3. The board shall by resolution approve the report or require a further or amended report. ~~On or before~~ By August 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:

- (1) The condition and value of ~~school~~ property;
- (2) The revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;
- (3) The length of school term and the enrollment and attendance by grades; and
- (4) Such other items of information as may be called for by the commissioner.

The clerk shall enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the expenses of the district. The clerk shall furnish to the auditor of the proper county, ~~on or before~~ by October 10 of each year, an attested copy of the clerk's record, showing the amount of money voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders ~~shall~~ must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 59. Minnesota Statutes 1996, section 123.34, subdivision 9, is amended to read:

Subd. 9. SUPERINTENDENT. All districts maintaining a classified secondary school ~~shall~~ must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent ~~shall~~ must be vested in the ~~school~~ board in all cases. An individual employed by a ~~school~~ board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A ~~school~~ board, at its discretion, may or may not renew an employment contract. A ~~school~~ board ~~shall~~ must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a ~~school~~ board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the ex-

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

isting contract. A subsequent contract shall must be contingent upon the employee completing the terms of an existing contract. If a contract between a school board and a superintendent is terminated prior to the date specified in the contract, the school board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A school board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12. Notwithstanding the provisions of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

- (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (2) recommend to the board employment and dismissal of teachers;
- (3) superintend school grading practices and examinations for promotions;
- (4) make reports required by the commissioner of ~~children, families, and learning~~ and

and

- (5) perform other duties prescribed by the board.

Sec. 60. Minnesota Statutes 1996, section 123.34, subdivision 9a, is amended to read:

Subd. 9a. **DISCLOSE PAST BUYOUTS OR CONTRACT IS VOID.** (a) For the purposes of paragraph (b), a "buyout agreement" is any agreement under which a person employed as a superintendent left the position before the term of the contract was over and received a sum of money, something else of value, or the right to something of value for some purpose other than performing the services of a superintendent.

(b) Before a person may enter into a superintendent's contract with a school board, the candidate shall disclose in writing the existence and terms of any previous buyout agreement, including amounts and the purpose for the payments, relating to a superintendent's contract with another school board. A disclosure made under this paragraph is public data.

(c) The superintendent's contract of a person who fails to make a timely disclosure under paragraph (b) is void.

Sec. 61. Minnesota Statutes 1996, section 123.34, subdivision 10, is amended to read:

Subd. 10. **PRINCIPALS.** Each public school building, as defined by section 120.05, subdivision 2, clauses (1), (2), and (3), in an independent school district may be

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

under the supervision of a principal who is assigned to that responsibility by the board of education in that school district upon the recommendation of the superintendent of schools of that school district. If pupils in kindergarten through grade 12 attend school in one building, one principal may supervise the building.

Each principal assigned the responsibility for the supervision of a school building shall hold a valid license in the assigned position of supervision and administration as established by the rules of the state board of education.

The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the school district and in accordance with the policies, rules, and regulations of the board of education, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

Sec. 62. Minnesota Statutes 1996, section 123.35, subdivision 1, is amended to read:

Subdivision 1. BOARD AUTHORITY. The board shall must have the general charge of the business of the district, the school houses, and of the interests of the schools thereof. The board's authority to conduct the business of the district includes implied powers in addition to any specific powers granted by the legislature.

Sec. 63. Minnesota Statutes 1996, section 123.35, subdivision 2, is amended to read:

Subd. 2. FACILITIES FOR SCHOOL-AGE CHILDREN. It shall be is the duty and the function of the district to furnish school facilities to every child of school age residing in any part of the district. The board may establish and organize and alter and discontinue such grades or schools as it may deem advisable and assign to each school and grade a proper number of pupils. The board shall provide free textbooks for the pupils of the district.

Sec. 64. Minnesota Statutes 1996, section 123.35, subdivision 4, is amended to read:

Subd. 4. LEVY. The board shall must provide by levy of tax necessary funds for the conduct of schools, the payment of indebtedness, and all proper expenses of the district.

Sec. 65. Minnesota Statutes 1996, section 123.35, subdivision 9b, is amended to read:

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

Sec. 66. Minnesota Statutes 1996, section 123.35, subdivision 12, is amended to read:

Subd. 12. ANNUITY CONTRACT; PAYROLL ALLOCATION. At the request of an employee and as part of the employee's compensation arrangement, the board may purchase an individual annuity contract for an employee for retirement or other purposes and may make payroll allocations in accordance with such arrangement for the purpose of paying the entire premium due and to become due under such contract. The allocation shall must be made in a manner which will qualify the annuity premiums, for a portion

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

thereof, for the benefit afforded under section 403(b) of the current Federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and the employee's rights thereunder under the contract shall be nonforfeitable except for failure to pay premiums. Section 125.12 shall not be applicable hereto and the board shall have no liability thereunder because of its purchase of any individual annuity contracts. This statute shall be applied in a nondiscriminatory manner to employees of the school district.

Sec. 67. Minnesota Statutes 1996, section 123.35, subdivision 15, is amended to read:

Subd. 15. PAYMENT OF CLAIMS. When payment of a claim cannot be deferred until the next board meeting without loss to the district of a discount privilege, or when payment of a claim cannot be deferred until the next board meeting because of contract terms, purchase order terms, or a vendor's standard terms which are part of the contract, the claim may be paid prior to board approval, providing that the board:

- (a) Has delegated authority to the clerk or a designated business administrator to make a payment prior to board approval and
- (b) Requires that payment made prior to board approval be acted upon at the next board meeting.

Payment prior to board approval shall must not affect the right of the district or a taxpayer to challenge the validity of a claim.

Sec. 68. Minnesota Statutes 1996, section 123.35, subdivision 20, is amended to read:

Subd. 20. LEGAL COUNSEL; REIMBURSEMENT. If reimbursement is requested by a school district employee, the board may, after consulting with its legal counsel, reimburse the employee for any costs and reasonable attorney fees incurred by the person to defend criminal charges brought against the person arising out of the performance of duties for the school district. A board member who is a witness or an alleged victim in the case may not vote on the reimbursement. If a quorum of the board is disqualified from voting on the reimbursement, the reimbursement shall must be approved by a judge of the district court.

Sec. 69. Minnesota Statutes 1996, section 123.36, subdivision 1, is amended to read:

Subdivision 1. SITES. According to section 124.91, subdivision 1, or 465.71, when funds are available therefor, the board may locate and acquire necessary sites of schoolhouses or enlargements, or additions to existing schoolhouse sites by lease, purchase or condemnation under the right of eminent domain; it may erect schoolhouses thereon on the sites; it may erect or purchase garages for district-owned school buses. When property is taken by eminent domain by authority of this subdivision when needed by the school district for such purposes, the fact that the property so needed has been acquired by the owner under the power of eminent domain or is already devoted to public use, shall not prevent its acquisition by the school district. The board may sell or exchange schoolhouses or sites, and execute deeds of conveyance thereof.

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

Sec. 70. Minnesota Statutes 1996, section 123.36, subdivision 5, is amended to read:

Subd. 5. USE OF SCHOOL HOUSES. The board may authorize the use of any schoolhouses in the district for divine worship, Sunday schools, public meetings, elections, post-secondary instruction, and other community purposes that, in its judgment, will not interfere with their use for school purposes. Before permitting any of these uses, the board may require a cash or corporate surety bond in a reasonable amount conditioned for the proper use of the schoolhouse, payment of all rent, and repair of all damage occasioned caused by the use. It may determine a reasonable charge for using the schoolhouse.

It may authorize the use of any schoolhouses or buildings owned or leased by the district for primaries, elections, registrations, and related activities if the board determines that the use will not interfere with school purposes. It may impose reasonable regulations and conditions upon the use as may seem necessary and proper.

Sec. 71. Minnesota Statutes 1996, section 123.36, subdivision 10, is amended to read:

Subd. 10. LEASE FOR NONSCHOOL PURPOSE. (a) The board may lease to any person, business, or organization a schoolhouse that is not needed for school purposes, or part of a schoolhouse that is not needed for school purposes if the board determines that leasing part of a schoolhouse does not interfere with the educational programs taking place in the rest of the building. The board may charge and collect reasonable consideration for the lease and may determine the terms and conditions of the lease.

(b) In districts with outstanding bonds, the net proceeds of the lease shall must be first deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds that is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property that is leased. Any remaining net proceeds in these districts may be deposited in either the debt redemption fund or capital expenditure fund. All net proceeds of the lease in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(c) The board may make capital improvements, including fixtures, to a schoolhouse or a portion thereof, not exceeding in cost the replacement value of the schoolhouse, to facilitate its rental, and the lease of an improved schoolhouse, or part of it, shall provide for rentals which will recover the cost of the improvements over the initial term of the lease. Notwithstanding clause paragraph (b), the portion of the rentals representing the cost of the improvements shall be deposited in the capital expenditure fund of the district and the balance of the rentals shall be used as provided in clause paragraph (b).

Sec. 72. Minnesota Statutes 1996, section 123.36, subdivision 11, is amended to read:

Subd. 11. SCHOOLHOUSE CLOSING. The board may close a schoolhouse only after a public hearing on the question of the necessity and practicability of the proposed closing. Published notice of the hearing shall be given for two weeks in the official newspaper of the district. The time and place of the meeting, the description and location of the schoolhouse, and a statement of the reasons for the closing shall must be specified in the notice. Parties requesting to give testimony for and against the proposal shall be heard by the board before it makes a final decision to close or not to close the schoolhouse.

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

Sec. 73. Minnesota Statutes 1996, section 123.36, subdivision 13, is amended to read:

Subd. 13. PROCEEDS OF SALE OR EXCHANGE. (a) Proceeds of the sale or exchange of school buildings or real property of the school district shall must be used as provided in this subdivision.

(a) (b) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(b) (c) After satisfying the requirements of paragraph (a) (b), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of children, families, and learning;

(2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; or

(3) to replace the building or property sold.

(e) (d) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of paragraphs (a) and (b) (b) and (c), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by paragraph (a) (b), shall be deposited in the debt retirement fund.

(d) (e) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of paragraphs (a), (b), and (e) (b), (c), and (d), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(e) (f) Notwithstanding paragraphs (b) and (e) (c) and (d), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

Sec. 74. Minnesota Statutes 1996, section 123.36, subdivision 14, is amended to read:

Subd. 14. ASBESTOS REMOVAL AND POLYCHLORINATED BIPHENYLS CLEANUP. Notwithstanding any law to the contrary, school districts may, without an election, enter into contracts extending beyond the end of the fiscal year to pay the costs of removal or encapsulation of asbestos or cleanup of polychlorinated biphenyls found in school buildings or on school property.

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

Sec. 75. Minnesota Statutes 1996, section 123.37, subdivision 1, is amended to read:

Subdivision 1. CONTRACTS. ~~No~~ A contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, ~~shall~~ must ~~not~~ be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice ~~shall~~ must state the time and place of receiving bids and contain a brief description of the ~~subject~~ matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract ~~shall~~ must be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a school board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary. A record ~~shall~~ must be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid ~~shall~~ must be rejected unless the alteration or erasure is corrected as herein provided in this section. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district ~~shall~~ must be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts ~~shall~~ must not exceed two years with an option on the part of the district to renew for an additional two years. ~~Provided that in the case of Contracts for the purchase of perishable food items, except milk for school lunches and vocational training programs a contract of, in any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.~~

Every contract made without compliance with the provisions of this section shall be void. ~~Provided, that~~ Except in the case of the destruction of buildings or injury thereto,

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

where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 76. Minnesota Statutes 1996, section 123.37, subdivision 1a, is amended to read:

Subd. 1a. **CONTRACT WITHIN BUDGETED AMOUNTS.** The board may authorize its superintendent or business manager to lease, purchase, and contract for goods and services within the budget as approved by the board; provided that, Any transaction in an amount exceeding the minimum amount for which bids are required must first be specifically authorized by the board and must fulfill all other applicable requirements in subdivision 1.

Sec. 77. Minnesota Statutes 1996, section 123.37, subdivision 1b, is amended to read:

Subd. 1b. **TRANSPORTATION; FUEL.** Notwithstanding the provisions of subdivision 1 or section 471.345, a contract for the transportation of school children, or a contract for the purchase of petroleum heating fuel or fuel for vehicles may be made by direct negotiation, by obtaining two or more written quotations for the service when possible, or upon sealed bids. At least 30 days before awarding a directly negotiated contract, the school district shall must, by published notice, request quotations for the service to be provided. All quotations obtained shall must be kept on file for a period of at least one year after receipt thereof. If a contract is made by direct negotiation, all quotations shall must be public information. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1 except as otherwise provided in this subdivision.

Notwithstanding the provisions of subdivision 1 or section 574.26, a performance bond shall must be required of a contractor on a contract for the transportation of school children only when and in the amount deemed necessary by and at the discretion of the school board. Such a performance bond must be in the amount determined by the board.

Sec. 78. Minnesota Statutes 1996, section 123.38, subdivision 1, is amended to read:

Subdivision 1. **ACTIVITIES OUTSIDE DISTRICT LIMITS.** Whenever it shall appear appears to be beneficial and for the best interest of the district and the pupils of the district to carry on any school sport activities or educational activities connected with their studies outside of the territorial limits of the school district, the board may authorize such activities to be conducted under such rules and regulations as the board deems sufficient. The district may pay all necessary costs therefor including transportation from the school district funds available.

Sec. 79. Minnesota Statutes 1996, section 123.38, subdivision 2, is amended to read:

Subd. 2. **COCURRICULAR ACTIVITIES AUTHORIZATION.** The board shall must take charge of and control all cocurricular school activities of the teachers and children of the public schools in that district held in the school building or school grounds or under the supervision or direction of the school board and to that end. The board must adopt rules and regulations for the conduct of these cocurricular activities in which the schools of the district or any class or pupils therein may participate. All money received on account of such activities shall must be turned over to the school district treasurer, who shall keep the same in the general fund, to be disbursed for expenses and salaries con-

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

nected with the activities, or otherwise, by the board upon properly allowed itemized claims.

No cocurricular activity shall be participated in by the Teachers or pupils in the public schools of such district must not participate in cocurricular activities, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 80. Minnesota Statutes 1996, section 123.38, subdivision 2a, is amended to read:

Subd. 2a. **COCURRICULAR ACTIVITIES.** Cocurricular activities shall mean means school sponsored and directed activities designed to provide opportunities for pupils to participate, on an individual or group basis, in school and public events for the improvement of skills. Cocurricular activities are not offered for school credit, cannot be counted toward graduation and have one or more of the following characteristics:

- (a) They are conducted at regular and uniform times during school hours, or at times established by school authorities;
- (b) Although not offered for credit, they are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit;
- (c) They are partially funded by public moneys for general instructional purposes under direction and control of the board.

Sec. 81. Minnesota Statutes 1996, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. **BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.** (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities shall mean means all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member.

- (b) Extracurricular activities have all of the following characteristics:
 - (1) they are not offered for school credit nor required for graduation;
 - (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
 - (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.
- (c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund shall must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

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

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, ~~no such activity shall be participated in by the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.~~

Sec. 82. Minnesota Statutes 1996, section 123.38, subdivision 3, is amended to read:

Subd. 3. INSURANCE. The board may enter into a contract providing for the payment of cash benefits or the rendering or payment of hospital and medical benefits, or both to school children injured while participating in activities of the school, such. ~~The contract to enter into by the board may make the payment of such benefits or the rendering thereof the direct and sole obligation of the association or company entering into such contract with the district.~~

If the board deems it advisable, it may authorize employees to collect fees from the pupils enrolled in said school who are to be or are covered by such contract, and to make payment of the premium or other charge for such contract or protection. The payment of such premium or other charge may be made from funds received from the federal government or from the state or any governmental subdivision thereof, or from funds derived by a tax levy or the issuance of bonds.

~~The child's payment of any fees, premium or other charge by such child shall not thereby make the district liable for any injuries incurred from such school activities.~~

The state board of education may purchase medical insurance coverage for the benefit of students of the Minnesota state academy for the deaf or the Minnesota state academy for the blind in the same manner and with the same effect as a school district board may do for its students under this subdivision.

Sec. 83. Minnesota Statutes 1996, section 123.39, subdivision 1, is amended to read:

Subdivision 1. AUTHORITY TO TRANSPORT PUPILS. The board may provide for the transportation of pupils to and from school and for any other purpose. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any school district, the board shall ~~must~~ arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been revoked under section 123.805, subdivision 1, clause (6), or 123.7991, paragraph (b), through suitable provision. ~~The district may provide for the transportation of or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall must provide transportation to and from the home of a child with a disability not yet enrolled in kindergarten when special instruction and services under sections 120.17 and 120.1701 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and~~

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

method of transportation, control and discipline of school children and any other matter relating thereto shall ~~must~~ be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 84. Minnesota Statutes 1996, section 123.39, subdivision 2, is amended to read:

Subd. 2. **TRANSPORTATION SERVICES CONTRACTS.** The board may contract for the furnishing of authorized transportation under rules established by the commissioner of children, families, and learning, and may purchase gasoline and furnish same to a contract carrier for use in the performance of a contract with the school district for transportation of school children to and from school.

Sec. 85. Minnesota Statutes 1996, section 123.39, subdivision 8, is amended to read:

Subd. 8. **AUTHORITY TO RENT BUSES.** The board may rent a bus owned by the school district excluding a motor-coach bus to any person for any lawful purpose. Bus rental shall ~~must~~ not interfere with the transportation of pupils by the district. A lessee may use and operate the bus without payment of a motor vehicle tax. The lessee is liable for any claims for injuries and damages arising out of the use and operation of a bus leased from the district. Except as provided in subdivision 9a, the lessee shall procure insurance at the lessee's expense protecting the board and the district against claims for injuries and damages arising out of the use and operation of the bus.

Sec. 86. Minnesota Statutes 1996, section 123.39, subdivision 8a, is amended to read:

Subd. 8a. **NONPUPIL TRANSPORTATION; INSURANCE.** Notwithstanding the provisions of section 221.021, any public school district or school bus contractor providing transportation services to a school district on a regular basis in this state may operate school buses, excluding motor coach buses, for the purpose of providing transportation to nonpupils of the school district attending school events, as defined in section 123.38, subdivision 2a or 2b, provided that no carrier having a charter carrier permit has its principal office and place of business or bus garage within 12 miles of the principal office of the school district. School District owned buses and the operators thereof shall otherwise comply with the provisions of this section and the rules of the state board of education and shall be insured in at least the amounts stated in section 466.04, subdivision 1. In all cases the total cost of providing such services, as determined by sound accounting procedures, shall be paid by charges made against those using the buses.

Sec. 87. Minnesota Statutes 1996, section 123.39, subdivision 8b, is amended to read:

Subd. 8b. **TRANSPORTATION OF ANY PERSON.** School Districts may use school district owned or contractor operated school buses to provide transportation along regular school bus routes on a space available basis for any person, provided that this ~~such use of a bus does~~ ~~must~~ not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. In all cases, the total additional cost of providing these services, as determined by sound accounting procedures, shall ~~must~~ be paid by charges made against those using these services or some third-party payor. In no case shall the additional cost of this transportation be paid by the school district.

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

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

Sec. 88. Minnesota Statutes 1996, section 123.39, subdivision 8c, is amended to read:

Subd. 8c. PART-TIME SECONDARY STUDENTS. School Districts may provide bus transportation along regular school bus routes on a space available basis for part-time students enrolled in secondary classes pursuant to section 123.35, subdivisions 8a, 8b and 8c, provided that this. Such use of a bus does not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. The total additional cost of providing these services, as determined by sound accounting procedures, shall be paid by charges made against those using the services or some third-party payor.

Sec. 89. Minnesota Statutes 1996, section 123.39, subdivision 8d, is amended to read:

Subd. 8d. EARLY CHILDHOOD FAMILY EDUCATION PARTICIPANTS. School Districts may provide bus transportation along regular school bus routes when space is available for participants in early childhood family education programs and learning readiness programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for regular transportation for the purposes of section 124.225.

Sec. 90. Minnesota Statutes 1996, section 123.39, subdivision 8e, is amended to read:

Subd. 8e. AREA LEARNING CENTER PUPILS. School Districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (e)(2)(ii), when space is available, for pupils attending programs at an area learning center. The transportation is only permitted between schools and if it does not increase the district's expenditures for transportation. The cost of these services shall be considered part of the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 91. Minnesota Statutes 1996, section 123.39, subdivision 9a, is amended to read:

Subd. 9a. INSURANCE; INDEMNITY. If a school board has obtained insurance pursuant to subdivision 9 or section 466.06, it may also obtain and pay for insurance coverage to indemnify a lessee and to protect the board and the district, in any amount not exceeding the limits of coverage provided for the insurance obtained pursuant to subdivision 9 or section 466.06 against claims for injuries and damages arising out of the use and operation of a district-owned bus while it is leased or rented to the lessee pursuant to subdivision 8. The rental charge shall include the cost of this additional insurance coverage. The procurement of this additional insurance coverage constitutes a waiver of the defense of governmental immunity to the extent of the additional coverage but has no effect on the liability of the board, the school district, or its employees beyond the coverage so provided.

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

Sec. 92. Minnesota Statutes 1996, section 123.39, subdivision 11, is amended to read:

Subd. 11. INSURANCE; SCHOOL SAFETY PATROL. The board may provide and pay the premiums for insurance against injuries resulting to its pupils while assigned to and acting on a school safety patrol, ~~which~~. Such insurance may provide for the payment of either cash benefits to such injured pupil or for the payment of hospital and medical benefits to or for such injured pupil, or both. Nothing herein shall be construed to ~~in~~ any way make the district liable for such injuries.

Sec. 93. Minnesota Statutes 1996, section 123.39, subdivision 12, is amended to read:

Subd. 12. SNOW REMOVAL. The board may enter into contracts for the removal of snow from roads used for regular bus routes transporting pupils to and from school either within or ~~without~~ outside the district.

Sec. 94. Minnesota Statutes 1996, section 123.39, subdivision 13, is amended to read:

Subd. 13. HANDICAPPED PERSON TRANSPORT TO DEVELOPMENTAL ACHIEVEMENT CENTER. The board ~~shall~~ must contract with any licensed developmental achievement center attended by a resident handicapped person who fulfills the eligibility requirements of section 252.23, subdivision 1, to transport the resident handicapped person to the developmental achievement center in return for payment by the center of the cost of the transportation, if transportation by the board is in the best interest of the handicapped person and is not unreasonably burdensome to the district and if a less expensive, reasonable, alternative means of transporting the handicapped person does not exist. If the board and the developmental achievement center are unable to agree to a contract, either the board or the center may appeal to the commissioner of ~~children, families, and learning~~ to resolve the conflict. All decisions of the commissioner shall be final and binding upon the board and the center.

Sec. 95. Minnesota Statutes 1996, section 123.39, subdivision 14, is amended to read:

Subd. 14. CUSTODIAL PARENT TRANSPORTATION. The board may provide transportation for a pupil who is a custodial parent and that pupil's child between the pupil's home and a child care provider and between the provider and the school. The board ~~shall~~ must establish criteria for transportation it provides according to this subdivision.

Sec. 96. Minnesota Statutes 1996, section 123.39, subdivision 15, is amended to read:

Subd. 15. PUPIL TRANSPORT ON STAFF DEVELOPMENT DAYS. A school district may provide bus transportation between home and school for pupils on days devoted to parent-teacher conferences, teacher's workshops, or other staff development opportunities. If approved by the commissioner as part of a program of educational improvement, the cost of providing this transportation, as determined by generally accepted accounting principles, must be considered part of the authorized cost for regular transportation for the purposes of section 124.225. The commissioner shall approve inclusion of these costs in the regular transportation category only if the total number of instruc-

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

tional hours in the school year divided by the total number of days for which transportation is provided equals or exceeds the number of instructional hours per day prescribed in the rules of the state board.

Sec. 97. Minnesota Statutes 1996, section 123.39, subdivision 16, is amended to read:

Subd. 16. POST-SECONDARY ENROLLMENT OPTIONS PUPILS. School Districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (c), clause (2), when space is available, for pupils attending programs at a post-secondary institution under the post-secondary enrollment options program. The transportation is permitted only if it does not increase the district's expenditures for transportation. Fees collected for this service under section 120.73, subdivision 1, paragraph (m), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 98. Minnesota Statutes 1996, section 123.40, subdivision 1, is amended to read:

Subdivision 1. PAYMENT OF JUST CLAIMS. The board shall must provide for the payment of all just claims against the district in cases provided by law.

Sec. 99. Minnesota Statutes 1996, section 123.40, subdivision 2, is amended to read:

Subd. 2. PROSECUTE AND DEFEND ACTIONS. In all proper cases, the board shall must prosecute and defend actions by or against the district.

Sec. 100. Minnesota Statutes 1996, section 123.40, subdivision 8, is amended to read:

Subd. 8. REMOVAL OF UNAUTHORIZED VEHICLES. The board may authorize a representative to move unauthorized vehicles parked on school district property, or require the driver or other person in charge of the vehicle to move the same off school district property.

When such representative finds such a vehicle unattended upon ~~school~~ district premises, such representative is hereby authorized to provide for the removal of such vehicle and remove the same to the nearest convenient garage or other place of safety off of ~~school~~ district property. Such vehicle shall be moved at the expense of the owner or operator.

Sec. 101. Minnesota Statutes 1996, section 123.41, is amended to read:

123.41 LIABILITY INSURANCE; OFFICERS AND EMPLOYEES.

The governing body of any independent school district may procure insurance against liability of the ~~school~~ district or of its officers and employees for damages resulting from wrongful acts and omissions of the ~~school~~ district and its officers and employees, whether the acts or omissions relate to governmental or proprietary functions of the ~~school~~ district. Insofar as this insurance relates to governmental functions of the ~~school~~ district, the policy of insurance shall contain a provision under which requiring the insurance company agrees to waive the defense of governmental immunity up to the limits of the policy unless the ~~school~~ district consents to the assertion of that defense.

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

Sec. 102. Minnesota Statutes 1996, section 123.63, is amended to read:

123.63 EMINENT DOMAIN.

In any municipal corporation or district in this state where the governing body or board has the right, power, and authority to purchase sites for school buildings without authorization by the voters at a regular or special meeting or election called for that purpose, such governing body or school board shall have the right, power, and authority to condemn lands under the right of eminent domain for sites and grounds for public school buildings and The governing body or board shall exercise such power and authority shall be exercised under and pursuant to the terms and provisions of chapter 117. Any such corporation or school district shall have the right, upon the filing of the award of the commissioners provided for in chapter 117, and upon giving the notice therein required of the filing of such award, to enter upon and appropriate the lands so condemned without giving of any bond, but. In case of such entry and appropriation, such corporation or school district shall be bound absolutely to pay all damages awarded, either by the commissioners or by the court upon appeal therefrom, together with all costs and expenses adjudged against it therein within the time specified in chapter 117. In case any such corporation or school district shall appeal from the award of commissioners appointed pursuant to any such condemnation proceedings, such corporation or school district shall not be required to give or file any appeal bond therein.

Sec. 103. Minnesota Statutes 1996, section 123.64, is amended to read:

123.64 AGRICULTURAL EDUCATION.

The board of In any district in which instruction in agriculture is afforded, the board is authorized and empowered to purchase or otherwise acquire by condemnation proceedings as provided for acquiring schoolhouse sites in the name and in behalf of such district, a suitable tract of land either within or without outside of the limits of such district to be used for the purpose of instruction, experimentation, and demonstration in agriculture. The provisions of this section shall apply as well to districts organized under special acts as under the general laws, notwithstanding any provisions or restrictions in the laws under which the same districts are organized.

Sec. 104. Minnesota Statutes 1996, section 123.66, is amended to read:

123.66 RECORDS AS EVIDENCE.

The records of all districts and boards and all transcripts thereof, or any part thereof, certified by the clerk or other officer having custody thereof of the records or transcripts, shall be prima facie evidence of the facts therein stated and in the records or transcripts. All records, books, and papers of such the district or board shall be subject to the inspection of any voter of the district.

Sec. 105. Minnesota Statutes 1996, section 123.681, is amended to read:

123.681 SALE AT AUCTION.

Notwithstanding sections 123.37, subdivision 1, 471.345 or any other law, the board of a school district or of a cooperative center for vocational education may, in lieu of advertising for bids, sell at public auction to the highest responsible bidder a building constructed or to be constructed by a secondary or post-secondary school student or class

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

as a school assignment. A board shall publish notice of a sale at least two weeks before the sale in the official newspaper of the district, or in the case of a cooperative center, in the official newspapers of each of the member districts, and may, at its discretion, publish additional notice in the official paper or elsewhere. A building may be withdrawn from sale prior to the completion of the sale unless the auction has been announced to be without reserve. If the sale is made at public auction, a duly licensed auctioneer shall must be retained to conduct the sale. The auctioneer shall be paid from the proceeds of the sale or from any funds available to the board which are not otherwise restricted or encumbered.

Sec. 106. Minnesota Statutes 1996, section 123.71, is amended to read:

123.71 PUBLICATION OF FINANCIAL INFORMATION.

Subdivision 1. **BUDGETS.** By October 1, every school board shall, no later than October 1, must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner. The forms prescribed shall must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall must be published in a qualified newspaper of general circulation in the district.

Subd. 2. **DEBT SUMMARY.** It shall The board must also publish at the same time a summary of bonds outstanding, paid, and sold; a summary of orders not paid for want of funds; certificates of indebtedness for the year ending June 30; the statutory operating debt of the district as defined and certified pursuant to section 121.914; and the balance amount of the reserved fund balance reserve account for purposes of statutory operating debt reduction established pursuant to sections 124.226, 124.2716, 124.91, 124.912, 124.914, 124.916, and 124.918.

Subd. 3. **BUDGET INSPECTION.** A statement shall must be included in the publication that the complete budget in detail may be inspected by any resident of the district upon request to the chief school administrator.

Subd. 4. **COST PER PUPIL.** It shall The board must also publish at the same time the average cost per pupil in average daily membership educated in that district in the preceding year. This computation shall must be made exclusive of debt service or capital outlay costs.

Sec. 107. Minnesota Statutes 1996, section 123.72, is amended to read:

123.72 MEDICAL INSURANCE PREMIUMS FOR RETIRED.

The school board of any independent school district may expend funds to pay premiums on hospitalization and major medical insurance coverage for officers and employees who retire prior to age 65.

Sec. 108. Minnesota Statutes 1996, section 123.75, subdivision 2, is amended to read:

Subd. 2. **AUTHORITY.** Each school district may develop a fingerprinting program for pupils and children who reside in the district. The principal or chief administrative officer of a nonpublic school may develop a fingerprinting program for pupils of the school. If developed, the program must be developed in conjunction with law enforce-

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

ment agencies having jurisdiction within the school district or the place where the nonpublic school is located. The law enforcement agencies must cooperate fully with the school district or the nonpublic school in the development of its fingerprinting program.

Sec. 109. Minnesota Statutes 1996, section 123.75, subdivision 3, is amended to read:

Subd. 3. LIMITATIONS AND PROCEDURES. If developed, the fingerprinting program may be developed only for the purpose of assisting in the location and identification of missing children, and must be operated according to the following procedures:

(a) No child may be required to participate in the program.

(b) Before a child may participate in the program, the child's parents, guardian, legal custodian, or other person responsible for the child must authorize the child's participation by signing a form developed by the school district or the principal or chief administrative officer of the nonpublic school.

(c) Fingerprinting of children must be done by law enforcement personnel on fingerprint cards provided to the school district or nonpublic school by the commissioner of public safety or on fingerprint cards acquired elsewhere.

(d) The school must give the fingerprint card to the child's parents, guardian, legal custodian, or other person responsible for the child. No copy of the fingerprint card may be retained by the law enforcement agency, school, or school district.

(e) The child's name, sex, hair and eye color, height, weight, and date and place of birth must be written on the fingerprint card.

School Districts and nonpublic schools that develop fingerprinting programs under this section shall offer them on a periodic basis, and shall notify parents, guardians, legal custodians, and residents of the district or communities served by the school of the program and its purpose. Notification may be made by means of memoranda, letters, newspaper articles, or other reasonable means.

Sec. 110. Minnesota Statutes 1996, section 123.75, subdivision 5, is amended to read:

Subd. 5. OTHER FINGERPRINTING PROGRAMS UNAFFECTED. This section does not apply to fingerprinting programs for children that are provided by private organizations other than nonpublic schools, or governmental entities other than school districts.

Sec. 111. Minnesota Statutes 1996, section 123.751, subdivision 1, is amended to read:

Subdivision 1. FLAG RECORD UPON CERTAIN NOTIFICATION. A school district shall must flag the record of a pupil who is currently or was previously enrolled in the district if a law enforcement agency notifies the district of the pupil's disappearance. The flag must be made so that, if a copy of or information regarding the pupil's record is requested, the district is aware that the record is that of a missing pupil.

Sec. 112. Minnesota Statutes 1996, section 123.751, subdivision 2, is amended to read:

Subd. 2. DISTRICT NOTIFICATION WHEN RECORDS ARE REQUESTED. When the district provides a copy of the pupil's record or other information

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

concerning the pupil whose record is flagged, the district shall must notify the law enforcement agency that notified the district of the pupil's disappearance of every inquiry concerning the record. The district shall must also provide a copy to the law enforcement agency of a written request for information concerning the record.

Sec. 113. Minnesota Statutes 1996, section 123.751, subdivision 3, is amended to read:

Subd. 3. RECORDS UPON SCHOOL DISTRICT TRANSFER. When a pupil transfers from one district to another, the receiving district shall attempt to obtain, within 30 days of the pupil's enrollment, the pupil's record from the district from which the pupil has transferred. If the pupil's parent, custodian, or guardian provides a copy of the pupil's record from the district from which the pupil has transferred, the receiving district shall must request, within 30 days of the pupil's enrollment, written verification of the pupil's record by contacting the district named on the transferring pupil's record. Information received by a school district indicating that the transferring pupil is a missing child must be reported by the district to the department of public safety.

Sec. 114. Minnesota Statutes 1996, section 124.06, is amended to read:

124.06 INSUFFICIENT FUNDS TO PAY ORDERS.

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

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

Sec. 115. Minnesota Statutes 1996, section 124.07, subdivision 2, is amended to read:

Subd. 2. TITLE TO BE HELD BY DISTRICT. The district must hold title to lands or interests so acquired shall be held by the district. The district must sell each tract or portion shall be sold by the district as soon as there may be realized the fair value as determined by such board. Any such sale may be authorized by resolution of the board, and may be made for cash, or for part cash and the deferred balance secured by contract for deed or purchase money mortgage, on such terms as the board approves. Conveyances, contracts, or other instruments evidencing any sale shall be executed by the chair and the

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

clerk of the board. Lands so acquired and held for resale shall be deemed public lands used for exclusively public purposes and as such shall be exempt from taxation.

Sec. 116. Minnesota Statutes 1996, section 124.63, is amended to read:

124.63 NATIONAL FOREST LAND FUNDS, HANDLING AND DISPOSITION.

Any A county board may place the money, ~~or any part thereof~~, received by such county from the federal government for and on account of any national forest lands situated ~~therein in the county~~ into a special fund to be disbursed and paid over to any district ~~now or hereafter~~ maintaining and operating any school wholly or partly within an area ~~now or hereafter~~ constituting a part of any auxiliary or state forest. Such action shall be taken by ~~The board by~~ must adopt a resolution duly adopted by it, which to take such action. The resolution shall ~~must~~ specify the terms and conditions under which this the money shall be ~~so~~ paid over and disbursed to any district.

Sec. 117. Minnesota Statutes 1996, section 126.12, is amended to read:

126.12 SCHOOL CALENDAR.

Subdivision 1. Except for learning programs during summer, flexible learning year programs authorized under sections 120.59 to 120.67, and learning year programs under section 121.585, a ~~school~~ district ~~shall~~ must not commence an elementary or secondary school year prior to Labor Day. Days which are devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

Sec. 118. Minnesota Statutes 1996, section 126.13, is amended to read:

126.13 CONDUCT OF SCHOOL ON CERTAIN HOLIDAYS.

The governing body of any district may contract with any of the teachers ~~thereof of~~ the district for the conduct of schools, and may conduct schools, on either, or any, of the following holidays, provided that a clause to this effect is inserted in the teacher's contract: Martin Luther King's birthday, Lincoln's and Washington's birthdays, Columbus Day and Veterans' Day, ~~provided that~~. On Martin Luther King's birthday, Washington's birthday, Lincoln's birthday, and Veterans' Day at least one hour of the school program ~~must~~ be devoted to a patriotic observance of the day.

Sec. 119. Minnesota Statutes 1996, section 126.69, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM GOALS.** The department of ~~children, families, and learning~~, in consultation with the state curriculum advisory committee, must develop guidelines and model plans for parental involvement programs that will:

(1) engage the interests and talents of parents or guardians in recognizing and meeting the emotional, intellectual, and physical needs of their school-age children;

(2) promote healthy self-concepts among parents or guardians and other family members;

(3) offer parents or guardians a chance to share and learn about educational skills, techniques, and ideas;

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

(4) provide creative learning experiences for parents or guardians and their school-age children, including involvement from parents or guardians of color;

(5) encourage parents to actively participate in their district's curriculum advisory committee under section 126.666 in order to assist the school board in improving children's education programs; and

(6) encourage parents to help in promoting school desegregation/integration.

Sec. 120. Minnesota Statutes 1996, section 127.02, is amended to read:

127.02 ACTIONS BY DISTRICTS.

Any school board may prosecute actions in the name of the district in the following cases:

(1) On a contract made with the district, or with the board in its official capacity;

(2) To enforce a liability, or a duty enjoined by law, in its favor or in favor of the district;

(3) To recover a penalty or forfeiture given by law to it or to the district; or

(4) To recover damages for an injury to the rights or property of the district.

Sec. 121. Minnesota Statutes 1996, section 127.03, is amended to read:

127.03 ACTIONS AGAINST DISTRICTS AND TEACHERS.

Subdivision 1. (a) An action may be brought against any school district, either upon a contract made with the district or its board, in its official capacity and within the scope of its authority, or for an injury to the rights of the plaintiff arising from some act or omission of such board, whether the action may be brought against the district even if the members of the board making the contract, or guilty of the act or omission complained of, be still are no longer in office or not.

Subd. 2. (b) Upon written request of the teacher involved, any school district, however organized, shall must provide legal counsel for any school teacher against whom claim is made or action is brought for recovery of damages in any tort action involving physical injury to any person or property or for wrongful death arising out of or in connection with the employment of such teacher with such school the district. The choice of such legal counsel shall be made only after consultation with the teacher. Provision of counsel under this subdivision paragraph shall not be construed to render the school district liable for its torts, except as otherwise provided by law; or for reimbursement of costs of counsel provided to the teacher pursuant to the contract obligation of another or otherwise than under this subdivision paragraph; or for payment of any judgments or any other costs or disbursements in connection therewith with a judgment where the judgment, cost or disbursement is against the teacher and not against the school district.

Subd. 3. IMMUNITY FROM CIVIL LIABILITY. (c) It is a defense to a civil action for damages against a school official, as defined in section 609.2231, subdivision 5, to prove that the force used by the official was reasonable, was in the exercise of lawful authority, and was necessary under the circumstances to restrain the pupil or to prevent bodily harm or death to another.

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

Sec. 122. Minnesota Statutes 1996, section 127.04, is amended to read:

127.04 JUDGMENT PAID BY TREASURER.

Except as hereinafter provided in this section, no execution shall issue upon any judgment against a school district for the recovery of money. Unless the same be judgment is stayed by appeal, the treasurer shall pay such judgment, upon presentation of a certified copy thereof of the judgment, if there is the district has sufficient money of the district not otherwise appropriated. A treasurer who fails to do so pay the judgment shall be personally liable for the amount, unless the collection be afterwards is stayed afterwards.

Sec. 123. REPEALER.

Minnesota Statutes 1996, section 123.35, subdivision 10, is repealed.

Sec. 124. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
123.01	123A.01
123.66	123A.03
123.11	123A.05
123.12,	123A.06, subd. 1
subd. 2	subd. 2
subd. 9	subd. 3
subd. 14	subd. 4
123.13,	123A.07
subd. 2	
123.15	123A.08
123.21	123A.09
123.33,	123A.13, subd. 1
subd. 2	subd. 3
subd. 2a	subd. 2
subd. 3	subd. 4
subd. 4	subd. 5
subd. 5	subd. 6
subd. 6	subd. 7
subd. 7	subd. 8
subd. 8	subd. 9
subd. 11	subd. 10
subd. 11a	subd. 11
subd. 12	subd. 12
123.71	123A.14
123.335	123A.15
124.06	123A.16
124.07	123A.17

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

<u>123.34,</u>	<u>subd. 1</u>	<u>123A.18,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 4</u>		<u>subd. 4</u>
	<u>subd. 5</u>		<u>subd. 5</u>
	<u>subd. 7</u>		<u>subd. 6</u>
	<u>subd. 8</u>		<u>subd. 7</u>
	<u>subd. 9</u>		<u>subd. 8</u>
	<u>subd. 9a</u>		<u>subd. 9</u>
	<u>subd. 10</u>		<u>subd. 10</u>
<u>123.35,</u>	<u>subd. 1</u>	<u>123A.19,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 7</u>
	<u>subd. 4</u>		<u>subd. 8</u>
	<u>subd. 6</u>		<u>subd. 14</u>
	<u>subd. 7</u>		<u>subd. 9</u>
	<u>subd. 9a</u>		<u>subd. 10</u>
	<u>subd. 9b</u>		<u>subd. 11</u>
	<u>subd. 11</u>		<u>subd. 13</u>
	<u>subd. 12</u>		<u>subd. 15</u>
	<u>subd. 15</u>		<u>subd. 18</u>
	<u>subd. 18</u>		<u>subd. 12</u>
	<u>subd. 19a</u>		<u>subd. 3</u>
	<u>subd. 19c</u>		<u>subd. 4</u>
	<u>subd. 20</u>		<u>subd. 20</u>
<u>123.72</u>		<u>123A.19,</u>	<u>subd. 16</u>
<u>123.40,</u>	<u>subd. 1</u>	<u>123A.19,</u>	<u>subd. 17</u>
	<u>subd. 2</u>		<u>subd. 19</u>
	<u>subd. 3</u>		<u>subd. 6</u>
	<u>subd. 8</u>		<u>subd. 5</u>
<u>123.41</u>		<u>123A.20</u>	
<u>120.1045,</u>	<u>subd. 1</u>	<u>123A.22,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 4</u>		<u>subd. 3</u>
<u>123.36,</u>	<u>subd. 1</u>	<u>123A.25,</u>	<u>subd. 1</u>
	<u>subd. 5</u>		<u>subd. 2</u>
	<u>subd. 7</u>		<u>subd. 3</u>
	<u>subd. 10</u>		<u>subd. 4</u>
	<u>subd. 11</u>		<u>subd. 5</u>
	<u>subd. 13</u>		<u>subd. 6</u>
	<u>subd. 14</u>		<u>subd. 7</u>
	<u>subd. 15</u>		<u>subd. 8</u>
<u>123.37,</u>	<u>subd. 1</u>	<u>123A.27,</u>	<u>subd. 1</u>
	<u>subd. 1a</u>		<u>subd. 2</u>
	<u>subd. 1b</u>		<u>subd. 3</u>
	<u>subd. 2</u>		<u>subd. 4</u>

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

<u>123.681</u>		<u>123A.29</u>
<u>123.38,</u>	<u>subd. 1</u>	<u>123A.31,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 2a</u>	<u>subd. 2</u>
	<u>subd. 2b</u>	<u>subd. 3</u>
	<u>subd. 3</u>	<u>subd. 4</u>
	<u>subd. 4</u>	<u>subd. 5</u>
<u>123.39,</u>	<u>subd. 1</u>	<u>123A.33,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
	<u>subd. 5</u>	<u>subd. 3</u>
	<u>subd. 6</u>	<u>subd. 4</u>
	<u>subd. 7</u>	<u>subd. 5</u>
	<u>subd. 8</u>	<u>subd. 6</u>
	<u>subd. 8a</u>	<u>subd. 7</u>
	<u>subd. 8b</u>	<u>subd. 8</u>
	<u>subd. 8c</u>	<u>subd. 9</u>
	<u>subd. 8d</u>	<u>subd. 10</u>
	<u>subd. 8e</u>	<u>subd. 11</u>
	<u>subd. 9</u>	<u>subd. 12</u>
	<u>subd. 9a</u>	<u>subd. 13</u>
	<u>subd. 10</u>	<u>subd. 14</u>
	<u>subd. 11</u>	<u>subd. 15</u>
	<u>subd. 12</u>	<u>subd. 16</u>
	<u>subd. 13</u>	<u>subd. 17</u>
	<u>subd. 14</u>	<u>subd. 18</u>
	<u>subd. 15</u>	<u>subd. 19</u>
	<u>subd. 16</u>	<u>subd. 20</u>
		<u>subd. 21</u>
<u>127.02</u>		<u>123A.35</u>
<u>127.03</u>		<u>123A.36</u>
<u>127.04</u>		<u>123A.37</u>
<u>127.06</u>		<u>123A.38</u>
<u>126.12</u>		<u>123A.41</u>
<u>120.1015</u>		<u>123A.42</u>
<u>126.13</u>		<u>123A.43</u>
<u>120.59</u>		<u>123A.45</u>
<u>120.60</u>		<u>123A.46</u>
<u>120.61</u>		<u>123A.47</u>
<u>120.62</u>		<u>123A.48</u>
<u>120.63</u>		<u>123A.49</u>
<u>120.64</u>		<u>123A.50</u>
<u>120.66</u>		<u>123A.51</u>
<u>120.67</u>		<u>123A.52</u>
<u>121.585,</u>	<u>subd. 1</u>	<u>123A.53,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
		<u>subd. 3</u>

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

<u>subd. 5</u>	<u>subd. 4</u>
<u>subd. 6</u>	<u>subd. 5</u>
<u>subd. 7</u>	<u>subd. 6</u>
<u>subd. 8</u>	<u>subd. 7</u>
<u>123.951</u>	<u>123A.55</u>
<u>124C.77</u>	<u>123A.57</u>
<u>126.69</u>	<u>123A.60</u>
<u>126.699</u>	<u>123A.61</u>
<u>123.97</u>	<u>123A.63</u>
<u>123.972</u>	<u>123A.64</u>
<u>123.51</u>	<u>123A.70</u>
<u>123.62</u>	<u>123A.72</u>
<u>123.63</u>	<u>123A.73</u>
<u>123.64</u>	<u>123A.74</u>
<u>124.63</u>	<u>123A.75</u>
<u>123.75</u>	<u>123A.80</u>
<u>123.751</u>	<u>123A.81</u>
<u>121.904,</u>	<u>123A.85,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 4</u>	<u>subd. 4</u>
<u>subd. 4a</u>	<u>subd. 5</u>
<u>subd. 4c</u>	<u>subd. 6</u>
<u>subd. 11</u>	<u>subd. 7</u>
<u>subd. 12</u>	<u>subd. 8</u>
<u>subd. 13</u>	<u>subd. 9</u>
<u>subd. 14</u>	<u>subd. 10</u>
<u>121.906</u>	<u>123A.86</u>
<u>121.908,</u>	<u>123A.87,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 3</u>	<u>subd. 3</u>
<u>subd. 3a</u>	<u>subd. 4</u>
<u>subd. 5</u>	<u>subd. 5</u>
<u>subd. 6</u>	<u>subd. 6</u>
<u>121.911</u>	<u>123A.90</u>
<u>121.912,</u>	<u>123A.91,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 1a</u>	<u>subd. 2</u>
<u>subd. 1b</u>	<u>subd. 3</u>
<u>subd. 2</u>	<u>subd. 4</u>
<u>subd. 3</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>subd. 5</u>	<u>subd. 7</u>
<u>subd. 6</u>	<u>subd. 8</u>
<u>121.9121,</u>	<u>123A.92,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 4</u>	<u>subd. 3</u>

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

<u>121.914</u>	<u>123A.93</u>
<u>121.915</u>	<u>123A.94</u>
<u>121.917</u>	<u>123A.95</u>

ARTICLE 7

CHAPTER 124D BASIC EDUCATION FUNDING

Section 1. Minnesota Statutes 1996, section 123.76, is amended to read:

123.76 POLICY.

In districts where the state provides aids for transportation it is in the public interest to provide equality of treatment in transporting school children of the state who are required to attend elementary and secondary schools pursuant to chapter 120, so that the health, welfare and safety of such the children, while using the public highways of the state, shall be protected.

School children attending any schools, complying with section 120.101, are therefore entitled to the same rights and privileges relating to transportation.

Sec. 2. Minnesota Statutes 1996, section 123.78, subdivision 1a, is amended to read:

Subd. 1a. **NONPUBLIC SCHOOL STUDENTS.** (a) The ~~school~~ board of any local district shall must provide school bus transportation to the district boundary for school children residing in the district at least the same distance from a nonpublic school actually attended in another district as public school pupils are transported in the transporting district. Such transportation must be provided whether or not there is another nonpublic school within the transporting district, if the transportation is to schools maintaining grades or departments not maintained in the district or if the attendance of such children at school can more safely, economically, or conveniently be provided for by such means.

(b) The school board of any local district may provide school bus transportation to a nonpublic school in another district for school children residing in the district and attending that school, whether or not there is another nonpublic school within the transporting district, if the transportation is to schools maintaining grades or departments not maintained in the district or if the attendance of such children at school can more safely, economically, or conveniently be provided for by such means. If the board transports children to a nonpublic school located in another district, the nonpublic school shall must pay the cost of such transportation provided outside the district boundaries.

Sec. 3. Minnesota Statutes 1996, section 123.78, subdivision 2, is amended to read:

Subd. 2. **BOARD CONTROL.** When transportation is provided, the scheduling of routes, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the ~~school~~ board.

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

Sec. 4. Minnesota Statutes 1996, section 123.79, subdivision 1, is amended to read:

Subdivision 1. STATE AID. Such State aids as are made available or appropriated shall be for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 5. Minnesota Statutes 1996, section 123.799, as amended by Laws 1997, First Special Session chapter 4, article 12, section 2, is amended to read:

123.799 STUDENT TRANSPORTATION SAFETY.

Subdivision 1. RESERVED REVENUE USE. A district shall must 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;
- (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
- (5) other activities or equipment that have been approved by the commissioner of public safety.

Subd. 2. REPORTING. Districts shall must annually report expenditures from the student transportation safety reserved revenue to the commissioner of children, families, and learning, who shall provide the information to the school bus safety advisory committee.

Sec. 6. Minnesota Statutes 1997 Supplement, section 123.7991, subdivision 2, is amended to read:

Subd. 2. STUDENT TRAINING. (a) Each school district shall must provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training shall must 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;

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

- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation and other emergency procedures.

(b) Each nonpublic school located within the district shall must 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) 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. 7. Minnesota Statutes 1996, section 123.7991, subdivision 3, is amended to read:

Subd. 3. **MODEL TRAINING PROGRAM.** The commissioner of children, families, and learning shall develop a comprehensive model school bus safety training pro-

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

gram for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The program must be adaptable for use by students with disabilities.

Sec. 8. Minnesota Statutes 1996, section 123.801, is amended to read:

123.801 BUS TRANSPORTATION A PRIVILEGE NOT A RIGHT.

Transportation by school bus is a privilege not a right for an eligible student. A student's eligibility to ride a school bus may be revoked for a violation of school bus safety or conduct policies, or for violation of any other law governing student conduct on a school bus, pursuant to a written school district discipline policy. Revocation of a student's bus riding privilege is not an exclusion, expulsion, or suspension under the pupil fair dismissal act of 1974. Revocation procedures for a student who is an individual with a disability under the Individuals with Disabilities Education Act, United States Code, title 20, section 1400 et seq., section 504 of the Rehabilitation Act of 1973, United States Code, title 29, section 794, and the Americans with Disabilities Act, Public Law Number 101-336, are governed by these provisions.

Sec. 9. Minnesota Statutes 1996, section 123.805, is amended to read:

123.805 SCHOOL DISTRICT BUS SAFETY RESPONSIBILITIES.

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

- (1) provisions for appropriate student bus safety training under section 123.7991;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules;
- (5) an intradistrict system for reporting school bus accidents or misconduct, a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus, and a system for reporting accidents, crimes, incidents of misconduct, and bus driver dismissals to the department of public safety under section 169.452;
- (6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- (7) a system for integrating school bus misconduct records with other discipline records;
- (8) a statement of bus driver duties;
- (9) planned expenditures for safety activities under section 123.799 and, where applicable, provisions governing bus monitor qualifications, training, and duties;

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

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

(11) operating rules and procedures;

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

(13) emergency procedures;

(14) a system for maintaining and inspecting equipment;

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

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

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

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

Sec. 10. Minnesota Statutes 1996, section 123.932, subdivision 1b, is amended to read:

Subd. 1b. TEXTBOOK. "Textbook" means any book or book substitute which a pupil uses as a text or text substitute in a particular class or program in the school regularly attended and a copy of which is expected to be available for the individual use of each pupil in this class or program, which book or book substitute or text or text substitute. The term shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf form, intended for use as a principal source of study material for a given class or a group of students. The term includes only such secular, neutral and nonideological textbooks as are available, used by, or of benefit to Minnesota public school pupils.

Sec. 11. Minnesota Statutes 1996, section 123.933, is amended to read:

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

Subdivision 1. PROVISION. The state board of education shall promulgate rules under the provisions of chapter 14 requiring that in each school year, based upon formal

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

requests by or on behalf of nonpublic school pupils in a nonpublic school, the local districts or intermediary service areas ~~shall~~ must purchase or otherwise acquire textbooks, individualized instructional or cooperative learning materials, and standardized tests and loan or provide them for use by children enrolled in that nonpublic school. These textbooks, individualized instructional or cooperative learning materials, and standardized tests ~~shall~~ must be loaned or provided free to the children for the school year for which requested. The loan or provision of the textbooks, individualized instructional or cooperative learning materials, and standardized tests shall be subject to rules prescribed by the state board of education.

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

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

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

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

Sec. 12. Minnesota Statutes 1996, section 123.935, subdivision 1, is amended to read:

Subdivision 1. PROVIDED SERVICES. The state board of education shall promulgate rules under the provisions of chapter 14 requiring each school district or other intermediary service area: (a) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school pupil enrolled in a nonpublic school located in that district or area, the same specific health services as are provided for public school pupils by the district where the nonpublic school is located; and (b) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school secondary pupil enrolled in a nonpublic school located in that district or area, the same specific guidance and counseling services as are provided for public school secondary pupils by the district where the nonpublic school is located. The district where the nonpublic school is located

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

shall must provide the necessary transportation within the district boundaries between the nonpublic school and a public school or neutral site for nonpublic school pupils who are provided pupil support services pursuant to this section. Each request for pupil support services shall must set forth the guidance and counseling or health services requested by or on behalf of all eligible nonpublic school pupils enrolled in a given nonpublic school. No district or intermediary service area shall must not expend an amount for these pupil support services which exceeds the amount allotted to it under this section.

Sec. 13. Minnesota Statutes 1996, section 123.935, subdivision 2, is amended to read:

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

Sec. 14. Minnesota Statutes 1996, section 123.935, subdivision 4, is amended to read:

Subd. 4. **HEALTH SERVICES; ALLOTMENT.** Each school year the commissioner shall allot to the school districts or other intermediary service areas for the provision of health services pursuant to this section the actual cost of the services provided for the pupils in each respective nonpublic school for that school year, but not to. The allotment must not exceed the average expenditure per public school pupil for these services by those Minnesota public elementary and secondary schools which provide health services to public school pupils, multiplied by the number of pupils in that particular nonpublic school who request these health services and who are enrolled as of September 15 of the current school year.

Sec. 15. Minnesota Statutes 1996, section 123.935, subdivision 5, is amended to read:

Subd. 5. **GUIDANCE AND COUNSELING SERVICES; ALLOTMENT.** Each school year the commissioner shall allot to the school districts or intermediary service areas for the provision of guidance and counseling services pursuant to this section the actual cost of the services provided for the pupils in each respective nonpublic school for that school year. The allotment for guidance and counseling services for the secondary pupils in each nonpublic school shall must not exceed the average expenditure per public school secondary pupil for these services by those Minnesota public schools which provide these services to their secondary pupils, multiplied by the number of secondary pupils in that particular nonpublic school who request these services and who are enrolled as of September 15 of the current school year.

Sec. 16. Minnesota Statutes 1996, section 123.935, subdivision 6, is amended to read:

Subd. 6. **COMPUTATION OF MAXIMUM ALLOTMENTS.** For purposes of computing maximum allotments for each school year pursuant to this section, the aver-

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

age public school expenditure per pupil for health services and the average public school expenditure per secondary pupil for guidance and counseling services shall be computed and established by the department of children, families, and learning by March 1 of the preceding school year from the most recent public school year data then available.

Sec. 17. Minnesota Statutes 1996, section 123.936, is amended to read:

123.936 PAYMENTS FOR CONTRACTUAL OBLIGATIONS.

In every event The commissioner shall make such payments to school districts or intermediary service areas pursuant to sections 123.931 to 123.937 as are needed to meet contractual obligations incurred for the provision of benefits to nonpublic school students pursuant to section 123.933 or 123.935.

Sec. 18. Minnesota Statutes 1996, section 123.9361, is amended to read:

123.9361 ADMINISTRATIVE COSTS.

Each year, a school district or intermediary service area may claim and receive from the department of children, families, and learning an additional sum for the administration of sections 123.933 and 123.935, equal to five percent of the district's or area's allocation for that year pursuant to those sections.

Sec. 19. Minnesota Statutes 1996, section 123.9362, is amended to read:

123.9362 NOTICE TO DISTRICTS; PRORATION.

In the event If the appropriation for nonpublic educational aid under sections 123.931 to 123.947 is not sufficient to meet the required payments in any fiscal year, the department of children, families, and learning must notify the school districts at the earliest possible date of the need to prorate the appropriation among the districts.

Sec. 20. Minnesota Statutes 1996, section 123.947, is amended to read:

123.947 USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.

(a) The commissioner shall assure that textbooks and individualized instructional materials loaned to nonpublic school pupils are secular, neutral, nonideological and that they are incapable of diversion for religious use.

(b) Textbooks and individualized instructional materials shall must not be used in religious courses, devotional exercises, religious training or any other religious activity.

(c) Textbooks and individualized instructional materials shall must be loaned only to individual pupils upon the request of a parent or guardian or the pupil on a form designated for this use by the commissioner. The request forms shall provide for verification by the parent or guardian or pupil that the requested textbooks and individualized instructional materials are for the use of the individual pupil in connection with a program of instruction in the pupil's elementary or secondary school.

(d) The servicing school district or the intermediary service area shall must take adequate measures to ensure an accurate and periodic inventory of all textbooks and individualized instructional materials loaned to elementary and secondary school pupils attending nonpublic schools. The state board of education shall promulgate rules under the provisions of chapter 14 to terminate the eligibility of any nonpublic school pupil if the com-

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

missioner determines, after notice and opportunity for hearing, that the textbooks or individualized instructional materials have been used in a manner contrary to the provisions of section 123.932, subdivision 1e, 123.933, or this section or any rules promulgated by the state board of education.

(e) Nothing contained in section 123.932, subdivision 1e, 123.933, or this section shall be construed to authorize the making of any payments to a nonpublic school or its faculty, staff or administrators for religious worship or instruction or for any other purpose.

Sec. 21. Minnesota Statutes 1997 Supplement, section 124.17, subdivision 1, is amended to read:

Subdivision 1. PUPIL UNIT. Pupil units for each Minnesota resident pupil in average daily membership enrolled in the district of residence, in another district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, or 126.22; in a charter school under section 120.064; or for whom the resident district pays tuition under section 120.0621, 120.08, 120.17, 120.181, 122.535, 122.541, 122.94, 123.351, 123.39, subdivision 4, 124.18, or 124.491, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 with a minimum of 0.28, but not more than one.

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

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

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

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

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

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

Sec. 22. Minnesota Statutes 1996, section 124.17, subdivision 1f, is amended to read:

Subd. 1f. FUND BALANCE ADJUSTED PUPIL UNITS. Fund balance Adjusted pupil units must be computed separately for kindergarten pupils, elementary pupils in grades 1 to 6, and secondary pupils in grades 7 to 12. Total fund balance pupil units means the sum of kindergarten, elementary, and secondary fund balance pupil units. Fund balance pupil units for each category for a district means the sum of:

(1) the number of resident pupil units in average daily membership, including, according to subdivision 1g, plus

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

(2) shared time pupil units, according to section 124A.02, subdivision 20, plus

~~(1) (3) pupil units according to subdivision 1 for 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 (4) pupil units according to subdivision 1 for resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5; plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23.~~

Sec. 23. Minnesota Statutes 1996, section 124.17, is amended by adding a subdivision to read:

Subd. 1g. RESIDENT PUPIL UNITS. Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

Sec. 24. Minnesota Statutes 1996, section 124.17, is amended by adding a subdivision to read:

Subd. 1h. PUPIL UNITS SERVED. Pupil units served for a district means the number of pupil units according to subdivision 1 enrolled in the district.

Sec. 25. Minnesota Statutes 1996, section 124.17, subdivision 2, is amended to read:

Subd. 2. AVERAGE DAILY MEMBERSHIP. Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120.101. Average daily membership shall equal equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs shall are only be included in the computation of membership for pupils with a disability appropriately served at level 4, 5, or 6 of the continuum of placement model described in Minnesota Rules, part 3525.0200.

Sec. 26. Minnesota Statutes 1996, section 124.17, subdivision 2a, is amended to read:

Subd. 2a. TRANSITIONAL YEAR PUPILS. Notwithstanding subdivision 2, pupils granted transitional year status shall continue to be counted as members on the current roll of the school for the remainder of the school year. For purposes of computing average daily membership, transitional year pupils shall must be considered to be enrolled every day school is in session for the remainder of the school year.

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

Sec. 27. Minnesota Statutes 1996, section 124.17, subdivision 2b, is amended to read:

Subd. 2b. NATIONAL GUARD PUPILS. Notwithstanding subdivision 2, pupils enrolled in the Minnesota National Guard program shall be construed to be in attendance, for purposes of computing average daily membership, during any period of the regular school year, but not to include summer school, during which the pupil is attending military active duty training pursuant to that program. During that period of military active duty training, the pupil shall earn all aid for the district of residence or attendance which would be otherwise earned by the pupil's presence.

Sec. 28. Minnesota Statutes 1997 Supplement, 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 under section 121.585, an area learning center 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, 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; (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 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

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

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. 29. Minnesota Statutes 1996, section 124.175, is amended to read:

124.175 AFDC PUPIL COUNT; CERTIFICATION.

Each year by March 1, the department of human services shall certify to the department of children, families, and learning, for each school district, the number of pupils from families receiving aid to families with dependent children who were enrolled in a public school on October 1 of the preceding year.

Sec. 30. Minnesota Statutes 1996, section 124.19, subdivision 5, is amended to read:

Subd. 5. SCHEDULE ADJUSTMENTS. (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School Districts are encouraged to consider both cost and energy saving measures.

(b) ~~Notwithstanding the provisions of subdivision 1 or 4,~~ Any district operating a program pursuant to sections 120.59 to 120.67, 121.585 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year.

Sec. 31. Minnesota Statutes 1996, section 124.225, subdivision 7f, is amended to read:

Subd. 7f. RESERVED REVENUE FOR TRANSPORTATION SAFETY. A district ~~shall~~ must reserve an amount equal to the greater of \$500 or \$1.50-times the number of fund balance pupil units, for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5.

Sec. 32. Minnesota Statutes 1996, section 124.225, subdivision 8l, is amended to read:

Subd. 8l. ALTERNATIVE ATTENDANCE PROGRAMS. A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752,

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

124C.45 to 124C.48, and 126.22, shall must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 33. Minnesota Statutes 1996, section 124.225, subdivision 8m, is amended to read:

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

Sec. 34. Minnesota Statutes 1996, section 124.225, subdivision 9, is amended to read:

Subd. 9. **DISTRICT REPORTS.** Each district shall must report data to the department as required by the department to account for transportation expenditures.

Sec. 35. Minnesota Statutes 1996, section 124.239, subdivision 3, is amended to read:

Subd. 3. **BOND AUTHORIZATION.** A school district, upon approval of its school board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

Sec. 36. Minnesota Statutes 1996, section 124.242, is amended to read:

124.242 BUILDING BONDS FOR CALAMITIES.

Subdivision 1. **BONDS.** When a building owned by a school district is substantially damaged by an act of God or other means beyond the control of the district, the district may issue general obligation bonds without an election to provide money immediately to carry out its adopted health and safety program. Each year the district must pledge an attributable share of its health and safety revenue to the repayment of principal and interest on the bonds. The pledged revenue shall must be transferred to the debt redemption fund of the district. The district shall must submit to the department of children, families, and learning the repayment schedule for any bonds issued under this section. The district shall must deposit in the debt redemption fund all proceeds received for specific costs for which the bonds were issued, including but not limited to:

- (1) insurance proceeds;
- (2) restitution proceeds; and
- (3) proceeds of litigation or settlement of a lawsuit.

Before bonds are issued, the district must submit a combined application to the commissioner of children, families, and learning for health and safety revenue, according to

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

section 124.83, and requesting review and comment, according to section 121.15, subdivisions 6, 7, 8, and 9. The commissioner shall complete all procedures concerning the combined application within 20 days of receiving the application. The publication provisions of section 121.15, subdivision 9, do not apply to bonds issued under this section.

Subd. 2. HEALTH AND SAFETY REVENUE. For any fiscal year where the total amount of health and safety revenue is limited, the commissioner ~~of children, families, and learning shall~~ must award highest priority to health and safety revenue pledged to repay building bonds issued under subdivision 1.

Sec. 37. Minnesota Statutes 1997 Supplement, 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. 38. Minnesota Statutes 1997 Supplement, section 124.2455, is amended to read:

124.2455 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 124A.22, subdivision 11, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

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

- (2) the cost of energy modifications;
- (3) improving handicap accessibility to school buildings; and
- (4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed 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 limitations of paragraph (d) apply.

Sec. 39. Minnesota Statutes 1996, section 124.2726, subdivision 1, is amended to read:

Subdivision 1. ELIGIBILITY AND USE. A school district that has been reorganized after June 30, 1994, under section 122.23 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:

- (1) to offer early retirement incentives as provided by section 122.23, subdivision 20;

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

- (2) to reduce operating debt as defined in section 121.915;
- (3) to enhance learning opportunities for students in the reorganized district; and
- (4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment. Revenue received under this section shall must not be included in the determination of the reduction under section 124A.26, subdivision 1.

Sec. 40. Minnesota Statutes 1996, section 124.2726, subdivision 2, is amended to read:

Subd. 2. AID. (a) Consolidation transition aid is equal to \$200 times the number of actual pupil units in the newly created district in the year of consolidation and \$100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of children, families, and learning shall must first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

Sec. 41. Minnesota Statutes 1996, section 124.2726, subdivision 4, is amended to read:

Subd. 4. NEW DISTRICTS. If a district consolidates with another district that has received aid under section 124.2725 or 124.2726 within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized shall must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall must be used to determine aid under subdivision 2.

Sec. 42. Minnesota Statutes 1996, section 124.2727, subdivision 9, is amended to read:

Subd. 9. PRORATION. (a) If the total appropriation available for district cooperation aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of children, families, and learning shall must reduce each district's district cooperation revenue according to the calculations in paragraphs (b) to (d).

(b) If there is insufficient district cooperation aid available, the department must recompute the district cooperation revenue by proportionally reducing the formula allowance and the revenue minimum to the levels that result in an aid entitlement, adjusted by the percentage in section 124.195, subdivision 10, equal to the amount available. The levy amounts must not be recomputed.

(c) A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed for the district under paragraph (b).

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

(d) If a district's proration aid reduction is less than its revenue reduction, its district cooperation levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

Sec. 43. Minnesota Statutes 1996, section 124.35, is amended to read:

124.35 LOANS TO DISTRESSED DISTRICTS.

Financial aid to distressed districts ~~shall be~~ is governed by the provisions of the maximum effort school aid law.

Sec. 44. Minnesota Statutes 1996, section 124.37, is amended to read:

124.37 POLICY AND PURPOSE.

The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.46 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary money. It is also the purpose of sections 124.36 to 124.46 to promote efficient use of school buildings. To that end, a district that receives a maximum effort loan is encouraged to design and use its facility to integrate social services and library services.

Sec. 45. Minnesota Statutes 1996, section 124.38, subdivision 1, is amended to read:

Subdivision 1. SCOPE. As used in sections 124.38 to 124.46, the terms defined in this section shall have the following meanings: given them.

Sec. 46. Minnesota Statutes 1996, section 124.38, subdivision 4a, is amended to read:

Subd. 4a. LEVY. "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 124.95, subdivision 5. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 7, ~~shall~~ must be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section ~~shall~~ must not be reduced below 18.74 percent of the district's adjusted net tax capacity.

Sec. 47. Minnesota Statutes 1996, section 124.38, subdivision 7, is amended to read:

Subd. 7. MAXIMUM EFFORT DEBT SERVICE LEVY. "Maximum effort debt service levy" means the lesser of:

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

(1) a levy in whichever of the following amounts is applicable:

(a) in any school district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of 20 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) in any school district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a tax rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 18.42 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

(c) in any school district granted a debt service loan before August 1, 1981, or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a tax rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 17.17 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or

(2) a levy in whichever of the following amounts is applicable:

(a) in any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) in any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

(c) in any school district granted a debt service or capital loan between July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) in any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that, The school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that, If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

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

Sec. 48. Minnesota Statutes 1996, section 124.381, is amended to read:

124.381 NET DEBT; DETERMINATION.

In computing "net debt" and in determining whether any school a district is eligible for a state loan, no state loans to any such school the district shall not be considered, notwithstanding the provisions of any other general or special law.

Sec. 49. Minnesota Statutes 1996, section 124.39, is amended to read:

124.39 FUND ESTABLISHED; DIVISION INTO ACCOUNTS.

Subdivision 1. **MAXIMUM EFFORT SCHOOL LOAN FUND.** There shall be maintained in the state treasury A "maximum effort school loan fund" for administration of moneys to be received and disbursed as authorized and required by sections 124.36 to 124.46, which must be maintained in the state treasury. The fund shall must be divided into three accounts for the purposes specified in subdivisions 2, 3, 4, and 5.

Subd. 2. **DEBT SERVICE LOAN ACCOUNT.** There shall be A debt service loan account, must be maintained out of which loans under section 124.42 shall must be made. All money appropriated to the fund by section 124.40 shall be paid into this account initially.

Subd. 3. **CAPITAL LOAN ACCOUNT.** There shall be A capital loan account, must be maintained out of which loans under section 124.431 shall must be made. There shall be transferred to it from the debt service loan account On November 1 of each year all moneys therein in excess of those required for in the debt service loan account in excess of those for debt service loans then agreed to be made must be transferred to the capital loan account. There shall be transferred from it to the debt service loan account On July 1 of each year, all moneys therein in the capital loan account in excess of those required for capital loans theretofore agreed to be made must be transferred to the debt service loan account.

Subd. 4. **LOAN REPAYMENT ACCOUNT.** There shall be A loan repayment account, into which shall be paid must be maintained. All principal and interest paid by school districts on debt service loans and capital loans made under section 124.42 or 124.431 must be paid into the account. The state's cost of administering the maximum effort school aid law shall must be paid out of this account, to an amount not exceeding \$10,000 in any year. As soon as possible in each year after the committee has determined the ratio existing between the correct market value of all taxable property in each school district in the state and the "market value in money" of such property as recorded in accordance with section 270.13, the commissioner of revenue shall cause prepare a list of all such ratios to be prepared. The clerical costs of preparation of such preparing the list shall must be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such the list. There shall be transferred out of the loan repayment account to the state bond fund The sums required to pay the principal of and interest on all school loan bonds as provided in section 124.46 must be transferred out of the loan repayment account to the state bond fund.

Subd. 5. **EXCESS MONEY IN LOAN REPAYMENT ACCOUNT.** The commissioner shall transfer from the loan repayment account to the credit of the debt service loan account on November 1 of each year all money deposited to the credit of the loan repay-

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

ment account that ~~will~~ is not required for the payment of principal and interest and costs as prescribed in subdivision 4 but that ~~will be~~ is needed for debt service loans in the fiscal year beginning July 1, and those moneys are annually appropriated to that account for the purposes prescribed by the maximum effort school aid law. Money deposited to the credit of the loan repayment account and not required for the transfers or for the payment of principal and interest due on school loan bonds may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all school loan bonds have been fully paid with interest accrued thereon, the balance remaining in the account ~~shall~~ must be transferred to the state bond fund.

Sec. 50. Minnesota Statutes 1996, section 124.40, is amended to read:

124.40 APPROPRIATION.

Subdivision 1. APPROPRIATION. There is hereby appropriated to the fund, In addition to all sums which have been or may hereafter be appropriated thereto by any law, the net proceeds of sale of any state school loan bonds authorized to be issued under section 124.46, and all income received from the investment of said net proceeds is hereby appropriated to the school loan bond account in the state bond fund.

Subd. 2. REMAINING MONEY. Any amounts remaining in the fund on July 1 of each year, including any unused portion of the appropriation made in subdivision 1, ~~shall~~ must be available for use by the commissioner in making further debt service loans and capital loans.

Subd. 3. PRINCIPAL INTEREST PAYMENTS. All payments of principal and interest on debt service notes or capital loan contracts, as received by the commissioner, are hereby appropriated to the loan repayment account.

Sec. 51. Minnesota Statutes 1997 Supplement, section 124.41, subdivision 2, is amended to read:

Subd. 2. APPLICATION FORMS; RULES. The commissioner, with the assistance of the attorney general or a designated assistant, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing the loans. The state board ~~shall~~ must promulgate rules to facilitate the commissioner's operations in compliance with sections 124.36 to 124.46. The rules ~~shall be~~ are subject to chapter 14.

Sec. 52. Minnesota Statutes 1996, section 124.41, subdivision 3, is amended to read:

Subd. 3. CLERK. The commissioner may employ a clerk to administer the maximum effort school aid law. The commissioner may fix the clerk's compensation, which ~~shall~~ must be paid out of the loan repayment account of the fund.

Sec. 53. Minnesota Statutes 1996, section 124.42, as amended by Laws 1997, First Special Session chapter 4, article 4, section 12, is amended to read:

124.42 DEBT SERVICE LOANS.

Subdivision 1. QUALIFICATION; APPLICATION; AWARD; INTEREST. Any school district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for, and not exceeding one percent of the net debt of the district, and not exceeding the differ-

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

ence between the required and the maximum effort debt service levy in that year. Applications ~~shall~~ must be filed with the commissioner in each calendar year up to and including July 1. The commissioner shall determine whether the applicant is entitled to a loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. The commissioner shall notify the county auditor of each county in which the district is located that the amount certified is available and appropriated for payment of principal and interest on its outstanding bonds, ~~and~~. The auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for that year. Each debt service loan shall bear interest from its date at a rate equal to the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3-1/2 percent per annum on the principal amount from time to time remaining unpaid. Interest is payable on December 15 of the year following that in which the loan is received and annually thereafter.

Subd. 2. **NOTE.** Each debt service loan ~~shall~~ must be evidenced by a note ~~which~~ shall be executed on behalf of the district by the signatures of its chair or vice-chair and the school district clerk, ~~shall~~. The note ~~must~~ be dated November 1 of the year in which executed, and ~~shall~~ must state its principal amount, interest rate, and that it is payable at the commissioner's office. ~~It shall~~ The note ~~must~~ have printed thereon, or the commissioner shall attach thereto, a grill for entry of the date and amount of each payment and allocations of each payment to accrued interest or principal, ~~and~~. The note ~~must~~ also include a certificate to be executed by the county auditor of each county in which any portion of the school district is situated, prior to the delivery of the note, stating that the county auditor has entered the debt service loan evidenced thereby in the auditor's bond register. The notes ~~shall~~ must be delivered to the commissioner not later than November 15 of the year in which executed. The commissioner shall cause a record to be made and preserved showing the obligor district and the date and principal amount of each note.

Subd. 3. **WARRANT.** The commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the state treasurer out of any money in such account. The warrant shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the ensuing year. Interest ~~shall~~ must accrue from the date such warrant is issued. The proceeds thereof ~~shall~~ must be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. **LEVY.** 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. The district shall remit payments to the commissioner according to section 124.45. ~~On or before By~~ September 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.

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

Sec. 54. Minnesota Statutes 1997 Supplement, 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~~ by July 1 of an odd-numbered year. The commissioner ~~must~~ shall 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~~ shall determine that all of the following conditions are met:

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

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

(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;

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

(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. 55. Minnesota Statutes 1996, section 124.431, subdivision 4, is amended to read:

Subd. 4. ADJACENT DISTRICT COMMENTS. The district shall ~~must~~ present the proposed project to the ~~sehool~~ board of each adjacent district at a public meeting of that district. The board of an adjacent district shall ~~must~~ make a written evaluation of how the project will affect the future education and building needs of the adjacent district. The board shall ~~must~~ submit the evaluation to the applying district within 30 days of the meeting.

Sec. 56. Minnesota Statutes 1996, section 124.431, subdivision 5, is amended to read:

Subd. 5. DISTRICT APPLICATION FOR CAPITAL LOAN. The school board of a district desiring a capital loan shall ~~adopt~~ a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The ~~evaluation~~ commissioner shall ~~be retained by~~ retain the ~~commissioner~~ evaluation as part of a permanent record of the district submitting the evaluation.

Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by September 1 of an odd-numbered year. A district must resubmit an application each odd-numbered year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Sec. 57. Minnesota Statutes 1996, section 124.431, subdivision 6, is amended to read:

Subd. 6. STATE BOARD REVIEW; DISTRICT PROPOSALS. By November 1 of each odd-numbered year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall ~~must~~ consider whether the criteria in subdivision 2 have been met. The

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

state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.

Sec. 58. Minnesota Statutes 1996, section 124.431, subdivision 10, is amended to read:

Subd. 10. DISTRICT REFERENDUM. After receipt of the review and comment on the project and before January 1 of the even-numbered year, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAILABLE FUNDING." The district shall ~~must~~ mail to the commissioner of children, families, and learning a certificate by the clerk showing the vote at the election.

Sec. 59. Minnesota Statutes 1997 Supplement, section 124.431, subdivision 11, is amended to read:

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 ~~must~~ each year, as long as it is indebted to the state, levy for debt service (i) the amount of its maximum effort debt service levy or (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. 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 By September 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 audi-

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

tors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

Sec. 60. Minnesota Statutes 1996, section 124.431, subdivision 12, is amended to read:

Subd. 12. LOAN FORGIVENESS. If any capital loan is not paid within 50 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the ~~school~~ district on the loan is satisfied and discharged and interest on the loan ceases.

Sec. 61. Minnesota Statutes 1996, section 124.431, subdivision 13, is amended to read:

Subd. 13. PARTICIPATION BY COUNTY AUDITOR; RECORD OF CONTRACT; PAYMENT OF LOAN. The ~~school~~ district shall must file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 11, the commissioner shall issue warrants, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the date on which the state treasurer issues the warrant.

Sec. 62. Minnesota Statutes 1996, section 124.431, subdivision 14, is amended to read:

Subd. 14. BOND SALE LIMITATIONS. A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district shall ~~must~~ report each sale to the commissioner of ~~children, families, and learning~~.

After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 63. Minnesota Statutes 1996, section 124.44, is amended to read:

124.44 PREPAYMENTS.

~~Any school~~ A district may at any time pay the entire principal or part thereof and interest then due on a note or contract held by the state, out of any moneys not needed for school purposes, ~~and~~. The district may issue and sell its refunding bonds in accordance with chapter 475, for such purpose, by actions of its school board and without the necessity of a vote by its electors, if such refunding bonds plus its net debt does not exceed the debt limit prescribed by said chapter 475. Any such refunding bonds may bear interest at a rate or rates higher or lower than the rate payable on the loan or loans refunded thereby.

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

Sec. 64. Minnesota Statutes 1997 Supplement, section 124.45, subdivision 2, is amended to read:

Subd. 2. APPLICATION OF PAYMENTS. The commissioner shall apply payments received 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 must 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 must 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. 65. Minnesota Statutes 1996, section 124.46, as amended by Laws 1997, chapter 187, article 5, section 17, is amended to read:

124.46 ISSUANCE AND SALE OF BONDS.

Subdivision 1. CERTIFICATION. On or before October 1 in each year, the commissioner shall certify to the commissioner of finance the amount anticipated to be needed for debt service loans and capital loans to be made under the maximum effort school aid law prior to October 1 in the following year. Each such certification of the commissioner shall also state an estimate of the dates and amounts the certified amount will be needed in the maximum effort school loan fund and an estimate as to the years and amounts in which payments on debt service loans and capital loans will be received.

Subd. 2. ISSUANCE AND SALE OF BONDS; COMMISSIONER OF FINANCE. Upon receipt of each such certification, subject to authorization as provided in subdivision 4, the commissioner of finance shall from time to time as needed issue and sell state of Minnesota school loan bonds in the aggregate principal amount stated in the commissioner's certificate, for the prompt and full payment of which, with the interest thereon, the full faith, credit, and taxing powers of the state are hereby irrevocably pledged, and The commissioner of finance shall credit the net proceeds of their the sale of the bonds to the purposes for which they are appropriated by section 124.40, subdivision 1. Such The bonds shall be issued and sold at such price, in such manner, in such number of series, at such times, and in such form and denominations, shall bear such dates of issue and of maturity, either without option of prior redemption or subject to pre-payment upon such notice and at such times and prices, shall bear interest at such rate or rates and payable at such intervals, shall be payable at such bank or banks within or without the state, with such provisions for registration, conversion, and exchange, and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further provisions as the commissioner of finance shall determine subject to the limitations stated in this subdivision (but not subject to chapter 14, including section 14.386). The maturity date shall in no case must not be more than 20 years after the date of issue of any bond and the principal amounts and The due dates shall must conform as near as may be with the commissioner's estimates of dates and amounts of payments to be received on debt service and capital loans. The bonds and any interest coupons appurtenant attached to them shall must be executed by the commissioner of fi-

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

nance and attested by the state treasurer under their official seals. The signatures of these officers and their seals may be printed, lithographed, stamped, engraved, or otherwise reproduced thereon. Each bond shall must be authenticated by the manual signature on its face of one of the officers or a person authorized to sign on behalf of a bank or trust company designated by the commissioner to act as registrar or other authenticating agent. The commissioner of finance is authorized and directed to ascertain and certify to purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota in accordance with their terms.

Subd. 3. SCHOOL LOAN BOND ACCOUNT. The commissioner of finance shall maintain a separate school loan bond account in the state bond fund, showing all money transferred to that fund for the payment of school loan bonds and all income received from the investment of such money. On the first day of December in each year there 1, the commissioner of finance shall be transferred transfer to the bond account all or so as much of the money then on hand in the loan repayment account in the maximum effort school loan fund as will be sufficient, with the balance then on hand in said bond account, to pay all principal and interest then and theretofore due and to become due within the next ensuing year and to and including July 1 in the second ensuing year on school loan bonds issued and sold pursuant to this section. In the event that moneys are If money is not available for such the transfer in the full amount required, and if any principal or interest on school loan bonds should become due at any time when there is not on hand a sufficient amount from any of the sources herein appropriated for the payment thereof, the moneys shall must be paid out of the general fund in the state treasury according to section 16A.641, and the amount necessary therefor is hereby appropriated.

Subd. 4. AUTHORITY FOR ISSUANCE OF BONDS. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for that purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for the issue, and the bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto may be sold at public or private sale and shall be deemed "authorized securities" within the provisions of section 50.14 and acts amendatory thereof or supplemental thereto.

Sec. 66. Minnesota Statutes 1996, section 124.492, is amended to read:

124.492 POLICY AND PURPOSE.

Because of the rates of decline in school-aged population, population shifts and economic changes that the state has experienced in recent years and anticipates in future years, and because in some instances local school districts have not, and will not be able to provide the required construction funds through local property taxes, the purpose of the cooperative secondary facilities grant program is to provide an incentive to encourage cooperation in making available to all secondary students those educational programs, services and facilities that are most efficiently and effectively provided by a cooperative effort of several school districts. The policy and purpose of sections 124.493 to 124.495 is to use the credit of the state, to a limited degree, to provide grants to cooperating groups of school districts to improve and expand the educational opportunities and facilities available to their secondary students.

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

Sec. 67. Minnesota Statutes 1996, section 124.493, subdivision 1, is amended to read:

Subdivision 1. APPROVAL BY COMMISSIONER. To the extent money is available, the commissioner of children, families, and learning may approve projects from applications submitted under section 124.494. The grant money must be used only to acquire, construct, remodel or improve the building or site of a cooperative secondary facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

Sec. 68. Minnesota Statutes 1996, section 124.494, subdivision 1, is amended to read:

Subdivision 1. QUALIFICATION. Any group of school districts that meets the criteria required under subdivision 2 may apply for an incentive grant for construction of a new secondary facility or for remodeling and improving an existing secondary facility. A grant for new construction must not exceed the lesser of \$5,000,000 or 75 percent of the approved construction costs of a cooperative secondary education facility. A grant for remodeling and improving an existing facility must not exceed \$200,000.

Sec. 69. Minnesota Statutes 1996, section 124.494, subdivision 2, is amended to read:

Subd. 2. REVIEW BY COMMISSIONER. (a) Any group of districts that submits an application for a grant shall must 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 facility by July 1 of an odd-numbered year, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must shall not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

- (1) a minimum of two or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;
- (2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;
- (3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;
- (4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;
- (5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;
- (6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;
- (7) an educational plan is prepared, that includes input from both community and professional staff;
- (8) a combined seniority list for all participating districts is developed by the joint powers board;

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

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall must schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall must discuss the possibility of including jointly operated library services at the cooperative secondary facility.

(f) The school board of a district that has reorganized under section 122.23 or 122.243 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

Sec. 70. Minnesota Statutes 1996, section 124.494, subdivision 2a, is amended to read:

Subd. 2a. **REORGANIZING DISTRICTS.** A school district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 122.21, 122.22, or 122.23 must notify the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 122.21, 122.22, or 122.23 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative secondary facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.

Sec. 71. Minnesota Statutes 1996, section 124.494, subdivision 3, is amended to read:

Subd. 3. **DISTRICT PROCEDURES.** A joint powers board of a secondary district established under subdivision 2 or a school board of a reorganized district that intends to

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

apply for a grant ~~shall~~ must adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate ~~shall~~ must show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner and the rules of the state board of education. Applications must be received by the commissioner by September 1 of an odd-numbered year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Sec. 72. Minnesota Statutes 1996, section 124.494, subdivision 5, is amended to read:

Subd. 5. **REFERENDUM; BOND ISSUE.** Within 180 days after being awarded a grant for a new facility under subdivision 4, the joint powers board ~~shall~~ must submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted ~~shall~~ must state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of children, families, and learning. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Sec. 73. Minnesota Statutes 1996, section 124.494, subdivision 7, is amended to read:

Subd. 7. **CONSOLIDATION.** A group of districts that operates a cooperative secondary facility that was acquired, constructed, remodeled, or improved under this section and implements consolidation proceedings according to section 122.23, may propose a temporary school board structure in the petition or resolution required under section 122.23, subdivision 2. The districts may propose the number of existing school board members of each district to become members of the school board of the consolidated district and a method to gradually reduce the membership to six or seven. The proposal ~~shall~~ must be approved, disapproved, or modified by the state board of education. The election requirements of section 122.23, subdivision 18, do not apply to a proposal approved by

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

the state board. Elections conducted after the effective date of the consolidation are subject to the Minnesota election law.

Sec. 74. Minnesota Statutes 1996, section 124.4945, is amended to read:

124.4945 LEVY FOR SEVERANCE PAY.

A joint powers board established under section 124.494 may make a levy to provide severance pay and early retirement incentives under section 125.611, for any teacher as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement. A joint powers board making a levy shall must certify to each participating district tax levies sufficient to raise the amount necessary to provide the district's portion of severance pay and early retirement incentives. The tax levy certified to each district must be expressed as a local tax rate, that, when applied to the adjusted net tax capacity of all of the participating districts raises the amount necessary to provide severance pay and early retirement incentives. Each participating school district shall must include the levy in the next tax roll which it shall certify to the county auditor, and shall must remit the collections of the levy to the joint powers board.

Sec. 75. Minnesota Statutes 1996, section 124.646, is amended to read:

124.646 LUNCH AID; FOOD SERVICE ACCOUNTING.

Subdivision 1. **SCHOOL LUNCH AID COMPUTATION.** Each school year, ~~school the state must pay~~ districts participating in the national school lunch program shall be paid by the state in the amount of 6.5 cents for each full paid, reduced, and free student lunch served to students in the district.

Subd. 3. **APPLICATION.** School districts shall apply to the department of children, families, and learning for this payment on forms provided by the department.

Subd. 4. **SCHOOL FOOD SERVICE FUND.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each ~~school~~ district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund,

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

the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department of children, families, and learning.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of children, families, and learning has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Sec. 76. Minnesota Statutes 1996, section 124.6462, is amended to read:

124.6462 LACTOSE REDUCED MILK.

If a nonpublic school or school district

(1) receives school lunch aid under section 124.646 or participates in the school breakfast program; and

(2) receives a written request from the parent of a pupil who is lactose intolerant, the nonpublic school or school district shall must make available lactose reduced milk; milk fortified with lactase in liquid, tablet, granular, or other form; or milk to which lactobacillus acidophilus has been added for the pupil. Notwithstanding any law, local ordinance, or local regulation to the contrary, a school may pour or serve portions of any product required by this section from a large container of the product at the time and place the pupil is being served.

Sec. 77. Minnesota Statutes 1996, section 124.6469, subdivision 3, is amended to read:

Subd. 3. PROGRAM REIMBURSEMENT. (a) State funds are provided to reimburse school breakfasts. Each school year, the state shall must reimburse schools in the

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

amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate.

(b) In addition to paragraph (a), each school year the state shall must reimburse schools 10.5 cents for each free and reduced price breakfast not eligible for the "severe need" rate if between 33 and 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price.

Sec. 78. Minnesota Statutes 1996, section 124.647, is amended to read:

124.647 WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.

The commissioner of ~~children, families, and learning~~ shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in ~~school~~ districts where no program currently exists. The pilot school breakfast program shall must provide students with breakfasts designed to be taken with the student and consumed away from the school site.

Sec. 79. Minnesota Statutes 1996, section 124.6471, is amended to read:

124.6471 SCHOOL BREAKFAST INCENTIVE.

The commissioner of ~~children, families, and learning~~ may provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists.

Sec. 80. Minnesota Statutes 1996, section 124.6472, is amended to read:

124.6472 SCHOOL BREAKFAST DISTRICTS TO OFFER PROGRAM.

Subdivision 1. BREAKFAST REQUIRED. A ~~school~~ district shall must offer a school breakfast program in every school building in which at least 33 percent of the school lunches served during the second preceding school year were served free or at a reduced price.

Subd. 2. EXEMPTION. Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program. It also does not apply to a ~~school~~ district that does not participate in the national school lunch program.

Sec. 81. Minnesota Statutes 1996, section 124.648, as amended by Laws 1997, chapter 187, article 4, section 4, is amended to read:

124.648 MILK PROGRAM.

Subdivision 1. LEGISLATIVE FINDINGS. The legislature finds that for best health and well-being, school children in the state should receive at least one serving of milk each day. The school milk program established in this section is to provide ~~school~~ districts in the state with added resources so that all kindergarten students in public and nonpublic schools may have access to wholesome milk on a daily basis.

Subd. 2. ESTABLISHMENT; SCHOOL PARTICIPATION. Each ~~school~~ district in the state is encouraged to participate in the state-supported school milk program for kindergartners. Participating districts shall must provide one serving of milk on each school day to each kindergarten student attending a public or nonpublic school in the district. No student is required to accept the milk that is provided by the district. The program

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

must be promoted and operated under the direction of the commissioner or the commissioner's designee.

Subd. 3. PROGRAM GUIDELINES; DUTIES OF THE COMMISSIONER.

(a) The commissioner shall:

(1) encourage all districts to participate in the school milk program for kindergartners;

(2) prepare program guidelines, not subject to chapter 14 until July 1, 1998, which will effectively and efficiently distribute appropriated and donated money to participating districts; and

(3) seek donations and matching funds from appropriate private and public sources.

(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.

(c) It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the per-serving level of support that would be acceptable to the ~~district~~ districts for their participation in the program. The commissioner would review all bids received and approve bids in sufficient number and value to maximize the provision of milk to kindergarten students consistent with available funds.

Subd. 4. REIMBURSEMENT. In accordance with program guidelines, the commissioner shall prepay or reimburse participating school districts for the state share of the district's cost for providing milk to kindergarten students.

Sec. 82. Minnesota Statutes 1996, section 124.71, subdivision 1, is amended to read:

Subdivision 1. School district as used in sections 124.71 to 124.76 means any school district in the state of Minnesota, however organized and wherever located.

Sec. 83. Minnesota Statutes 1996, section 124.72, is amended to read:

124.72 APPLICATION OF LIMITING TAX LEGISLATION.

Notwithstanding the provisions of section 471.69 or section 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a school district to incur any debt or to issue any warrant or order, a school district has the powers in sections 124.71 to 124.76 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 124.71 to 124.76.

Sec. 84. Minnesota Statutes 1996, section 124.73, is amended to read:

124.73 AUTHORITY TO BORROW MONEY; LIMITATIONS.

Subdivision 1. BORROWING AUTHORITY. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes ~~theretofore already~~ levied by the district for school purposes, ~~but~~. The aggregate of such the borrowing under this subdivision shall ~~must~~ never exceed 75 percent of ~~such the~~ taxes which are due and payable in the calendar year, and as

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

to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, ~~shall~~ must be included.

Subd. 2. **LIMITATIONS.** The board may also borrow money in the manner and subject to the limitations set forth in sections 124.71 to 124.76 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department of ~~children, families, and learning~~. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

Sec. 85. Minnesota Statutes 1996, section 124.74, is amended to read:

124.74 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.

The board may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary, ~~which~~. The resolution shall must be adopted by a vote of at least two-thirds of its members. The board shall must fix the amount, date, maturity, form, denomination, and other details thereof of the certificates of indebtedness, not inconsistent herewith, and shall with this chapter. The board must fix the date and place for receipt of bids for the purchase thereof of the certificates when bids are required and direct the clerk to give notice thereof of the date and place for bidding.

Sec. 86. Minnesota Statutes 1996, section 124.75, is amended to read:

124.75 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST.

The proceeds of the current tax levies and future state aid receipts or other school funds which may become available ~~shall~~ must be applied to the extent necessary to repay such certificates and the full faith and credit of the ~~school~~ district shall be pledged to their payment of the certificates. Certificates issued in anticipation of receipt of aids shall mature not later than the anticipated date of receipt of the aids so anticipated as estimated by the commissioner, but in no event later than three months after the close of the school year in which issued. Certificates issued in anticipation of receipt of taxes shall mature not later than the anticipated date of receipt in full of the taxes so anticipated, but in no event later than three months after the close of the calendar year in which issued. The certificates ~~shall~~ must be sold at not less than par. The certificates ~~shall~~ must bear interest after maturity until paid at the rate they bore before maturity and any interest accruing before or after maturity ~~shall~~ must be paid from any available school funds.

Sec. 87. Minnesota Statutes 1996, section 124.755, subdivision 2, is amended to read:

Subd. 2. **NOTIFICATIONS; PAYMENT; APPROPRIATION.** (a) If a ~~school~~ district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner of ~~children, families, and learning~~ of that fact as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice ~~shall~~ must include the name of the ~~school~~ district, an identification of the debt obligation issue

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

in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of children, families, and learning of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of children, families, and learning shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner of children, families, and learning, which must include a final figure as to the amount due that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of children, families, and learning to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of children, families, and learning from the state general fund.

(c) The departments of children, families, and learning and finance shall must jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Sec. 88. Minnesota Statutes 1996, section 124.755, subdivision 3, is amended to read:

Subd. 3. SCHOOL DISTRICT BOUND; INTEREST RATE ON STATE PAID AMOUNT. If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Sec. 89. Minnesota Statutes 1996, section 124.755, subdivision 4, is amended to read:

Subd. 4. PLEDGE OF DISTRICT'S FULL FAITH AND CREDIT. If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall must be repaid in the order in which the state payments were made.

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

Sec. 90. Minnesota Statutes 1996, section 124.755, subdivision 5, is amended to read:

Subd. 5. AID REDUCTION FOR REPAYMENT. Except as provided in this subdivision, the state ~~shall~~ must reduce the state aid payable to the school district under chapters 124, 124A, and 273, according to the schedule in section 124.155, subdivision 2, by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced ~~shall~~ must revert from the appropriate account to the state general fund. Payments from the school endowment fund or any federal aid payments shall not be reduced. If, after review of the financial situation of the school district, the commissioner of children, families, and learning advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of children, families, and learning, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Sec. 91. Minnesota Statutes 1996, section 124.755, subdivision 6, is amended to read:

Subd. 6. TAX LEVY FOR REPAYMENT. (a) With the approval of the commissioner of children, families, and learning, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of children, families, and learning ~~must~~ shall require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

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

Sec. 92. Minnesota Statutes 1996, section 124.755, subdivision 7, is amended to read:

Subd. 7. ELECTION AS TO MANDATORY APPLICATION. A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of children, families, and learning of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district obligates itself to be bound by this section, it shall must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of children, families, and learning under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of children, families, and learning if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, it shall the district must continue to make payments on the remaining issues.

Sec. 93. Minnesota Statutes 1996, section 124.755, subdivision 8, is amended to read:

Subd. 8. MANDATORY PLAN; TECHNICAL ASSISTANCE. If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it shall must submit a plan to the commissioner of children, families, and learning for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall must provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Sec. 94. Minnesota Statutes 1996, section 124.755, subdivision 9, is amended to read:

Subd. 9. STATE BOND RATING. If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a school district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

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

Sec. 95. Minnesota Statutes 1996, section 124.82, subdivision 1, is amended to read:

Subdivision 1. CREATION OF A DOWN PAYMENT ACCOUNT. A school district may create a down payment account as a separate account in its construction fund. All proceeds from the down payment levy must be deposited in the capital expenditure fund and transferred to this account. Interest income attributable to the down payment account must be credited to the account.

Sec. 96. Minnesota Statutes 1996, section 124.82, subdivision 3, is amended to read:

Subd. 3. FACILITIES DOWN PAYMENT LEVY REFERENDUM. A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of children, families, and learning, state the maximum amount of the down payment levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

“Shall the down payment levy proposed by the board of School District No. be approved?”

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of children, families, and learning of the results of the referendum.

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

Sec. 97. Minnesota Statutes 1997 Supplement, 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. 98. Minnesota Statutes 1996, section 124.83, subdivision 8, is amended to read:

Subd. 8. HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT COST. (a) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) ~~Effective July 1, 1993,~~ The department of children, families, and learning may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

Sec. 99. Minnesota Statutes 1996, section 124.84, subdivision 1, is amended to read:

Subdivision 1. REMOVAL OF ARCHITECTURAL BARRIERS. If a school board has insufficient money in its capital expenditure fund to remove architectural barriers from a building it owns in order to allow a pupil to attend a school in the pupil's attendance area or to meet the needs of an employee with a disability, a district may submit an application to the commissioner of children, families, and learning containing at least the following:

(1) program modifications that the board considered, such as relocating classrooms, providing an accessible unisex bathroom, providing alternative library resources, or using special equipment, such as bookcarts, and the reasons the modifications were not feasible;

(2) a description of the proposed building modifications and the cost of the modifications; and

(3) the age and market value of the building.

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

Individuals developing an application for a school district shall complete a workshop, developed jointly by the commissioner of children, families, and learning and the council on disability, about access criteria.

In consultation with the council on disability, the commissioner shall develop criteria to determine the cost-effectiveness of removing barriers in older buildings.

The commissioner shall approve or disapprove an application within 60 days of receiving it.

Sec. 100. Minnesota Statutes 1996, section 124.84, subdivision 2, is amended to read:

Subd. 2. FIRE SAFETY MODIFICATIONS. If a school district has insufficient money in its capital expenditure fund to make modifications to a school building required by a fire inspection conducted according to section 121.1502, the district may submit an application to the commissioner of children, families, and learning containing information required by the commissioner. The commissioner shall approve or disapprove of the application according to criteria established by the commissioner. The criteria shall take into consideration the cost-effectiveness of making modifications to older buildings.

Sec. 101. Minnesota Statutes 1996, section 124.85, subdivision 2, is amended to read:

Subd. 2. ENERGY EFFICIENCY CONTRACT. (a) Notwithstanding any law to the contrary, a school district may enter into a guaranteed energy savings contract with a qualified provider to significantly reduce energy or operating costs.

(b) Before entering into a contract under this subdivision, the board shall comply with clauses (1) to (5).

(1) The board shall must seek proposals from multiple qualified providers by publishing notice of the proposed guaranteed energy savings contract in the board's official newspaper and in other publications if the board determines that additional publication is necessary to notify multiple qualified providers.

(2) The school board shall must select the qualified provider that best meets the needs of the board. The school board shall must provide public notice of the meeting at which it will select the qualified provider.

(3) The contract between the board and the qualified provider must describe the methods that will be used to calculate the costs of the contract and the operational and energy savings attributable to the contract.

(4) The qualified provider shall issue a report to the board giving a description of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, or debt service, and giving detailed calculations of the amounts by which energy or operating costs will be reduced and the projected pay-back schedule in years.

(5) The board shall must provide published notice of the meeting in which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose.

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

Sec. 102. Minnesota Statutes 1996, section 124.85, subdivision 2a, is amended to read:

Subd. 2a. EVALUATION BY COMMISSIONER. Upon request of the school board, the commissioner of public service shall review the report required in subdivision 2 and provide an evaluation to the board on the proposed contract within 15 working days of receiving the report. In evaluating the proposed contract, the commissioner shall determine whether the detailed calculations of the costs and of the energy and operating savings are accurate and reasonable. The commissioner may request additional information about a proposed contract as the commissioner deems necessary. If the commissioner requests additional information, the commissioner shall not be required to submit an evaluation to the board within fewer than ten working days of receiving the requested information.

Sec. 103. Minnesota Statutes 1996, section 124.85, subdivision 2b, is amended to read:

Subd. 2b. REVIEW OF SAVINGS UNDER CONTRACT. Upon request of the school board, the commissioner shall conduct a review of the energy and operating cost savings realized under a guaranteed energy savings contract every three years during the period a contract is in effect. The commissioner shall compare the savings realized under the contract during the period under review with the calculations of savings included in the report required under subdivision 2 and provide an evaluation to the board concerning the performance of the system and the accuracy and reasonableness of the claimed energy and operating cost savings.

Sec. 104. Minnesota Statutes 1996, section 124.85, subdivision 2c, is amended to read:

Subd. 2c. PAYMENT OF REVIEW EXPENSES. The commissioner of public service may charge a school district requesting services under subdivisions 2a and 2b actual costs incurred by the department of public service while conducting the review, or one-half percent of the total identified project cost, whichever is less. Before conducting the review, the commissioner shall notify a school district requesting review services that expenses will be charged to the school district. The commissioner shall bill the school district upon completion of the contract review. Money collected by the commissioner under this subdivision must be deposited in the general fund. A district may include the cost of a review by the commissioner under subdivision 2a in a contract made pursuant to this section.

Sec. 105. Minnesota Statutes 1996, section 124.85, subdivision 5, is amended to read:

Subd. 5. INSTALLATION CONTRACTS. A school district may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than 1/15 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a 15-year term from the date of the first operation.

Sec. 106. Minnesota Statutes 1996, section 124.85, subdivision 6, is amended to read:

Subd. 6. CONTRACT CONTINUANCE. Guaranteed energy savings contracts may extend beyond the fiscal year in which they become effective. The school district

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

shall must include in its annual appropriations measure for each later fiscal year any amounts payable under guaranteed energy savings contracts during the year. Failure of a board to make such an appropriation does not affect the validity of the guaranteed energy savings contract or the school district's obligations under the contracts.

Sec. 107. Minnesota Statutes 1996, section 124.85, subdivision 7, is amended to read:

Subd. 7. PUBLIC INFORMATION. A guaranteed energy savings contract must provide that all work plans and other information prepared by the qualified provider in relation to the project, including a detailed description of the project, are public data after the contract is entered into, except. Information defined as trade secret information under section 13.37, subdivision 1, shall remain nonpublic data.

Sec. 108. Minnesota Statutes 1996, section 124.91, subdivision 4, is amended to read:

Subd. 4. COOPERATING DISTRICTS. A district that has an agreement according to section 122.535 or 122.541 may levy for the repair costs, as approved by the department of children, families, and learning, of a building located in another district that is a party to the agreement.

Sec. 109. Minnesota Statutes 1997 Supplement, 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. 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 shall 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.

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

(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.

(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 Laws 1997, First Special Session chapter 4, expire.

Sec. 110. Minnesota Statutes 1996, section 124.91, subdivision 6, is amended to read:

Subd. 6. ENERGY CONSERVATION. The school district may annually levy, without the approval of a majority of the voters in the district, an amount sufficient to repay the annual principal and interest of the loan made pursuant to sections 216C.37 and 298.292 to 298.298.

Sec. 111. Minnesota Statutes 1997 Supplement, section 124.912, subdivision 1, is amended to read:

Subdivision 1. STATUTORY OBLIGATIONS. 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 268.052, subdivision 1, 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;

(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.

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

Sec. 112. Minnesota Statutes 1997 Supplement, 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 \$1.50 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. 113. Minnesota Statutes 1996, section 124.912, subdivision 7, is amended to read:

Subd. 7. ICE ARENA LEVY. (a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any school district operating and maintaining an ice arena must demonstrate to the satisfaction of the office of monitoring in the department of children, families, and learning that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 114. Minnesota Statutes 1996, section 124.912, subdivision 9, is amended to read:

Subd. 9. ABATEMENT LEVY. (a) Each year, a school district may levy an amount to replace the net revenue lost to abatements that have occurred under chapter 278, section 270.07, 375.192, or otherwise. The maximum abatement levy is the sum of:

(1) the amount of the net revenue loss determined under section 124.214, subdivision 2, that is not paid in state aid including any aid amounts not paid due to proration;

(2) the difference of (i) the amount of any abatements that have been reported by the county auditor for the first six months of the calendar year during which the abatement levy is certified that the district chooses to levy, (ii) less any amount actually levied under

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

this clause that was certified in the previous calendar year for the first six months of the previous calendar year; and

(3) an amount equal to any interest paid on abatement refunds.

(b) A district may spread this levy over a period not to exceed three years.

By July 15, the county auditor shall separately report the abatements that have occurred during the first six calendar months of that year to the commissioner of children, families, and learning and each school district located within the county.

Sec. 115. Minnesota Statutes 1996, section 124.914, is amended to read:

124.914 OPERATING DEBT LEVIES.

Subdivision 1. 1977 STATUTORY OPERATING DEBT. (1) (a) In each year in which so required by this subdivision, a district shall must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall must levy an amount not to exceed the amount raised by a levy of a net tax rate of 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) (b) The district shall must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall must be used only for cash flow requirements and shall must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) (c) Any district which is required to levy pursuant to this subdivision shall must certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

(4) (d) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Subd. 2. 1983 OPERATING DEBT. (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a net tax rate of 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall must not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special

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

Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall must be discontinued.

(2) The proceeds of this levy shall must be used only for cash flow requirements and shall must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any A district that levies pursuant to this subdivision shall must certify the maximum levy allowable under section 124A.23, subdivisions 2 and 2a, in that same year.

Subd. 3. 1985 OPERATING DEBT. (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of a net tax rate of 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall must not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 2 but not both.

(3) The proceeds of this levy shall must be used only for cash flow requirements and shall must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any A district that levies pursuant to this subdivision shall must certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

Subd. 4. 1992 OPERATING DEBT. (a) For taxes payable for calendar year 2003 and earlier, a district that has filed a plan pursuant to section 121.917, subdivision 4, 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 as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the lesser of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount shall must be reduced by referendum revenue authorized under section 124A.03 pursuant to the plan filed under section 121.917. However, the total amount of this levy for all years it is made shall must not exceed the amount of the deficit in the net unappropriated balance in the operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall must be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 122.531, subdivision 4a, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

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

(c) The proceeds of this levy shall must be used only for cash flow requirements and shall must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(d) Any district that levies pursuant to this subdivision shall must certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

Sec. 116. Minnesota Statutes 1996, section 124.916, as amended by Laws 1997, First Special Session chapter 4, article 1, sections 29, 30, and 31, is amended to read:

124.916 BENEFITS LEVIES.

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.

(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.

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

(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.

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 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.

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 ~~must~~ 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.

(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. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

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

(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 in 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.

Subd. 4. MINNEAPOLIS HEALTH INSURANCE SUBSIDY. Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

“Eligible teacher” means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the Minneapolis teacher retirement fund association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall must notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall must disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher’s health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year’s health insurance subsidy levy, minus the previous year’s required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivision. This subdivision does not restrict the school district’s right to modify or terminate coverage under this subdivision.

Sec. 117. Minnesota Statutes 1997 Supplement, section 124.918, subdivision 1, is amended to read:

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

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

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

(b) As part of the commissioner's certification under paragraph (a), the commissioner shall certify the amount by which a district's levy for its general fund was reduced under subdivision 8.

Sec. 118. Minnesota Statutes 1996, section 124.918, subdivision 2, is amended to read:

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

Sec. 119. Minnesota Statutes 1996, section 124.918, subdivision 3, is amended to read:

Subd. 3. ADJUSTMENTS. If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the commissioner of revenue under section 124.2131, subdivisions 2 to 11, or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that, If no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall must be deducted from that levy and the levy certified pursuant to section 124A.23, subdivision 2. If the amount of any aid would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the commissioner of revenue, the amount of the increase shall be added to the amount of current aid for the same purposes.

Sec. 120. Minnesota Statutes 1997 Supplement, 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 must 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 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 must recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall must be recognized as revenue in the fiscal year after the levy is certified.

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

Sec. 121. Minnesota Statutes 1996, section 124.918, subdivision 7, is amended to read:

Subd. 7. **REPORTING.** For each tax settlement, the county auditor shall report to each school district by fund, the school district tax settlement revenue defined in section 121.904, subdivision 4a, clause (a), and the amount levied pursuant to section 124.914, subdivision 1, on the form specified in section 276.10. The county auditor shall send to the school district a copy of the spread levy report specified in section 275.124.

Sec. 122. Minnesota Statutes 1997 Supplement, section 124.918, subdivision 8, is amended to read:

Subd. 8. **TACONITE PAYMENT AND OTHER REDUCTIONS.** (1) Reductions in levies pursuant to section 124.918, subdivision 1, and section 273.138, shall must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; shall must not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall must reduce the permissible levies authorized by this chapter and chapter 124A by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of a net tax rate of 6.82 percent times the adjusted net tax capacity for taxes payable in 1990 and thereafter of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 124.912, subdivision 1, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 124.83 and 124.91, subdivision 6, the commissioner shall ascertain from each affected school district the amount it proposes to levy under

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

each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values; and not deducted from general education aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's general education aid pursuant to section 124A.035, subdivision 5, which is in excess of the general education aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 123. Minnesota Statutes 1996, section 124.95, subdivision 1, is amended to read:

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

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

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

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

(1) obligations under section 124.2445;

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

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

(4) obligations under section 124.2455.

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

Sec. 124. Minnesota Statutes 1996, section 124.97, is amended to read:

124.97 DEBT SERVICE LEVY.

A school district may levy the amounts necessary to make payments for bonds issued and for interest on them, including the bonds and interest on them, issued as autho-

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

rized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); and the amounts necessary for repayment of debt service loans and capital loans, minus the amount of debt service equalization revenue of the district.

Sec. 125. Minnesota Statutes 1996, section 124A.02, subdivision 1, is amended to read:

Subdivision 1. APPLICABILITY. For the purposes of this chapter, the terms defined in section 120.02 have the same meanings. For the purpose of this chapter and chapter 124, the following terms have the meaning meanings given them.

Sec. 126. Minnesota Statutes 1996, section 124A.02, subdivision 3a, is amended to read:

Subd. 3a. ADJUSTED NET TAX CAPACITY. "Adjusted net tax capacity" means the net tax capacity of the taxable property of the school district as adjusted by the commissioner of revenue under section 124.2131. The adjusted net tax capacity for any given calendar year shall must be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

Sec. 127. Minnesota Statutes 1996, section 124A.02, subdivision 20, is amended to read:

Subd. 20. SHARED TIME AVERAGE DAILY MEMBERSHIP. The average daily membership of a pupil enrolled on a shared time basis shall equal equals the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

Sec. 128. Minnesota Statutes 1996, section 124A.02, subdivision 21, is amended to read:

Subd. 21. SHARED TIME AID. Aid for shared time pupils shall must equal the formula allowance times the full-time equivalent actual pupil units for shared time pupils. Aid for shared time pupils shall be is in addition to any other aid to which the district is otherwise entitled. Shared time average daily membership shall may not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time aid pursuant to subdivisions 20 to 22 and section 124A.034, subdivisions 1 to 1b.

Sec. 129. Minnesota Statutes 1996, section 124A.02, subdivision 22, is amended to read:

Subd. 22. SHARED TIME PUPILS. "Shared time pupils" are defined as means those pupils who attend public school programs for part of the regular school day and who otherwise fulfill the requirements of section 120.101 by attendance at a nonpublic school.

Sec. 130. Minnesota Statutes 1996, section 124A.02, subdivision 23, is amended to read:

Subd. 23. TRAINING AND EXPERIENCE INDEX. "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure shall must be determined pursuant to section 124A.04.

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

Sec. 131. Minnesota Statutes 1996, section 124A.02, subdivision 24, is amended to read:

Subd. 24. **AVERAGE SALARY FOR BEGINNING TEACHERS.** "Average salary for beginning teachers" means the average salary for all teachers in the state who are in their first year of teaching and who have no additional credits or degrees above a bachelor's degree. At least biennially, the department ~~shall~~ must recompute this average using complete new data.

Sec. 132. Minnesota Statutes 1996, section 124A.029, subdivision 1, is amended to read:

Subdivision 1. **REVENUE CONVERSION.** Except as provided under subdivision 4, the referendum authority under section 124A.03 and the levy authority under section 124.912, subdivisions 2 and 3, of a school district must be converted by the department according to this section.

Sec. 133. Minnesota Statutes 1996, section 124A.029, subdivision 3, is amended to read:

Subd. 3. **RATE ADJUSTMENT.** The department ~~shall~~ must adjust a school district's referendum authority for a referendum approved before July 1, 1991, excluding authority based on a dollar amount, and the levy authority under section 124.912, subdivisions 2 and 3, by multiplying the sum of the rates authorized by a district under section 124A.03 and the rates in section 124.912, subdivisions 2 and 3, by the ratio determined under subdivision 2 for the assessment year for which the revenue is attributable. The adjusted rates for assessment year 1993 ~~shall~~ apply to later years for which the revenue is authorized.

Sec. 134. Minnesota Statutes 1996, section 124A.029, subdivision 4, is amended to read:

Subd. 4. **PER PUPIL REVENUE CONVERSION.** (a) The department ~~shall~~ must convert each district's referendum revenue authority for fiscal year 2002 and later years to an allowance per pupil unit as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03, for fiscal year 2001 by the district's 2000-2001 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year.

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

Sec. 135. Minnesota Statutes 1996, section 124A.03, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM REVENUE.** (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum ~~shall~~ must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted

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

by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall must state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per actual pupil units that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it shall must also indicate the estimated referendum tax rate as a percent of market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall must designate the specific number of years, not to exceed ten, for which the referendum authorization shall apply applies. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

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

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

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

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

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

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

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

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

ies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

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

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

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

(f) At least 15 days prior to before the day of the referendum, the district shall must submit a copy of the notice required under paragraph (b) to the commissioner of children, families, and learning and to the county auditor of each county in which the school district is located. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall must notify the commissioner of children, families, and learning of the results of the referendum.

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

Sec. 136. Minnesota Statutes 1996, section 124A.03, subdivision 2a, is amended to read:

Subd. 2a. **SCHOOL REFERENDUM LEVY; MARKET VALUE.** Notwithstanding the provisions of subdivision 2, a school referendum levy approved after November 1, 1992, for taxes payable in 1993 and thereafter, shall must be levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b. Any referendum levy amount subject to the requirements of this subdivision shall must be certified separately to the county auditor under section 275.07.

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision.

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

Sec. 137. Minnesota Statutes 1996, section 124A.03, subdivision 3c, is amended to read:

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

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

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

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

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

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

Sec. 138. Minnesota Statutes 1996, section 124A.0311, subdivision 2, is amended to read:

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

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

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

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

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

Sec. 139. Minnesota Statutes 1996, section 124A.0311, subdivision 3, is amended to read:

Subd. 3. ALTERNATIVE CONVERSION. A school district that has a referendum that is levied against net tax capacity that expires before taxes payable in 1998 may convert its referendum authority according to this subdivision. In the payable year ~~prior to~~ before the year of expiration, the school board may authorize a referendum under section 124A.03. Notwithstanding any other law to the contrary, the district may propose, and if approved by its electors, have its referendum authority reauthorized in part on tax capacity and in part on referendum market value according to a schedule adopted by resolution of the school board for years prior to before taxes payable in 2001, provided that, for taxes payable in 2001 and later, the full amount of referendum authority is levied against referendum market value. If the full amount of the referendum is reauthorized on referendum market value prior to taxes payable in 1998, the referendum may extend for ten years. If the referendum becomes fully reauthorized on referendum market value for a later year, the referendum shall ~~must~~ not extend for more than the maximum number of years allowed under subdivision 2.

Sec. 140. Minnesota Statutes 1996, section 124A.0311, subdivision 4, is amended to read:

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

Sec. 141. Minnesota Statutes 1996, section 124A.032, is amended to read:

124A.032 ANNUAL FOUNDATION OR GENERAL EDUCATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department of children, families, and learning the amount necessary for general education aid. This amount shall ~~must~~ be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

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

Sec. 142. Minnesota Statutes 1996, section 124A.034, is amended to read:

124A.034 SHARED TIME AID.

Subdivision 1. TO RESIDENT DISTRICT. Aid for shared time pupils shall ~~must~~ be paid to the district of the pupil's residence. If a pupil attends shared time classes in another district, the resident district shall ~~must~~ pay to the district of attendance an amount of tuition equal to the ratio in section 124A.02, subdivision 20, times the amount of tuition ~~which~~ that would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall ~~is~~ not be obligated for tuition except by previous agreement.

Subd. 1a. EXCEPTION. Notwithstanding the provisions of subdivision 1, the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall ~~must~~ be paid to the district of attendance and, upon agreement, the district of attendance may bill the resident district for any unreimbursed education costs, but not for unreimbursed transportation costs. The agreement may, however, provide for the resident district to pay the cost of any of the particular transportation categories specified in section 124.225, subdivision 1, and in this case, aid for those categories shall ~~must~~ be paid to the district of residence rather than to the district of attendance.

Subd. 1b. SECTION 123.935 SERVICES. Minutes of enrollment in a public school during which a nonpublic school pupil receives services pursuant to section 123.935 shall ~~must~~ not be used in the computation of shared time aid.

Subd. 2. LOCATION OF SERVICES. Public school programs may be provided to shared time pupils only at a public school building; provided, however, that, Special instruction and services for children with a disability required pursuant to section 120.17 may also be provided at a neutral site as defined in section 123.932, and diagnostic and health services required pursuant to section 120.17 may also be provided at a nonpublic school building. As used in this subdivision, "diagnostic services" means speech, hearing, vision, psychological, medical and dental diagnostic services and "health services" means physician, nursing or optometric services provided to pupils in the field of physical and mental health.

Sec. 143. Minnesota Statutes 1996, section 124A.035, is amended to read:

124A.035 DEDUCTIONS FROM GENERAL EDUCATION AID.

Subd. 2. PERMANENT SCHOOL FUND. The amount of money received by a school district as income from the permanent school fund for any year, shall ~~must~~ be deducted from the general education aid earned by the district for the same year or from aid earned from other state sources.

Subd. 3. MINIMUM. In no event shall The amount payable to any district from state sources for any one year may ~~not~~ be reduced below the amount payable as apportionment of the school endowment fund pursuant to sections 124.08 to 124.10.

Subd. 4. COUNTY APPORTIONMENT DEDUCTION. Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, excluding any district where the general education levy is determined according

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

to section 124A.23, subdivision 3, shall must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

Subd. 5. TACONITE DEDUCTIONS. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted net tax capacity used in calculating general education aid shall may include only that property which that is currently taxable in the district.

(2) For districts that received payments under sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; and 298.405; any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; the general education aid shall must be reduced in the final adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections, or revenue recognized pursuant to section 477A.15 in the fiscal year to which the final adjustment is attributable and the amount which that was calculated, pursuant to section 124.918, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable. If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this clause, the next fiscal year's general education aid to that district shall must be reduced by this negative amount in the following manner: there shall must be withheld from each scheduled general education aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from general education aid pursuant to this clause shall must be recognized as revenue in the fiscal year to which the final adjustment payment is attributable.

Sec. 144. Minnesota Statutes 1996, section 124A.04, as amended by Laws 1997, First Special Session chapter 4, article 1, section 35, is amended to read:

124A.04 TRAINING AND EXPERIENCE INDEX.

Subd. 2. 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 must 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 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

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

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. 145. Minnesota Statutes 1996, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. CONTRACT DEADLINE AND PENALTY. (a) The following definitions apply to this subdivision:

(1) "Public employer" means:

(i) a school district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, the former board of technical colleges, or the board of trustees of the Minnesota state colleges and universities.

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall must both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall must be reduced. However, state aid shall must not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c)(1) For a district that reorganizes according to section 122.22, 122.23, or 122.241 to 122.248 effective July 1 of an odd-numbered year, state aid shall must not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(2) For a district that jointly negotiates a contract prior to before the effective date of reorganization under section 122.22, 122.23, or 122.241 to 122.248 that, for the first time, includes teachers in all districts to be reorganized, state aid shall must not be reduced according to this subdivision if the school board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

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

(3) Only one extension of the contract deadline is available to a district under this paragraph.

(d) The reduction ~~shall~~ must equal \$25 times the number of fund balance pupil units:

(1) for a ~~school~~ district, that are in the district during that fiscal year; or

(2) for a public employer other than a ~~school~~ district, that are in programs provided by the employer during the preceding fiscal year.

The department of children, families, and learning ~~shall~~ must determine the number of full-time equivalent actual pupil units in the programs. The department of children, families, and learning ~~shall~~ must reduce general education aid; if general education aid is insufficient or not paid, the department ~~shall~~ must reduce other state aids.

(e) Reductions from aid to ~~school~~ districts and public employers other than ~~school~~ districts ~~shall~~ must be returned to the general fund.

Sec. 146. Minnesota Statutes 1996, section 124A.22, subdivision 5, is amended to read:

Subd. 5. **DEFINITIONS.** The definitions in this subdivision apply only to subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, and the school is at least 19 miles from the next nearest school, the commissioner ~~shall~~ must designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of 55 percent of the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school. For a district in which there is located land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

(1) the square root of one-half of the attendance area; and

(2) the distance from the border of the district to the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school

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

within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school. For a building in a district where the nearest elementary school is at least 65 miles distant, pupils served shall must be used to determine average daily membership.

Sec. 147. Minnesota Statutes 1997 Supplement, 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, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall must 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. 148. Minnesota Statutes 1996, section 124A.22, subdivision 8, is amended to read:

Subd. 8. SUPPLEMENTAL REVENUE. (a) A district's supplemental revenue allowance for fiscal year 1994 and later fiscal years equals the district's supplemental revenue for fiscal year 1993 divided by the district's 1992-1993 actual pupil units.

(b) A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 9.

(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its actual pupil units for that year.

(d) A school district may cancel its supplemental revenue by notifying the commissioner of education prior to June 30, 1994. A school district that is reorganizing under section 122.22, 122.23, or 122.241 may cancel its supplemental revenue by notifying the commissioner of children, families, and learning prior to before July 1 of the year of the reorganization. If a district cancels its supplemental revenue according to this paragraph, its supplemental revenue allowance for fiscal year 1993 for purposes of subdivision 9 and section 124A.03, subdivision 3b, equals zero.

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

Sec. 149. Minnesota Statutes 1997 Supplement, 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;
- (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;

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

- (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. 150. Minnesota Statutes 1996, section 124A.22, subdivision 12, is amended to read:

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

- (1) the total weighted square footage for all eligible district-owned facilities; and
- (2) the total unweighted square footage of these facilities.

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

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

- (1) one plus the ratio of the age in years to 100; or
- (2) 1.5.

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

Sec. 151. Minnesota Statutes 1997 Supplement, 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.

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

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

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

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

(1) sum the following amounts:

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

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

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

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

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

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

Sec. 152. Minnesota Statutes 1996, section 124A.225, subdivision 4, is amended to read:

Subd. 4. **REVENUE USE.** (a) Revenue must be used according to either paragraph (b), or (c), or (d).

(b) Revenue shall must be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available.

(c) Notwithstanding paragraph (b), for fiscal year 1995, a district with exceptional need as defined in subdivision 6, paragraph (a), may use the revenue to reduce and maintain the district's instructor-to-learner ratios in kindergarten through grade 6 to a level that is at least 2.0 less than the district's adopted staffing ratio, if the remaining learning and development revenue is used to continue or initiate staffing patterns that meet the

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

needs of a diverse student population. Programs to meet the needs of a diverse student population may include programs for at-risk pupils and learning enrichment programs.

(d) For fiscal year 1995 only, in any school building that meets the characteristics of exceptional need as defined in subdivision 6, paragraph (b), a district may use the revenue to employ education assistants or aides supervised by a learner's regular instructor to assist learners in those school buildings.

(e) The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-learner instructor-to-learner ratios in other grades as a result of reducing instructor-learner instructor-to-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time or to provide the district's share of revenue required under section 124.311. A school district may use a portion of the revenue reserved under this section to employ up to the same number of full-time equivalent education assistants or aides as the district employed during the 1992-1993 school year under Minnesota Statutes 1992, section 124.331, subdivision 2.

Sec. 153. Minnesota Statutes 1996, section 124A.225, subdivision 5, is amended to read:

Subd. 5. ADDITIONAL REVENUE USE. If the school board of a school district determines that the district has achieved and is maintaining the instructor-learner instructor-to-learner ratios specified in subdivision 4 and is using individualized learning plans, the school board may use the revenue to purchase material and services or provide staff development needed for reduced instructor-learner instructor-to-learner ratios. If additional revenue remains, the district must use the revenue to improve program offerings, including programs provided through interactive television, throughout the district or other general education purposes.

Sec. 154. Minnesota Statutes 1997 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. GENERAL EDUCATION TAX RATE. The commissioner shall must establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall must be a rate, rounded up to the nearest 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 must be the rate that raises \$1,359,000,000 for fiscal year 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. 155. Minnesota Statutes 1997 Supplement, 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

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

general education revenue, excluding supplemental revenue, the general education levy shall must be determined according to subdivision 3.

Sec. 156. Minnesota Statutes 1997 Supplement, 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 transition revenue and supplemental revenue, the amount of the general education levy shall must be limited to the following:

(1) the district's general education revenue, excluding 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. 157. Minnesota Statutes 1997 Supplement, section 124A.28, subdivision 3, is amended to read:

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

Sec. 158. Minnesota Statutes 1996, section 124A.30, is amended to read:

124A.30 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner shall must estimate the statewide average general education revenue per actual pupil unit and the range in general education revenue among pupils and districts by computing the difference between the fifth and ninety-fifth percentiles of general education revenue. The commissioner must provide that information to all school districts.

If the disparity in general education revenue as measured by the difference between the fifth and ninety-fifth percentiles increases in any year, the commissioner must propose a change in the general education formula that will limit the disparity in general education revenue to no more than the disparity for the previous school year. The commissioner must submit the proposal to the education committees of the legislature by January 15.

Sec. 159. Minnesota Statutes 1996, section 124C.498, as amended by Laws 1997, First Special Session chapter 4, article 2, section 33, and article 7, section 7, is amended to read:

124C.498 METROPOLITAN MAGNET SCHOOL GRANTS.

Subdivision 1. POLICY AND PURPOSE. A metropolitan magnet school grant program is established for the purpose of promoting integrated education for students in

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

prekindergarten through grade 12, increase increasing mutual understanding among all students, and address addressing the inability of local school districts to provide required construction funds through local property taxes. The program seeks to encourage school districts located in whole or in part within the seven-county metropolitan area to make available to school age children residing in the metropolitan area those educational programs, services, and facilities that are essential to meeting all children's needs and abilities. The program anticipates using the credit of the state, to a limited degree, to provide grants to metropolitan area school districts to improve the educational opportunities and academic achievement of disadvantaged children and the facilities that are available to those children.

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 24 months after the date on which a grant is awarded.

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 grant in an amount not to exceed \$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.

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

(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~~ must 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 commissioner 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. 160. Minnesota Statutes 1996, section 124C.60, subdivision 2, is amended to read:

Subd. 2. **PROCEDURES.** The state board shall establish procedures and deadlines for the grant application. The state board ~~shall~~ must review each application and may require modifications consistent with sections 122.241 to 122.248.

Sec. 161. Minnesota Statutes 1996, section 124C.72, subdivision 2, is amended to read:

Subd. 2. **APPLICATION FORMS.** The commissioner ~~of children, families, and learning~~ shall prepare application forms and establish application dates.

Sec. 162. Minnesota Statutes 1996, section 124C.73, subdivision 3, is amended to read:

Subd. 3. **AWARD OF GRANTS.** (a) The commissioner shall examine and consider all applications for grants, and if a district is found not qualified, the commissioner shall promptly notify the district board. The commissioner shall give first priority to ~~school~~ districts that have entered into the cooperation and combination process under sections 122.241 to 122.248, or that have consolidated since January 1, 1987. The commissioner shall further prioritize grants on the basis of the following: the district's tax burden, the long-term feasibility of the project, the suitability of the project, and the district's need for the project. If the total amount of the applications exceeds the amount that is or can be

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

made available, the commissioner shall award grants according to the commissioner's judgment and discretion and based upon a ranking of the projects according to the factors listed in this paragraph. The commissioner shall promptly certify to each district the amount, if any, of the grant awarded to it.

(b) For fiscal year 1994, the commissioner may develop criteria in addition to the factors listed in paragraph (a), in order to award demonstration grants.

Sec. 163. REPEALER.

(a) Minnesota Statutes 1996, sections 124.01; 124.19, subdivision 4; 124.38, subdivision 9; 124.472; 124.473; 124.474; 124.476; 124.477; 124.478; 124.479; 124.71, subdivision 2; 124A.02, subdivisions 15 and 16; 124A.029, subdivision 2; 124A.03, subdivision 3b; 124A.22, subdivision 13f; 124A.225, subdivision 6; and 124A.31; Minnesota Statutes 1997 Supplement, section 124A.26, are repealed.

(b) Minnesota Statutes 1996, section 124.2725, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, 13, 14, and 16; and Minnesota Statutes 1997 Supplement, section 124.2725, subdivision 11, are repealed.

Sec. 164. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
124A.02, subd. 1	124D.01, subd. 1
subd. 3a	subd. 2
subd. 3b	subd. 3
subd. 8	subd. 4
subd. 10	subd. 5
subd. 20	subd. 6
subd. 21	subd. 7
subd. 22	subd. 8
subd. 23	subd. 9
subd. 24	subd. 10
subd. 25	subd. 11
<u>124.17,</u>	<u>120D.02,</u>
subd. 1	subd. 1
subd. 1c	subd. 2
subd. 1d	subd. 3
subd. 1e	subd. 4
subd. 1f	subd. 5
subd. 1g	subd. 6
subd. 1h	subd. 7
subd. 2	subd. 8
subd. 2a	subd. 9
subd. 2b	subd. 10
subd. 2c	subd. 11
subd. 2e	subd. 12

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

<u>subd. 2f</u>	<u>subd. 13</u>
<u>subd. 3</u>	<u>subd. 14</u>
<u>subd. 4</u>	<u>subd. 15</u>
<u>subd. 6</u>	<u>subd. 16</u>
<u>subd. 7</u>	<u>subd. 17</u>
<u>124.175</u>	<u>124D.03</u>
<u>124.19,</u>	<u>124D.04,</u>
<u>subd. 3</u>	<u>subd. 1</u>
<u>subd. 5</u>	<u>subd. 2</u>
<u>124A.22,</u>	<u>124D.05,</u>
<u>subd. 1</u>	<u>subd. 1</u>
<u>subd. 2</u>	<u>subd. 2</u>
<u>subd. 2a</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>subd. 3a</u>	<u>subd. 5</u>
<u>subd. 4</u>	<u>subd. 6</u>
<u>subd. 5</u>	<u>subd. 7</u>
<u>subd. 6</u>	<u>subd. 8</u>
<u>subd. 6a</u>	<u>subd. 9</u>
<u>subd. 8</u>	<u>subd. 10</u>
<u>subd. 8a</u>	<u>subd. 11</u>
<u>subd. 8b</u>	<u>subd. 12</u>
<u>subd. 9</u>	<u>subd. 13</u>
<u>subd. 10</u>	<u>subd. 14</u>
<u>subd. 11</u>	<u>subd. 15</u>
<u>subd. 11a</u>	<u>subd. 16</u>
<u>subd. 12</u>	<u>subd. 17</u>
<u>subd. 13</u>	<u>subd. 18</u>
<u>subd. 13a</u>	<u>subd. 19</u>
<u>subd. 13b</u>	<u>subd. 20</u>
<u>subd. 13c</u>	<u>subd. 21</u>
<u>subd. 13d</u>	<u>subd. 22</u>
<u>subd. 13e</u>	<u>subd. 23</u>
<u>124A.04</u>	<u>124D.06</u>
<u>124A.225</u>	<u>124D.07</u>
<u>124A.23</u>	<u>124D.08</u>
<u>124A.24</u>	<u>124D.09</u>
<u>124A.28,</u>	<u>subd. 1</u>
	<u>124D.10,</u>
<u>subd. 1a</u>	<u>subd. 1</u>
<u>subd. 1b</u>	<u>subd. 2</u>
<u>subd. 2</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>124A.029,</u>	<u>subd. 1</u>
	<u>124D.11,</u>
<u>subd. 3</u>	<u>subd. 1</u>
<u>subd. 4</u>	<u>subd. 2</u>
<u>124A.03,</u>	<u>subd. 1b</u>
	<u>124D.12,</u>
<u>subd. 1c</u>	<u>subd. 1</u>
<u>subd. 1d</u>	<u>subd. 2</u>
	<u>subd. 3</u>

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

<u>subd. 1e</u>	<u>subd. 4</u>
<u>subd. 1f</u>	<u>subd. 5</u>
<u>subd. 1g</u>	<u>subd. 6</u>
<u>subd. 1h</u>	<u>subd. 7</u>
<u>subd. 1i</u>	<u>subd. 8</u>
<u>subd. 2</u>	<u>subd. 9</u>
<u>subd. 2a</u>	<u>subd. 10</u>
<u>subd. 2b</u>	<u>subd. 11</u>
<u>subd. 3c</u>	<u>subd. 12</u>
<u>124A.0311</u>	<u>124D.13</u>
<u>124A.032</u>	<u>124D.14</u>
<u>124A.034, subd. 1</u>	<u>124D.15,</u> <u>subd. 1</u>
<u>subd. 1a</u>	<u>subd. 2</u>
<u>subd. 2</u>	<u>subd. 3</u>
<u>124A.035, subd. 2</u>	<u>124D.16,</u> <u>subd. 1</u>
<u>subd. 3</u>	<u>subd. 2</u>
<u>subd. 4</u>	<u>subd. 3</u>
<u>subd. 5</u>	<u>subd. 4</u>
<u>124A.30</u>	<u>124D.17</u>
<u>123.76</u>	<u>124D.18</u>
<u>123.77</u>	<u>124D.19</u>
<u>123.78, subd. 1</u>	<u>124D.20,</u> <u>subd. 1</u>
<u>subd. 1a</u>	<u>subd. 2</u>
<u>subd. 2</u>	<u>subd. 3</u>
<u>subd. 3</u>	<u>subd. 4</u>
<u>123.79</u>	<u>124D.21</u>
<u>123.799</u>	<u>124D.22</u>
<u>123.7991</u>	<u>124D.23</u>
<u>123.7992</u>	<u>124D.24</u>
<u>123.801</u>	<u>124D.25</u>
<u>123.805</u>	<u>124D.26</u>
<u>124.225, subd. 1</u>	<u>124D.27,</u> <u>subd. 1</u>
<u>subd. 7f</u>	<u>subd. 2</u>
<u>subd. 8l</u>	<u>subd. 3</u>
<u>subd. 8m</u>	<u>subd. 4</u>
<u>subd. 9</u>	<u>subd. 5</u>
<u>subd. 13</u>	<u>subd. 6</u>
<u>subd. 14</u>	<u>subd. 7</u>
<u>subd. 15</u>	<u>subd. 8</u>
<u>subd. 16</u>	<u>subd. 9</u>
<u>subd. 17</u>	<u>subd. 10</u>
<u>124.2726</u>	<u>124D.28</u>
<u>124.2727, subd. 6a</u>	<u>124D.29,</u> <u>subd. 1</u>
<u>subd. 6b</u>	<u>subd. 2</u>
<u>subd. 6c</u>	<u>subd. 3</u>
<u>subd. 6d</u>	<u>subd. 4</u>
<u>subd. 9</u>	<u>subd. 5</u>

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

<u>124.646,</u>	<u>subd. 1</u>	<u>124D.30,</u>	<u>subd. 1</u>
	<u>subd. 3</u>		<u>subd. 2</u>
	<u>subd. 4</u>		<u>subd. 3</u>
<u>121.11,</u>	<u>subd. 14</u>	<u>124D.31</u>	
<u>124.6462</u>		<u>124D.32</u>	
<u>124.6469</u>		<u>124D.33</u>	
<u>124.647</u>		<u>124D.34</u>	
<u>124.6471</u>		<u>124D.35</u>	
<u>124.6472</u>		<u>124D.36</u>	
<u>124.648</u>		<u>124D.37</u>	
<u>124.6475</u>		<u>124D.38</u>	
<u>124.912,</u>	<u>subd. 1</u>	<u>124D.39,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 6</u>		<u>subd. 4</u>
	<u>subd. 7</u>		<u>subd. 5</u>
	<u>subd. 9</u>		<u>subd. 6</u>
<u>124.914</u>		<u>124D.40</u>	
<u>124.916</u>		<u>124D.41</u>	
<u>127.05</u>		<u>124D.42</u>	
<u>124.918</u>		<u>124D.43</u>	
<u>124.71</u>		<u>124D.44</u>	
<u>124.72</u>		<u>124D.45</u>	
<u>124.73</u>		<u>124D.46</u>	
<u>123.931</u>		<u>124D.47</u>	
<u>123.932,</u>	<u>subd. 1a</u>	<u>124D.48,</u>	<u>subd. 1</u>
	<u>subd. 1b</u>		<u>subd. 2</u>
	<u>subd. 1c</u>		<u>subd. 3</u>
	<u>subd. 1d</u>		<u>subd. 4</u>
	<u>subd. 1e</u>		<u>subd. 5</u>
	<u>subd. 2a</u>		<u>subd. 6</u>
	<u>subd. 2b</u>		<u>subd. 7</u>
	<u>subd. 2c</u>		<u>subd. 8</u>
	<u>subd. 3</u>		<u>subd. 9</u>
	<u>subd. 3a</u>		<u>subd. 10</u>
	<u>subd. 5</u>		<u>subd. 11</u>
	<u>subd. 7</u>		<u>subd. 12</u>
	<u>subd. 9</u>		<u>subd. 13</u>
	<u>subd. 10</u>		<u>subd. 14</u>
	<u>subd. 11</u>		<u>subd. 15</u>
<u>123.933</u>		<u>124D.49</u>	
<u>123.935</u>		<u>124D.50</u>	
<u>123.936</u>		<u>124D.51</u>	
<u>123.9361</u>		<u>124D.52</u>	
<u>123.9362</u>		<u>124D.53</u>	
<u>123.937</u>		<u>124D.54</u>	

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

<u>123.947</u>		<u>124D.55</u>
<u>124.239,</u>	<u>subd. 1</u>	<u>124D.56,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 3</u>	<u>subd. 2</u>
	<u>subd. 4</u>	<u>subd. 3</u>
	<u>subd. 5</u>	<u>subd. 4</u>
	<u>subd. 5a</u>	<u>subd. 5</u>
	<u>subd. 5b</u>	<u>subd. 6</u>
	<u>subd. 6</u>	<u>subd. 7</u>
		<u>subd. 8</u>
<u>124.242</u>		<u>124D.57</u>
<u>124.2445</u>		<u>124D.58</u>
<u>124.2455</u>		<u>124D.59</u>
<u>124.82</u>		<u>124D.60</u>
<u>124.95,</u>	<u>subd. 1</u>	<u>124D.61,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 2a</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
		<u>subd. 7</u>
<u>124.961</u>		<u>124D.62</u>
<u>124.97</u>		<u>124D.63</u>
<u>124.825</u>		<u>124D.64</u>
<u>124.829</u>		<u>124D.65</u>
<u>124.83</u>		<u>124D.66</u>
<u>124.84</u>		<u>124D.67</u>
<u>124.85,</u>	<u>subd. 1</u>	<u>124D.68,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 2a</u>	<u>subd. 2</u>
	<u>subd. 2b</u>	<u>subd. 3</u>
	<u>subd. 2c</u>	<u>subd. 4</u>
	<u>subd. 3</u>	<u>subd. 5</u>
	<u>subd. 4</u>	<u>subd. 6</u>
	<u>subd. 5</u>	<u>subd. 7</u>
	<u>subd. 6</u>	<u>subd. 8</u>
	<u>subd. 7</u>	<u>subd. 9</u>
		<u>subd. 10</u>
<u>124.91,</u>	<u>subd. 1</u>	<u>124D.69,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
	<u>subd. 5</u>	<u>subd. 3</u>
	<u>subd. 6</u>	<u>subd. 4</u>
	<u>subd. 7</u>	<u>subd. 5</u>
		<u>subd. 6</u>
<u>124.74</u>		<u>124D.70</u>
<u>124.75</u>		<u>124D.71</u>
<u>124.755</u>		<u>124D.72</u>
<u>124.76</u>		<u>124D.73</u>

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

<u>124C.60</u>		<u>124D.74</u>
<u>124.35</u>		<u>124D.75</u>
<u>124.36</u>		<u>124D.76</u>
<u>124.37</u>		<u>124D.77</u>
<u>124.38,</u>	<u>subd. 1</u>	<u>124D.78,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 3</u>	<u>subd. 2</u>
	<u>subd. 4</u>	<u>subd. 3</u>
	<u>subd. 4a</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
	<u>subd. 7</u>	<u>subd. 7</u>
	<u>subd. 8</u>	<u>subd. 8</u>
	<u>subd. 8a</u>	<u>subd. 9</u>
	<u>subd. 11</u>	<u>subd. 10</u>
	<u>subd. 12</u>	<u>subd. 11</u>
	<u>subd. 13</u>	<u>subd. 12</u>
	<u>subd. 14</u>	<u>subd. 13</u>
		<u>subd. 14</u>
<u>124.381</u>		<u>124D.79</u>
<u>124.39</u>		<u>124D.80</u>
<u>124.40</u>		<u>124D.81</u>
<u>124.41</u>		<u>124D.82</u>
<u>124.42</u>		<u>124D.83</u>
<u>124.431,</u>	<u>subd. 1</u>	<u>124D.84,</u>
	<u>subd. 1a</u>	<u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 6</u>	<u>subd. 6</u>
	<u>subd. 7</u>	<u>subd. 7</u>
	<u>subd. 8</u>	<u>subd. 8</u>
	<u>subd. 9</u>	<u>subd. 9</u>
	<u>subd. 10</u>	<u>subd. 10</u>
	<u>subd. 11</u>	<u>subd. 11</u>
	<u>subd. 12</u>	<u>subd. 12</u>
	<u>subd. 13</u>	<u>subd. 13</u>
	<u>subd. 14</u>	<u>subd. 14</u>
		<u>subd. 15</u>
<u>124.44</u>		<u>124D.85</u>
<u>124.45</u>		<u>124D.86</u>
<u>124.46</u>		<u>124D.87</u>
<u>124.491</u>		<u>124D.88</u>
<u>124.492</u>		<u>124D.89</u>
<u>124.493,</u>	<u>subd. 1</u>	<u>124D.90,</u>
	<u>subd. 3</u>	<u>subd. 1</u>
		<u>subd. 2</u>

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

<u>124.494,</u>	<u>subd. 1</u>	<u>124D.91,</u>	<u>subd. 1</u>
<u>subd. 2</u>		<u>subd. 2</u>	
<u>subd. 2a</u>		<u>subd. 3</u>	
<u>subd. 3</u>		<u>subd. 4</u>	
<u>subd. 4</u>		<u>subd. 5</u>	
<u>subd. 4a</u>		<u>subd. 6</u>	
<u>subd. 5</u>		<u>subd. 7</u>	
<u>subd. 6</u>		<u>subd. 8</u>	
<u>subd. 7</u>		<u>subd. 9</u>	
<u>124.4945</u>		<u>124D.92</u>	
<u>124.4946</u>		<u>124D.93</u>	
<u>124.495</u>		<u>124D.94</u>	
<u>124C.498</u>		<u>124D.95</u>	
<u>124C.71</u>		<u>124D.96</u>	
<u>124C.72</u>		<u>124D.97</u>	
<u>124C.73</u>		<u>124D.98</u>	

ARTICLE 8

CHAPTER 125A

TEACHERS

Section 1. Minnesota Statutes 1996, section 123.35, subdivision 5, is amended to read:

Subd. 5. HIRING TEACHERS; SUBSTITUTE TEACHERS. The board shall must employ and contract with necessary qualified teachers and discharge the same for cause. The board shall must not hire a substitute teacher except:

(a) For a duration of time of less than one school year to replace a regular teacher who is absent; or

(b) For a duration of time equal to or greater than one school year to replace a regular teacher on a leave of absence.

If a substitute teacher is hired pursuant to clause (b), each full school year during which the teacher is employed by a district pursuant to that clause shall be deemed one year of the teacher's probationary period of employment pursuant to either section 125.12, subdivision 3, or 125.17, subdivision 2. The teacher shall be eligible for continuing contract status pursuant to section 125.12, subdivision 4, or tenure status pursuant to section 125.17, subdivision 3, after completion of the applicable probationary period.

Sec. 2. Minnesota Statutes 1996, section 123.35, subdivision 13, is amended to read:

Subd. 13. PRACTICE OR STUDENT TEACHERS. The board may, by agreements with teacher preparing institutions, arrange for classroom experience in the district for practice or student teachers who have completed not less than two years of an approved teacher education program. Such practice teachers shall must be provided with

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

appropriate supervision by a fully qualified teacher under rules promulgated by the board and shall be. Practice teachers are deemed employees of the school district in which they are rendering services for purposes of workers' compensation; liability insurance, if provided for other district employees in accordance with section 123.41; and legal counsel in accordance with the provisions of section 127.03.

Sec. 3. Minnesota Statutes 1996, section 124.278, subdivision 3, is amended to read:

Subd. 3. **REIMBURSEMENT.** Reimbursement shall must equal one-half of the salary and fringe benefits, but not more than \$20,000. The district shall must receive reimbursement for each year a minority teacher, aide, or education assistant is employed. The department of children, families, and learning shall must establish application or other procedures for districts to obtain the reimbursement. The department shall must not prorate the reimbursement.

Sec. 4. Minnesota Statutes 1996, section 124A.29, is amended to read:

124A.29 RESERVED REVENUE FOR STAFF DEVELOPMENT.

Subdivision 1. STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT REVENUE. A district is encouraged to reserve general education revenue for in-service education for programs under section 126.77, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 126.70, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. Districts may expend an additional amount of basic revenue for staff development based on their needs. The school board shall must initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis, which shall must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall must be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose authorized under section 126.70, 126.77, subdivision 2, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Subd. 2. **CAREER TEACHER STAFF DEVELOPMENT.** Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units shall must be reserved by a district operating a career teacher program according to sections 125.701 to 125.705. The revenue may be used only to provide staff development for the career teacher program.

Sec. 5. Minnesota Statutes 1996, section 124C.41, subdivision 4, is amended to read:

Subd. 4. **POLICY BOARD POWERS AND DUTIES.** The policy board shall develop policy, designate a fiscal agent, adopt a budget, expend funds to accomplish the

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

purposes of the center, contract for technical and other assistance, and perform other managerial or supervisory activities consistent with the rules of the state board of education. The policy board may employ staff or contract with consultants for services.

Sec. 6. Minnesota Statutes 1996, section 125.03, subdivision 1, is amended to read:

Subdivision 1. TEACHERS. The term "teachers" for the purpose of licensure, means all persons employed in a public school or education district or by a SC service cooperative as members of the instructional, supervisory, and support staff including superintendents, principals, supervisors, secondary vocational and other classroom teachers, librarians, counselors, school psychologists, school nurses, school social workers, audio-visual directors and coordinators, recreation personnel, media generalists, media supervisors, and speech therapists.

Sec. 7. Minnesota Statutes 1996, section 125.03, subdivision 6, is amended to read:

Subd. 6. ASSESSMENT PROFESSIONALS. When a school board of a school district with 10,000 pupils or more in average daily membership employs a person to administer or interpret individual aptitude, intelligence or personality tests, the person must hold a graduate level degree related to administering and interpreting psychological assessments.

Sec. 8. Minnesota Statutes 1996, section 125.04, is amended to read:

125.04 QUALIFIED TEACHER DEFINED.

A qualified teacher is one holding a valid license, as hereinafter provided under this chapter, to perform the particular service for which employed in a public school.

Sec. 9. Minnesota Statutes 1996, section 125.05, subdivision 1, is amended to read:

Subdivision 1. AUTHORITY TO LICENSE. (a) The board of teaching shall must license teachers, as defined in section 125.03, subdivision 1, except for supervisory personnel, as defined in section 125.03, subdivision 4.

(b) The state board of education shall must license supervisory personnel as defined in section 125.03, subdivision 4.

(c) Licenses under the jurisdiction of the board of teaching and the state board of education must be issued through the licensing section of the department of children, families, and learning.

Sec. 10. Minnesota Statutes 1996, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS. (a) The board of teaching shall must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall must require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board shall must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not

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

achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.

(c) A person who has completed an approved teacher preparation program and obtained a one-year license to teach, but has not successfully completed the skills examination, may renew the one-year license for two additional one-year periods. Each renewal of the one-year license is contingent upon the licensee:

(1) providing evidence of participating in an approved remedial assistance program provided by a school district or post-secondary institution that includes a formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and

(2) attempting to successfully complete the skills examination during the period of each one-year license.

(d) The board of teaching shall must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes successfully completing the skills examination in reading, writing, and mathematics.

(e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure shall must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14.

Sec. 11. Minnesota Statutes 1997 Supplement, section 125.05, subdivision 1c, is amended to read:

Subd. 1c. SUPERVISORY AND COACH QUALIFICATIONS; CODE OF ETHICS. The state board of education shall must 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. 12. Minnesota Statutes 1996, section 125.05, subdivision 6, is amended to read:

Subd. 6. LIMITED PROVISIONAL LICENSES. The board of teaching may grant provisional licenses, which shall be valid for two years, in fields in which licenses were not issued previously or in fields in which a shortage of licensed teachers exists. A shortage shall be is defined as a lack of or an inadequate supply of licensed personnel within a given licensure area in a school district that has notified the board of teaching of the shortage and has applied to the board of teaching for provisional licenses for that district's licensed staff.

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

Sec. 13. Minnesota Statutes 1996, section 125.05, subdivision 8, is amended to read:

Subd. 8. BACKGROUND CHECKS. (a) The board of teaching and the state board of education ~~shall~~ must request a criminal history background check from the superintendent of the bureau of criminal apprehension on all applicants for initial licenses under their jurisdiction. An application for a license under this section must be accompanied by:

- (1) an executed criminal history consent form, including fingerprints; and
- (2) a money order or cashier's check payable to the bureau of criminal apprehension for the fee for conducting the criminal history background check.

(b) The superintendent of the bureau of criminal apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data maintained in the criminal justice information system computers and shall also conduct a search of the national criminal records repository, including the criminal justice data communications network. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

(c) The board of teaching or the state board of education may issue a license pending completion of a background check under this subdivision, but ~~shall~~ must notify the individual that the individual's license may be revoked based on the result of the background check.

Sec. 14. Minnesota Statutes 1996, section 125.06, is amended to read:

125.06 APPLICANTS TRAINED IN OTHER STATES.

When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the board of teaching or the state board of education, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of the completion of a course in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution as preliminary to the granting of a diploma or a degree of the same rank and class.

Sec. 15. Minnesota Statutes 1996, section 125.09, is amended to read:

125.09 SUSPENSION OR REVOCATION OF LICENSES.

Subdivision 1. GROUNDS FOR REVOCATION, SUSPENSION, OR DENIAL. The board of teaching or the state board of education, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, ~~which complaint shall specify the nature and character of the charges~~, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

- (1) Immoral character or conduct;

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

- (2) Failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) Gross inefficiency or willful neglect of duty; or
- (4) Failure to meet licensure requirements; or
- (5) Fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges. For purposes of this subdivision, the board of teaching is delegated the authority to suspend or revoke coaching licenses under the jurisdiction of the state board of education.

Subd. 4. MANDATORY REPORTING. A school board shall must report to the board of teaching, the state board of education, or the board of trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made shall must investigate the report for violation of subdivision 1 and the reporting school board shall must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a school board or school superintendent shall provide the licensing board with information about the teacher from the school district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a school board or school superintendent may, at the discretion of the school board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the school district. Any data transmitted to any board under this section shall be is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made shall must transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Subd. 5. IMMUNITY FROM LIABILITY. A school board, its members in their official capacity, and employees of the school district run by the board are immune from

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

civil or criminal liability for reporting or cooperating as required under subdivision 4, if their actions required under subdivision 4 are done in good faith and with due care.

Sec. 16. Minnesota Statutes 1996, section 125.11, is amended to read:

125.11 RECORDING OF LICENSES; DISTRICT SUPERINTENDENT.

No person shall be accounted a qualified teacher until such the person has filed for record with the district superintendent where such the person intends to teach a license, or certified copy thereof of a license, authorizing such the person to teach school in such the district school system.

Sec. 17. Minnesota Statutes 1996, section 125.12, subdivision 1a, is amended to read:

Subd. 1a. **NONPROVISIONAL LICENSE DEFINED.** For purposes of this section, "nonprovisional license" shall mean means an entrance, continuing, or life license.

Sec. 18. Minnesota Statutes 1996, section 125.12, subdivision 2, is amended to read:

Subd. 2. **HIRING, DISMISSING.** School boards shall must hire or dismiss teachers at duly called meetings. Where a husband and wife, brother and sister, or two brothers or sisters, constitute a quorum, no contract employing a teacher shall be made or authorized except upon the unanimous vote of the full board. No A teacher related by blood or marriage, within the fourth degree, computed by the civil law, to a board member shall not be employed except by a unanimous vote of the full board. The initial employment of the teacher in the district shall must be by written contract, signed by the teacher and by the chair and clerk. All subsequent employment of the teacher in the district shall must be by written contract, signed by the teacher and by the chair and clerk, except where there is a master agreement covering the employment of the teacher. Contracts for teaching or supervision of teaching can be made only with qualified teachers. No A teacher shall not be required to reside within the employing school district as a condition to teaching employment or continued teaching employment.

Sec. 19. Minnesota Statutes 1996, section 125.12, subdivision 2a, is amended to read:

Subd. 2a. **EMPLOYMENT IN SUPERVISORY POSITIONS.** Notwithstanding other law, a teacher, as defined in section 179A.03, does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that. This provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to this chapter.

Sec. 20. Minnesota Statutes 1996, section 125.12, subdivision 3, is amended to read:

Subd. 3. **PROBATIONARY PERIOD.** The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one

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

year. The school board ~~shall~~ must adopt a plan for written evaluation of teachers during the probationary period. Evaluation ~~shall~~ must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school ~~shall~~ must not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board ~~shall~~ see fit; ~~provided~~. However, that the school board ~~shall~~ must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board ~~shall~~ must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 21. Minnesota Statutes 1996, section 125.12, subdivision 3b, is amended to read:

Subd. 3b. PEER REVIEW FOR PROBATIONARY TEACHERS. A school board and an exclusive representative of the teachers in the district ~~shall~~ must develop a probationary teacher peer review process through joint agreement.

Sec. 22. Minnesota Statutes 1996, section 125.12, subdivision 4, is amended to read:

Subd. 4. TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD. A teacher who has completed a probationary period in any school district, and who has not been discharged or advised of a refusal to renew the teacher's contract pursuant to subdivision 3, shall have a continuing contract with such district. Thereafter, the teacher's contract ~~shall~~ must remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 6 or prior to June 1 upon one of the grounds specified in subdivision 6a or 6b, or until the teacher is discharged pursuant to subdivision 8, or by the written resignation of the teacher submitted prior to April 1; ~~provided~~, however, that. If an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179A.01 to 179A.25 prior to March 1, the teacher's right of resignation ~~shall be~~ is extended to the 30th calendar day following the adoption of said contract in compliance with section 179A.20, subdivision 5. Such written resignation by the teacher ~~shall be~~ is effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board ~~shall~~ must notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. If the grounds are those specified in subdivision 6 or 8, the notice must also state a teacher may request arbitration under subdivision 9a. Within 14 days after receipt of this notification the teacher may make a

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

written request for a hearing before the board or an arbitrator and it shall be granted upon reasonable notice to the teacher of the date set for hearing, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section shall does not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 23. Minnesota Statutes 1996, section 125.12, subdivision 6, is amended to read:

Subd. 6. GROUNDS FOR TERMINATION. A continuing contract may be terminated, effective at the close of the school year, upon any of the following grounds:

(a) Inefficiency;

(b) Neglect of duty, or persistent violation of school laws, rules, regulations, or directives;

(c) Conduct unbecoming a teacher which materially impairs the teacher's educational effectiveness;

(d) Other good and sufficient grounds rendering the teacher unfit to perform the teacher's duties.

A contract shall must not be terminated upon one of the grounds specified in clause (a), (b), (c), or (d), unless the teacher shall have failed fails to correct the deficiency after being given written notice of the specific items of complaint and reasonable time within which to remedy them.

Sec. 24. Minnesota Statutes 1996, section 125.12, subdivision 6a, is amended to read:

Subd. 6a. NEGOTIATED UNREQUESTED LEAVE OF ABSENCE. The school board and the exclusive bargaining representative of the teachers may negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. Failing to successfully negotiate such a plan, the provisions of subdivision 6b shall apply. The negotiated plan shall must not include provisions which would result in the exercise of seniority by a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 6b, clause (c), or the reinstatement of a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 6b, clause (e). The provisions of section 179A.16 shall do not apply for the purposes of this subdivision.

Sec. 25. Minnesota Statutes 1996, section 125.12, subdivision 6b, is amended to read:

Subd. 6b. UNREQUESTED LEAVE OF ABSENCE. The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be

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

is effective at the close of the school year. In placing teachers on unrequested leave, the board shall be is governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. ~~No~~ A teacher who has acquired continuing contract rights shall must not be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by the school district. In the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed shall be is negotiable;

(c) Notwithstanding the provisions of clause (b), ~~no~~ a teacher shall be is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the placement on unrequested leave of absence of another teacher who also holds a provisional license in the same field. The provisions of this clause shall do not apply to vocational education licenses;

(d) Notwithstanding clauses (a), (b) and (c), if the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights, the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority, or the restriction imposed by the provisions of clause (c) would place the district in violation of its affirmative action program, the district may retain the probationary teacher, the teacher with less seniority, or the provisionally licensed teacher;

(e) Teachers placed on unrequested leave of absence shall must be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are licensed. Reinstate-
ment shall must be in the inverse order of placement on leave of absence. ~~No~~ A teacher shall must not be reinstated to a position in a field in which the teacher holds only a provi-
sional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field remains on unrequested leave. The order of
reinstatement of teachers who have equal seniority and who are placed on unrequested
leave in the same school year shall be is negotiable;

(f) ~~No~~ Appointment of a new teacher shall must not be made while there is available, on unrequested leave, a teacher who is properly licensed to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to that teacher who may return to employment and assume the duties of the position to which appointed on a future date determined by the board;

(g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) The unrequested leave of absence shall must not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

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

(i) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence and who is not reinstated shall continue for a period of five years, after which the right to reinstatement shall terminate; provided. The teacher's right to reinstatement shall also terminate if the teacher fails to file with the board by April 1 of any year a written statement requesting reinstatement;

(j) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall must apply to placement on unrequested leave of absence;

(k) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive reemployment insurance if otherwise eligible.

Sec. 26. Minnesota Statutes 1996, section 125.12, subdivision 7, is amended to read:

Subd. 7. SUSPENSION AND LEAVE OF ABSENCE FOR HEALTH REASONS. Affliction with active tuberculosis or other communicable disease, mental illness, drug or alcoholic addiction, or other serious incapacity shall be grounds for temporary suspension and leave of absence while the teacher is suffering from such disability. Unless the teacher consents, such action shall must be taken only upon evidence that suspension is required from a physician who has examined the teacher. The physician shall must be competent in the field involved and shall must be selected by the teacher from a list of three provided by the school board, and the examination shall must be at the expense of the school district. A copy of the report of the physician shall be furnished the teacher upon request. If the teacher fails to submit to the examination within the prescribed time, the board may discharge the teacher, effective immediately. In the event of mental illness, if the teacher submits to such an examination and the examining physician's or psychiatrist's statement is unacceptable to the teacher or the board, a panel of three physicians or psychiatrists shall must be selected to examine the teacher at the board's expense. The board and the teacher shall each select a member of this panel, and these two members shall select a third member. The panel shall must examine the teacher and submit a statement of its findings and conclusions to the board. Upon receipt and consideration of the statement from the panel the board may suspend the teacher. The board shall must notify the teacher in writing of such suspension and the reasons therefor. During the leave of absence, the district must pay the teacher shall be paid sick leave benefits by the district up to the amount of unused accumulated sick leave, and after it is exhausted, the district may in its discretion pay additional benefits. The teacher shall must be reinstated to the teacher's position upon evidence from such a physician of sufficient recovery to be capable of resuming performance of duties in a proper manner. In the event that the teacher does not qualify for reinstatement within 12 months after the date of suspension, the continuing disability may be a ground for discharge under subdivision 8.

Sec. 27. Minnesota Statutes 1996, section 125.12, subdivision 8, is amended to read:

Subd. 8. IMMEDIATE DISCHARGE. A school board may discharge a continuing-contract teacher, effective immediately, upon any of the following grounds:

(a) Immoral conduct, insubordination, or conviction of a felony;

(b) Conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;

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

- (c) Failure without justifiable cause to teach without first securing the written release of the school board;
- (d) Gross inefficiency which the teacher has failed to correct after reasonable written notice;
- (e) Willful neglect of duty; or
- (f) Continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 7.

For purposes of this subdivision, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363.03, subdivision 5.

Prior to discharging a teacher the board shall must notify the teacher in writing and state its ground for the proposed discharge in reasonable detail. Within ten days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. The board may, however, suspend a teacher with pay pending the conclusion of such hearing and determination of the issues raised ~~therein in the hearing~~ after charges have been filed which constitute ground for discharge.

Sec. 28. Minnesota Statutes 1996, section 125.12, subdivision 9, is amended to read:

Subd. 9. HEARING PROCEDURES. Any hearing held pursuant to this section shall must be held upon appropriate and timely notice to the teacher, and any hearing held pursuant to subdivision 6 or 8 shall must be private or public at the discretion of the teacher. A hearing held pursuant to subdivision 6b shall must be public and may be consolidated by the school board. At the hearing, the board and the teacher may each be represented by counsel at each party's own expense, and such counsel may examine and cross-examine witnesses and present arguments. The board shall must first present evidence to sustain the grounds for termination or discharge and then receive evidence presented by the teacher. Each party may then present rebuttal evidence. Dismissal of the teacher shall must be based upon substantial and competent evidence in the record. All witnesses shall be sworn upon oath administered by the presiding officer of the board. The clerk of the board shall issue subpoenas for witnesses or the production of records pertinent to the grounds upon the request of either the board or the teacher. The board shall must employ a court reporter to record the proceedings at the hearing, and either party may obtain a transcript thereof of the hearing at its own expense.

Sec. 29. Minnesota Statutes 1996, section 125.12, subdivision 9a, is amended to read:

Subd. 9a. HEARING AND DETERMINATION BY ARBITRATOR. A teacher whose termination is proposed under subdivision 4 on grounds specified in subdivision 6, or whose discharge is proposed under subdivision 8, may elect a hearing before an arbitrator instead of the school board. The hearing is governed by this subdivision.

(a) The teacher must make a written request for a hearing before an arbitrator within 14 days after receiving notification of proposed termination on grounds specified in subdivision 6 or within ten days of receiving notification of proposed discharge under subdivision 8. If a request for a hearing does not specify that the hearing be before an arbitrator, it shall be is considered to be a request for a hearing before the school board.

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

(b) If the teacher and the school board are unable to mutually agree on an arbitrator, the school board shall ~~must~~ request from the bureau of mediation services a list of five persons to serve as an arbitrator. If the matter to be heard is a proposed termination on grounds specified in subdivision 6, arbitrators on the list must be available to hear the matter and make a decision within a time frame that will allow the school board to comply with all statutory timelines relating to termination. If the teacher and the school board are unable to mutually agree on an arbitrator from the list provided, the parties shall alternately strike names from the list until the name of one arbitrator remains. The person remaining after the striking procedure shall ~~must~~ be the arbitrator. If the parties are unable to agree on who shall strike the first name, the question must be decided by a flip of a coin. The teacher and the school board shall ~~must~~ share equally the costs and fees of the arbitrator.

(c) The arbitrator shall determine, by a preponderance of the evidence, whether the grounds for termination or discharge specified in subdivision 6 or 8 exist to support the proposed termination or discharge. A lesser penalty than termination or discharge may be imposed by the arbitrator only to the extent that either party proposes such lesser penalty in the proceeding. In making the determination, the arbitration proceeding is governed by sections 572.11 to 572.17 and by the collective bargaining agreement applicable to the teacher.

(d) An arbitration hearing conducted under this subdivision is a meeting for preliminary consideration of allegations or charges within the meaning of section 471.705, subdivision 1d, clause (c), and shall ~~must~~ be closed, unless the teacher requests it to be open.

(e) The arbitrator's award is final and binding on the parties, subject to sections 572.18 to 572.26.

Sec. 30. Minnesota Statutes 1996, section 125.12, subdivision 10, is amended to read:

Subd. 10. DECISION. After the hearing, the board shall ~~must~~ issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision shall ~~must~~ include findings of fact based upon competent evidence in the record and shall ~~must~~ be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination for grounds specified in subdivision 6, prior to June 1 for grounds specified in subdivision 6a or 6b, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings shall ~~must~~ be dismissed and the decision entered in the board minutes, and all references to such proceedings shall ~~must~~ be excluded from the teacher's record file.

Sec. 31. Minnesota Statutes 1996, section 125.12, subdivision 11, is amended to read:

Subd. 11. JUDICIAL REVIEW. The pendency of judicial proceedings shall ~~must~~ not be ground for postponement of the effective date of the school board's order, but if judicial review eventuates in reinstatement of the teacher, the board shall ~~must~~ pay the teacher all compensation withheld as a result of the termination or dismissal order.

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

Sec. 32. Minnesota Statutes 1996, section 125.12, subdivision 13, is amended to read:

Subd. 13. **EXCEPTION.** This section shall ~~does~~ not apply to any district in a city of the first class.

Sec. 33. Minnesota Statutes 1997 Supplement, 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 ~~must~~ 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 ~~must~~ 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 ~~must~~ expunge from the teacher's file any material found to be false or 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~~ applies to those principals and supervisory employees not included in an appropriate unit as defined in section 179A.03. Expungement proceedings shall ~~must~~ 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 ~~must~~ commence 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. 34. Minnesota Statutes 1996, section 125.121, subdivision 1, is amended to read:

Subdivision 1. **TERMINATION; HEARING.** Before a district terminates the coaching duties of an employee who is required to hold a license as an athletic coach from the state board of education, the district shall ~~must~~ notify the employee in writing and state its reason for the proposed termination. Within 14 days of receiving this notification, the employee may request in writing a hearing on the termination before the board. If a hearing is requested, the board shall ~~must~~ hold a hearing within 25 days according to the hearing procedures specified in section 125.12, subdivision 9, and the termination shall not be ~~is~~ final except upon the order of the board after the hearing.

Sec. 35. Minnesota Statutes 1996, section 125.121, subdivision 2, is amended to read:

Subd. 2. **FINAL DECISION.** Within ten days after the hearing, the board shall ~~must~~ issue a written decision regarding the termination. If the board decides to terminate the employee's coaching duties, the decision shall ~~must~~ state the reason on which it is based and include findings of fact based upon competent evidence in the record. The board may terminate the employee's duties or not, as it sees fit, for any reason which is found to be true based on substantial and competent evidence in the record.

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

Sec. 36. Minnesota Statutes 1996, section 125.135, is amended to read:

125.135 STAFF EXCHANGE PROGRAM.

Subdivision 1. ESTABLISHMENT. A staff exchange program is established to allow local school districts to arrange temporary and voluntary exchanges among members of their kindergarten through grade 12 instructional and administrative staffs. The purpose of the program is to provide participants with an understanding of the educational concerns of other local school districts, including concerns of class organization, curriculum development, instructional practices, and characteristics of the student population.

The educational needs and interests of the host school district and the training, experience, and interests of the participants must determine the assignments of the participants in the host district. Participants may teach courses, provide counseling and tutorial services, work with teachers to better prepare students for future educational experiences, serve an underserved population in the district, or assist with administrative functions. The assignments participants perform for the host district must be comparable to the assignments the participants perform for the district employing the participants. Participation in the exchange program need not be limited to one school or one school district and may involve other education organizations including education districts and SCs.

Subd. 2. PROGRAM REQUIREMENTS. All staff exchanges made under this section are subject to the requirements in this subdivision.

(a) A school district employing a participating staff member must not adversely affect the staff member's salary, seniority, or other employment benefits, or otherwise penalize the staff member for participating in the program.

(b) Upon completion or termination of an exchange, a school district employing a participating staff member must permit the staff member to return to the same assignment the staff member performed in the district before the exchange, if available, or, if not, a similar assignment.

(c) A school district employing a participating staff member must continue to provide the staff member's salary and other employment benefits during the period of the exchange.

(d) A participant must be licensed and tenured.

(e) Participation in the program must be voluntary.

(f) The length of participation in the program must be no less than one-half of a school year and no more than one school year, and any premature termination of participation must be upon the mutual agreement of the participant and the participating school district.

(g) A participant is responsible for transportation to and from the host school district.

(h) This subdivision does not abrogate or change rights of staff members participating in the staff exchange program or the terms of an agreement between the exclusive representative of the school district employees and the school district.

(i) Participating school districts may enter into supplementary agreements with the exclusive representative of the school district employees to accomplish the purpose of this section.

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

Subd. 3. APPLICATION PROCEDURES. The school board of a school district must decide by resolution to participate in the staff exchange program. A staff member wishing to participate in the exchange program must submit an application to the school district employing the staff member. The district must, in a timely and appropriate manner, provide to the exclusive bargaining representatives of teachers in the state the number and names of prospective participants within the district, the assignments available within the district, and the length of time for each exchange. The exclusive bargaining representatives are requested to cooperatively participate in the coordination of exchanges to facilitate exchanges across all geographical regions of the state. Prospective participants must contact teachers and districts with whom they are interested in making an exchange. The prospective participants must make all arrangements to accomplish their exchange and the superintendents of the participating districts must approve the arrangements for the exchange in writing.

Sec. 37. Minnesota Statutes 1996, section 125.138, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** A program of faculty collaboration shall be established to allow Minnesota school districts and post-secondary institutions to arrange temporary placements in each other's institutions. These arrangements must be made on a voluntary cooperative basis between a school district and post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur among campuses in the same system or in different systems.

Sec. 38. Minnesota Statutes 1996, section 125.138, subdivision 3, is amended to read:

Subd. 3. SALARIES; BENEFITS; CERTIFICATION. Temporary placements made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding sections 123.35, subdivision 6, and 125.04, a member of the staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed educator employed by a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary educator to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by each participating school district and post-secondary institution before implementation.

Sec. 39. Minnesota Statutes 1996, section 125.138, subdivision 4, is amended to read:

Subd. 4. EDUCATORS' EMPLOYMENT; CONTINUATION. An educator who held a temporary position or an exchanged position under this section shall must be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan shall must not be reduced because of time spent on an exchange or temporary position under section 125.138.

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

Sec. 40. Minnesota Statutes 1996, section 125.138, subdivision 5, is amended to read:

Subd. 5. ENTITLEMENT TO BENEFITS AND POSITION. An educator who is continued in or restored to a position in accordance with subdivision 4:

(1) shall ~~must~~ be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Sec. 41. Minnesota Statutes 1996, section 125.16, is amended to read:

125.16 TEACHERS' REPORTS.

~~No~~ An order ~~shall~~ must not be issued for the payment of the wages of any teacher while the teacher is in default in making reports or in returning the teacher's register. The teachers, principals, and superintendents shall make such reports as may be required by law or the rules of the state or local board under like penalty.

Sec. 42. Minnesota Statutes 1996, section 125.17, subdivision 2b, is amended to read:

Subd. 2b. PEER REVIEW FOR PROBATIONARY TEACHERS. A school board and an exclusive representative of the teachers in the district ~~shall~~ must develop a probationary teacher peer review process through joint agreement.

Sec. 43. Minnesota Statutes 1996, section 125.17, subdivision 3, is amended to read:

Subd. 3. PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION. After the completion of such probationary period, without discharge, such teachers as are thereupon reemployed shall continue in service and hold their respective position during good behavior and efficient and competent service and ~~shall~~ must not be discharged or demoted except for cause after a hearing.

~~Any~~ A probationary teacher ~~shall be~~ is deemed to have been reemployed for the ensuing school year, unless the school board in charge of such school ~~shall give~~ gave such teacher notice in writing before June 1 of the termination of such employment. In event of such notice the employment ~~shall terminate~~ terminates at the close of the school sessions of the current school year.

Sec. 44. Minnesota Statutes 1996, section 125.17, subdivision 3b, is amended to read:

Subd. 3b. PEER REVIEW FOR CONTINUING CONTRACT TEACHERS. A school board and an exclusive representative of the teachers in the district ~~shall~~ must develop a peer review process for nonprobationary teachers through joint agreement.

Sec. 45. Minnesota Statutes 1996, section 125.17, subdivision 4, is amended to read:

Subd. 4. GROUNDS FOR DISCHARGE OR DEMOTION. Causes for the discharge or demotion of a teacher either during or after the probationary period ~~shall~~ must be:

(1) Immoral character, conduct unbecoming a teacher, or insubordination;

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

(2) Failure without justifiable cause to teach without first securing the written release of the school board having the care, management, or control of the school in which the teacher is employed;

(3) Inefficiency in teaching or in the management of a school;

(4) Affliction with active tuberculosis or other communicable disease ~~shall~~ must be considered as cause for removal or suspension while the teacher is suffering from such disability; or

(5) Discontinuance of position or lack of pupils.

For purposes of this subdivision, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363.03, subdivision 5.

Sec. 46. Minnesota Statutes 1996, section 125.17, subdivision 5, is amended to read:

Subd. 5. HEARING OF CHARGES AGAINST TEACHER. The charges against a teacher ~~shall~~ must be in writing and signed by the person making the same and then filed with the secretary or clerk of the school board having charge of the school in which the teacher is employed. ~~The~~ Such The school board, before discharging or demoting a teacher, ~~shall~~ must then accord the teacher against whom ~~such~~ charges have been filed a full hearing and give to the teacher at least ten days' notice in writing of the time and place of such hearing; ~~such~~. The notice may be served personally or sent by certified mail addressed to ~~such~~ the teacher at the teacher's last known post office address; provided, that, If the charge ~~be is~~ made by ~~any~~ a person not in connection connected with the school system the charge may be disregarded by ~~such~~ the school board. If the grounds are those specified in subdivision 4, clause (1), (2), (3), or (4), the notice must also state a teacher may request arbitration under subdivision 10a. Upon such hearing being held ~~such~~ At the hearing, the school board or an arbitrator shall hear all evidence that may be adduced in support of the charges and for the teacher's defense thereto to the charges. Either party shall have has the right to have a written record of the hearing at the expense of the board and to have witnesses subpoenaed and all witnesses so subpoenaed shall ~~must~~ be examined under oath. Any member of the school board conducting such a hearing shall have has authority to issue subpoenas and to administer oaths to witnesses.

Sec. 47. Minnesota Statutes 1996, section 125.17, subdivision 6, is amended to read:

Subd. 6. COUNSEL; EXAMINATION OF WITNESSES. Each party appearing before the school board ~~shall have~~ has the right to be represented by counsel, and such counsel may examine and cross-examine witnesses and present arguments.

Sec. 48. Minnesota Statutes 1996, section 125.17, subdivision 7, is amended to read:

Subd. 7. HEARINGS. All hearings before the school board ~~shall~~ must be private or may be public at the decision of the teacher against whom such charges have been filed.

Sec. 49. Minnesota Statutes 1996, section 125.17, subdivision 8, is amended to read:

Subd. 8. DECISION, WHEN RENDERED. Such The hearing must be concluded and a decision in writing, stating the grounds on which it is based, rendered within 25 days after giving of such notice. Where the hearing is before a school board the teacher may be discharged or demoted upon the affirmative vote of a majority of the members of the school board. If the charges, or any of such, are found to be true, the school board

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

conducting the hearing shall must discharge, demote, or suspend the teacher, as seems to be for the best interest of the school. ~~No~~ A teacher shall must not be discharged for either of the causes specified in subdivision 4, clause (3), except during the school year, and then only upon charges filed at least four months before the close of the school sessions of such school year.

Sec. 50. Minnesota Statutes 1996, section 125.17, subdivision 9, is amended to read:

Subd. 9. CHARGES EXPUNGED FROM RECORDS. In all cases where the final decision is in favor of the teacher the charge or charges shall must be physically expunged from the records.

Sec. 51. Minnesota Statutes 1996, section 125.17, subdivision 10, is amended to read:

Subd. 10. SUSPENSION PENDING HEARING; SALARY. Upon the filing of charges After charges are filed against a teacher, the school board may suspend the teacher from regular duty. If, upon final decision, the teacher is suspended or removed after the final decision, the school board may in its discretion determine the teacher's salary or compensation as of the time of filing the charges. If the final decision is favorable to the teacher there shall be no abatement of, the board must not abate the teacher's salary or compensation.

Sec. 52. Minnesota Statutes 1996, section 125.17, subdivision 10a, is amended to read:

Subd. 10a. HEARING AND DETERMINATION BY ARBITRATOR. A teacher against whom charges have been filed alleging any cause for discharge or demotion specified in subdivision 4, clause (1), (2), (3), or (4), may elect a hearing before an arbitrator instead of the school board. The hearing is governed by this subdivision.

(a) The teacher must make a written request for a hearing before an arbitrator within ten days after receiving a written notice of the filing of charges required by subdivision 5. Failure to request a hearing before an arbitrator during this period is considered acquiescence to a hearing before the board.

(b) If the teacher and the school board are unable to mutually agree on an arbitrator, the school board shall must request from the bureau of mediation services a list of five persons to serve as an arbitrator. If the teacher and the school board are unable to mutually agree on an arbitrator from the list provided, the parties shall alternately strike names from the list until the name of one arbitrator remains. The person remaining after the striking procedure shall must be the arbitrator. If the parties are unable to agree on who shall strike the first name, the question must be decided by a flip of a coin. The teacher and the school board shall must share equally the costs and fees of the arbitrator.

(c) The arbitrator shall determine, by a preponderance of the evidence, whether the causes specified in subdivision 4, clause (1), (2), (3), or (4), exist to support the proposed discharge or demotion. A lesser penalty than discharge or demotion may be imposed by the arbitrator only to the extent that either party proposes such lesser penalty in the proceeding. In making the determination, the arbitration proceeding is governed by sections 572.11 to 572.17 and by the collective bargaining agreement applicable to the teacher.

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

(d) An arbitration hearing conducted under this subdivision is a meeting for preliminary consideration of allegations or charges within the meaning of section 471.705, subdivision 1d, clause (c), and shall must be closed, unless the teacher requests it to be open.

(e) The arbitrator's decision is final and binding on the parties, subject to sections 572.18 to 572.26.

Sec. 53. Minnesota Statutes 1996, section 125.17, subdivision 11, is amended to read:

Subd. 11. SERVICES TERMINATED BY DISCONTINUANCE OR LACK OF PUPILS; PREFERENCE GIVEN. (a) Any A teacher whose services are terminated on account of discontinuance of position or lack of pupils shall must receive first consideration for other positions in the district for which that teacher is qualified. In the event it becomes necessary to discontinue one or more positions, in making such discontinuance, teachers shall must be discontinued in any department in the inverse order in which they were employed.

(b) Notwithstanding the provisions of clause (a), no a teacher shall be is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this clause shall do not apply to vocational education licenses.

(c) Notwithstanding the provisions of clause (a), no a teacher shall must not be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.

Sec. 54. Minnesota Statutes 1996, section 125.17, subdivision 12, is amended to read:

Subd. 12. RECORDS RELATING TO INDIVIDUAL TEACHER; ACCESS; EXPUNGEMENT. All evaluations and files generated within a school district relating to each individual teacher shall must be available to each individual teacher upon the teacher's written request. Effective January 1, 1976, all evaluations and files, wherever generated, relating to each individual teacher shall must be available to each individual teacher upon the teacher's written request. The teacher shall have has 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 must 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 applies to those principals and supervisory employees not included in an appropriate unit as defined in section 179A.03. Expungement proceedings shall must 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 pro-

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

ceedings shall must commence 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. 55. Minnesota Statutes 1996, section 125.18, is amended to read:

125.18 SABBATICAL LEAVE FOR SCHOOL TEACHERS.

Subdivision 1. **QUALIFICATIONS.** A teacher who holds a license, according to this chapter, and a contract for employment by a school district or other organization providing public education may be granted a sabbatical leave by the board employing the teacher under rules promulgated by the board.

Subd. 2. **RETURN TO POSITION.** Any A teacher who makes application applies for and accepts sabbatical leave shall agree that, upon the conclusion of said sabbatical leave, the teacher shall return to the teacher's position for a period determined by the board before the leave is granted, or repay the district the portion of salary received while on sabbatical leave.

Subd. 3. **RETAIN RIGHTS IN EMPLOYING DISTRICT.** Any A teacher who has been granted a sabbatical leave shall must retain all rights in the employing district as though teaching in that district.

Subd. 4. **DEFINITION.** The term sabbatical leave, as used in this section, shall mean means compensated leaves of absence granted for purposes of professional improvement or service.

Sec. 56. Minnesota Statutes 1996, section 125.181, is amended to read:

125.181 PROFESSIONAL PRACTICES; INTENT.

The purpose of sections 125.181 to 125.185, is to develop standards of ethical conduct for the guidance and improvement of the teaching profession and to provide measures through which the observance of such standards by the members of the profession may be promoted and enforced.

Sec. 57. Minnesota Statutes 1996, section 125.183, subdivision 1, is amended to read:

Subdivision 1. **BOARD OF TEACHING.** The board of teaching consists of 11 members appointed by the governor. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be are as provided in sections 214.07 to 214.09. No member may be reappointed for more than one additional term.

Sec. 58. Minnesota Statutes 1996, section 125.183, subdivision 4, is amended to read:

Subd. 4. **VACANT POSITION.** The position of a member who leaves Minnesota or whose employment status changes to a category different from that from which appointed shall be is deemed vacant.

Sec. 59. Minnesota Statutes 1996, section 125.183, subdivision 5, is amended to read:

Subd. 5. **ADMINISTRATION, TERMS, COMPENSATION; REMOVAL; VACANCIES.** The provision of staff, administrative services and office space; the review

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

and processing of complaints; the setting of fees; the selection and duties of an executive secretary to serve the board; and other provisions relating to board operations shall be are as provided in chapter 214. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be are as provided in sections 214.07 to 214.09.

Sec. 60. Minnesota Statutes 1996, section 125.184, is amended to read:

125.184 MEETINGS.

Subdivision 1. **MEETINGS.** The board of teaching shall must meet regularly at such the times and places as the board shall determine determines. Meetings shall must be called by the chair or at the written request of any eight members.

Subd. 2. **EXECUTIVE SECRETARY.** The board of teaching shall must have an executive secretary who shall be is in the unclassified civil service and who shall is not be a member of the board.

Sec. 61. Minnesota Statutes 1996, section 125.185, subdivision 1, is amended to read:

Subdivision 1. **CODE OF ETHICS.** The board of teaching shall must develop by rule a code of ethics covering standards of professional teaching practices, including areas of ethical conduct and professional performance and methods of enforcement.

Sec. 62. Minnesota Statutes 1996, section 125.185, subdivision 2, is amended to read:

Subd. 2. **ADVISE MEMBERS OF PROFESSION.** The board shall must act in an advisory capacity to members of the profession in matters of interpretation of the code of ethics.

Sec. 63. Minnesota Statutes 1996, section 125.185, subdivision 4, is amended to read:

Subd. 4. **LICENSE AND RULES.** (a) The board shall must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules shall must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board shall must adopt rules to approve teacher preparation programs.

(d) The board shall must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching

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

skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) The board ~~shall~~ must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board ~~shall~~ must grant licenses to interns and to candidates for initial licenses.

(h) The board ~~shall~~ must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board ~~shall~~ must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board ~~shall~~ must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board ~~shall~~ must not establish any expiration date for application for life licenses.

Sec. 64. Minnesota Statutes 1996, section 125.185, subdivision 5, is amended to read:

Subd. 5. REGISTER OF PERSONS LICENSED. The executive secretary of the board of teaching shall keep a record of the proceedings of and a register of all persons licensed pursuant to the provisions of this chapter. The register ~~shall~~ must show the name, address, license number and the renewal thereof ~~of the license~~. The board ~~shall~~ must on July 1, of each year or as soon thereafter as is practicable, compile a list of such duly licensed teachers and transmit a copy thereof ~~of the list~~ to the board. A copy of the register ~~shall~~ must be available during business hours at the office of the board to any interested person.

Sec. 65. Minnesota Statutes 1996, section 125.185, subdivision 7, is amended to read:

Subd. 7. FRAUD; GROSS MISDEMEANOR. ~~Any~~ A person who ~~shall in any manner claim~~ claims to be a licensed teacher without a valid ~~existing~~ license issued by the board or any person who employs fraud or deception in applying for or securing a license ~~shall be~~ is guilty of a gross misdemeanor.

Sec. 66. Minnesota Statutes 1996, section 125.187, is amended to read:

125.187 VALIDITY OF CERTIFICATES OR LICENSES.

~~No~~ A rule adopted by the board of teaching ~~shall~~ must not affect the validity of certificates or licenses to teach in effect on July 1, 1974, or the rights and privileges of the holders thereof, except that any such certificate or license may be suspended or revoked for any of the causes and by the procedures specified by law.

Sec. 67. Minnesota Statutes 1996, section 125.188, subdivision 1, is amended to read:

Subdivision 1. REQUIREMENTS. (a) A preparation program that is an alternative to the post-secondary teacher preparation program as a means to acquire an entrance license is established. The program may be offered in any instructional field.

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

- (b) To participate in the alternative preparation program, the candidate must:
 - (1) have a bachelor's degree;
 - (2) pass an examination of skills in reading, writing, and mathematics as required by section 125.05;
 - (3) have been offered a job to teach in a school district, group of districts, or an education district approved by the board of teaching to offer an alternative preparation licensure program;
 - (4)(i) have a college major in the subject area to be taught; or
 - (ii) have five years of experience in a field related to the subject to be taught; and
 - (5) document successful experiences working with children.
- (c) An alternative preparation license is of one year duration and is issued by the board of teaching to participants on admission to the alternative preparation program.
- (d) The board of teaching shall must ensure that one of the purposes of this program is to enhance the school desegregation/integration policies adopted by the state.

Sec. 68. Minnesota Statutes 1996, section 125.188, subdivision 3, is amended to read:

Subd. 3. **PROGRAM APPROVAL.** (a) The board of teaching shall must approve alternative preparation programs based on criteria adopted by the board.

(b) An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a teacher preparation program.

Sec. 69. Minnesota Statutes 1996, section 125.188, subdivision 5, is amended to read:

Subd. 5. **STANDARD ENTRANCE LICENSE.** The board of teaching shall must issue a standard entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.

Sec. 70. Minnesota Statutes 1996, section 125.1885, subdivision 5, is amended to read:

Subd. 5. **STANDARD ENTRANCE LICENSE.** The state board of education shall must issue a standard-entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.

Sec. 71. Minnesota Statutes 1996, section 125.189, is amended to read:

125.189 TEACHERS OF DEAF AND HARD OF HEARING STUDENTS; LICENSURE REQUIREMENTS.

The board of teaching will must review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach

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

deaf and hard of hearing students in prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the board.

Sec. 72. Minnesota Statutes 1996, section 125.1895, subdivision 4, is amended to read:

Subd. 4. REIMBURSEMENT. For purposes of revenue under sections 124.321 and 124.322, the department of children, families, and learning ~~shall~~must only reimburse school districts for the services of those interpreters/translators who satisfy the standards of competency under this section.

Sec. 73. Minnesota Statutes 1996, section 125.211, subdivision 2, is amended to read:

Subd. 2. RESPONSIBILITY. By July 1, 1989, the board of teaching ~~shall~~must begin to evaluate the effectiveness of prebaccalaureate, postbaccalaureate, and other alternative program structures for preparing candidates for entrance into the teaching profession. The evaluation shall be conducted by independent research centers or evaluators who are not associated with a Minnesota teacher education institution and shall be longitudinal in nature. ~~By July 1, 1990, the board of teaching shall make a preliminary report on the effectiveness of alternative program structures to the education and finance committees of the legislature.~~

Sec. 74. Minnesota Statutes 1996, section 125.230, subdivision 4, is amended to read:

Subd. 4. EMPLOYMENT CONDITIONS. A school district ~~shall~~must pay a teaching resident a salary equal to 75 percent of the salary of a first-year teacher with a bachelor's degree in the district. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district ~~shall~~must provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.

Sec. 75. Minnesota Statutes 1996, section 125.230, subdivision 6, is amended to read:

Subd. 6. LEARNING AND DEVELOPMENT REVENUE ELIGIBILITY. A school district with an approved teaching residency program may use learning and development revenue for each teaching resident in kindergarten through grade six. A district also may use the revenue for a paraprofessional who is a person of color enrolled in an approved teacher preparation program. A school district ~~shall~~must not use a teaching resident to replace an existing teaching position unless:

(1) there is no teacher available who is properly licensed to fill the vacancy, who has been placed on unrequested leave of absence in the district, and who wishes to be reinstated; and

(2) the district's collective bargaining agreement includes a memorandum of understanding that permits teaching residents to fill an existing teaching position.

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

Sec. 76. Minnesota Statutes 1996, section 125.230, subdivision 7, is amended to read:

Subd. 7. RECOMMENDATION FOR LICENSURE REQUIREMENTS. (a) The board of teaching shall must develop for teachers of students in prekindergarten through grade 12, model teaching residency outcomes and assessments, and mentoring programs.

(b) The board of teaching shall report to the education committees of the legislature by February 15, 1994, on developing a residency program as part of teacher licensure. The report shall at least discuss:

- (1) whether a teacher residency program should be a prerequisite to obtaining an initial teaching license or a continuing teacher license;
- (2) the number of teacher residency positions available statewide by school district;
- (3) how a teacher residency program and a mentorship program for school teachers can be structured;
- (4) whether additional state funding for teacher residency programs is required;
- (5) the interrelationship between existing teacher preparation programs and a teacher residency program;
- (6) issues related to implementing a teacher residency program, including a timeline for implementing the program; and
- (7) how a teacher residency program may impact upon a teacher licensed in another state who seeks a teaching position in Minnesota.

Sec. 77. Minnesota Statutes 1996, section 125.231, subdivision 3, is amended to read:

Subd. 3. APPLICATIONS. The board of teaching shall must make application forms available to sites interested in developing or expanding a mentorship program. A school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. The board of teaching, in consultation with the teacher mentoring task force, shall must approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring components, include a variety of coalitions and be geographically distributed throughout the state. The board of teaching shall must encourage the selected sites to consider the use of its assessment procedures.

Sec. 78. Minnesota Statutes 1996, section 125.53, is amended to read:

125.53 DESIGNATED STATE OFFICIAL.

For the purposes of the agreement set forth in section 125.52, the designated state official for this state shall be is the commissioner of children, families, and learning.

Sec. 79. Minnesota Statutes 1996, section 125.54, is amended to read:

125.54 RECORD OF CONTRACTS.

Two copies of all contracts made on behalf of this state pursuant to the agreement set forth in section 125.52 shall must be kept on file in the office of the commissioner of children, families, and learning.

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

Sec. 80. Minnesota Statutes 1996, section 125.60, subdivision 2, is amended to read:

Subd. 2. LEAVE OF ABSENCE. The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary or secondary teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary and secondary schools. The maximum duration of an extended leave of absence pursuant to this section shall must be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher. If the school board denies a teacher's request, it shall must provide reasonable justification for the denial.

Sec. 81. Minnesota Statutes 1996, section 125.60, subdivision 3, is amended to read:

Subd. 3. REINSTATEMENT. Except as provided in subdivisions 6a and 6b, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which the teacher is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless the teacher fails to give the required notice of intention to return or is discharged or placed on unrequested leave of absence or the contract is terminated pursuant to section 125.12 or 125.17 while the teacher is on the extended leave. The board shall is not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section, unless the teacher advises advised the board of the intention to return before February 1 in the school year preceding the school year in which the teacher wishes to return or by February 1 in the calendar year in which the leave is scheduled to terminate.

Sec. 82. Minnesota Statutes 1996, section 125.60, subdivision 4, is amended to read:

Subd. 4. SENIORITY AND CONTINUING CONTRACT RIGHTS. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though the teacher had been teaching in the district during the period of the extended leave; provided, however, This subdivision shall not be construed to require a board to reinstate a teacher to any particular position or to include the years spent on the extended leave of absence in the determination of a teacher's salary upon return to teaching in this district.

Sec. 83. Minnesota Statutes 1996, section 125.60, subdivision 6a, is amended to read:

Subd. 6a. EMPLOYMENT IN ANOTHER DISTRICT. No A school board shall not be obligated to reinstate a teacher who takes a full-time or part-time position as a teacher in another Minnesota school district while on an extended leave of absence pursuant to this section. This subdivision shall not apply to a teacher who is employed as a substitute teacher.

Sec. 84. Minnesota Statutes 1996, section 125.60, subdivision 8, is amended to read:

Subd. 8. BENEFITS. A teacher on an extended leave of absence shall receive all of the health, accident, medical, surgical and hospitalization insurance or benefits, for both the teacher and the teacher's dependents, for which the teacher would otherwise be eligible.

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

ble if not on an extended leave. A teacher shall receive the coverage if such coverage is available from the school district's insurer, if the teacher requests the coverage, and if the teacher either (a) reimburses the district for the full amount of the premium necessary to maintain the coverage within one month following the district's payment of the premium, or (b) if the district is wholly or partially self-insured, pays the district, according to a schedule agreed upon by the teacher and the school board, an amount determined by the school board to be the amount that would be charged for the coverage chosen by the teacher if the school board purchased all health, accident, medical, surgical and hospitalization coverage for its teachers from an insurer.

Sec. 85. Minnesota Statutes 1996, section 125.611, subdivision 1, is amended to read:

Subdivision 1. **CRITERIA.** For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who:

- (a) is employed in a public elementary or secondary school in the state and
- (b) either

(1)(i) has not less than at least 15 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 15 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1 and

(ii) has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made, or

(2) has not less than at least 30 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 30 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1.

Sec. 86. Minnesota Statutes 1996, section 125.611, subdivision 13, is amended to read:

Subd. 13. **APPLICATIONS.** A teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of services, withdrawal from active teaching service, and payment of an early retirement incentive. This application ~~shall~~ must be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire. A school board ~~shall~~ must approve or deny the application within 30 days after it is received by the board. The amount of the early retirement incentive shall be agreed upon between the teacher and the school board. The early retirement incentive shall be paid by the employing district at the time and in the manner mutually agreed upon by a teacher and the board.

Sec. 87. Minnesota Statutes 1996, section 125.62, subdivision 2, is amended to read:

Subd. 2. **APPLICATION.** To obtain a joint grant, a joint application ~~shall~~ must be submitted to the state board of education. The application must be developed with the

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

participation of the parent advisory committee, established according to section 126.51, and the Indian advisory committee at the post-secondary institution. The joint application shall set forth:

(1) the in-kind, coordination, and mentorship services to be provided by the post-secondary institution; and

(2) the coordination and mentorship services to be provided by the school district.

Sec. 88. Minnesota Statutes 1996, section 125.62, subdivision 3, is amended to read:

Subd. 3. **REVIEW AND COMMENT.** The state board shall must submit the joint application to the Minnesota Indian scholarship committee for review and comment.

Sec. 89. Minnesota Statutes 1996, section 125.62, subdivision 7, is amended to read:

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

(1) a school or program operated by a school district;

(2) a tribal contract school eligible to receive aid according to section 124.86;

(3) a head start program;

(4) an early childhood family education program;

(5) a program providing educational services to children who have not entered kindergarten; or

(6) a program providing educational enrichment services to American Indian students in grades kindergarten through 12.

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

The higher education services office shall approve the loan forgiveness program, loan deferral, and procedures to administer the program shall be approved by the higher education services office.

Sec. 90. Minnesota Statutes 1996, section 125.623, subdivision 3, is amended to read:

Subd. 3. **PROGRAM REQUIREMENTS.** (a) A grant recipient shall must recruit persons of color to be teachers in elementary, secondary, early childhood or parent educa-

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

tion, and provide support in linking program participants with jobs in the recipient's school district.

(b) A grant recipient ~~shall~~ must establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, ~~shall~~ must recruit high school students and other persons, including educational paraprofessionals, 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~~ must award stipends to students of color enrolled in an approved licensure program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based on a student's financial need and students must apply for any additional financial aid they are eligible for 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 teach in the grantee school district for at least two years after licensure. If the district has no licensed positions open, the student may teach in another district in Minnesota.

(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 students of color in teaching;

(2) whether grant recipients will recruit paraprofessionals from the district to work in its schools; and

(3) whether grant recipients will establish or have a mentoring program for students of color.

Sec. 91. Minnesota Statutes 1996, section 125.80, is amended to read:

125.80 TEACHER LUNCH PERIOD.

~~Each~~ A teacher ~~shall~~ must be provided with a duty-free lunch period, scheduled according to school board policy or negotiated agreement.

Sec. 92. Minnesota Statutes 1996, section 126.36, subdivision 1, is amended to read:

Subdivision 1. BILINGUAL AND ENGLISH AS A SECOND LANGUAGE LICENSES. The board of teaching, hereinafter the board, ~~shall~~ must grant teaching licenses in bilingual education and English as a second language to persons who present satisfactory evidence that they:

(a) Possess competence and communicative skills in English and in another language;

(b) Possess a bachelor's degree or other academic degree approved by the board, and meet such requirements as to course of study and training as the board may prescribe.

Sec. 93. Minnesota Statutes 1996, section 126.36, subdivision 5, is amended to read:

Subd. 5. PERSONS ELIGIBLE FOR EMPLOYMENT. Any person licensed under this section shall be eligible for employment by a school board as a teacher in a bilin-

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

gual education or English as a second language program in which the language for which the person is licensed is taught or used as a medium of instruction. A school board may prescribe only those additional qualifications for teachers licensed under this section as are approved by the board of teaching.

Sec. 94. Minnesota Statutes 1996, section 126.36, subdivision 7, is amended to read:

Subd. 7. AFFIRMATIVE EFFORTS IN HIRING. In hiring for all positions in bilingual education programs school, districts shall must give preference to and make affirmative efforts to seek, recruit, and employ persons who are (a) native speakers of the language which is the medium of instruction in the bilingual education program, and (b) who share the culture of the limited English speaking children who are enrolled in the program. The district shall provide procedures for the involvement of the parent advisory committees in designing the procedures for the recruitment, screening and selection of applicants; provided that nothing herein shall. This section must not be construed to limit the school board's authority to hire and discharge personnel.

Sec. 95. Minnesota Statutes 1996, section 126.70, subdivision 1, is amended to read:

Subdivision 1. STAFF DEVELOPMENT COMMITTEE. A school board shall must use the revenue authorized in section 124A.29 for in-service education for programs under section 126.77, subdivision 2, or for staff development plans under this section. The board must establish a staff development committee to develop the plan, assist site decision-making teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts shall must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report shall must include expenditures by the school board for district level activities and expenditures made by the staff. The report shall must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report shall must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Sec. 96. Minnesota Statutes 1996, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. STAFF DEVELOPMENT OUTCOMES. The staff development committee shall must adopt a staff development plan for improving student achievement of education outcomes. The plan must be consistent with education outcomes that the school board determines. The plan shall must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

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

- (1) improve student achievement of state and local education standards in all areas of the curriculum;
- (2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;
- (3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;
- (4) improve staff ability to collaborate and consult with one another and to resolve conflicts;
- (5) effectively teach and model violence prevention policy and curriculum that address issues of harassment and teach nonviolent alternatives for conflict resolution; and
- (6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 97. Minnesota Statutes 1997 Supplement, section 126.72, subdivision 2, is amended to read:

Subd. 2. PURPOSE. The school board shall must determine the needs of its classroom teachers and the need for changes in its curriculum. In determining these needs, the school board shall must obtain recommendations from classroom teachers, staff responsible for curriculum, and the curriculum advisory committee. It shall consider assessment results, other test results, the need for mentor teachers, and the district improvement plan portion of the report adopted according to section 123.972, subdivision 5 3. Contracts executed under this section shall relate directly to the identified needs.

Sec. 98. Minnesota Statutes 1996, section 126.72, subdivision 3, is amended to read:

Subd. 3. SELECTION COMMITTEE. A committee of six members appointed by the school board shall recommend teachers to receive contracts. Three members of the committee shall be classroom teachers. Three members shall be administrators, parents, members of the school board, or members of the community. The committee shall consider only classroom teachers who have background, knowledge, or expertise needed to perform duties in the areas of need identified by the school board. Years of service in the district shall must not be a factor for consideration by the committee. No A teacher shall not have a right to a contract under this section based on seniority or order of employment in the district. The committee shall recommend to the school board names of individual teachers. The number of individual teachers recommended shall be approximately the number designated by the school board to meet the identified needs. The school board may award contracts to any of the recommended teachers but not to any others. The board may request the committee to recommend additional names of teachers.

Sec. 99. Minnesota Statutes 1996, section 126.72, subdivision 6, is amended to read:

Subd. 6. REPORT. Each district awarding contracts under this section is encouraged to submit a report to the commissioner of children, families, and learning. The report shall indicate the number of contracts awarded, whether duties are to be performed before, during, or after the school day or during the summer, the total cost of all contracts,

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

and a general description of the duties. The statement shall also describe how the recommendations required by subdivision 2 were obtained. Any problems associated with implementing this section may be included.

Sec. 100. REPEALER.

Minnesota Statutes 1996, section 125.10, is repealed.

Sec. 101. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
125.01	125A.01
125.02	125A.02
125.52	125A.05
125.53	125A.06
125.54	125A.07
125.181	125A.10
125.182	125A.11
125.183, subd. 1	125A.12, subd. 1
subd. 3	subd. 2
subd. 4	subd. 3
subd. 5	subd. 4
subd. 6	subd. 5
125.184	125A.13
125.185, subd. 1	125A.14, subd. 1
subd. 2	subd. 2
subd. 3	subd. 3
subd. 4	subd. 4
subd. 4b	subd. 5
subd. 5	subd. 6
subd. 6	subd. 7
subd. 7	subd. 8
subd. 9	subd. 9
subd. 10	subd. 10
125.03, subd. 1	125A.19, subd. 1
subd. 4	subd. 2
125.04	125A.20
125.187	125A.21
125.05, subd. 1	125A.22, subd. 1
subd. 1a	subd. 2
subd. 1c	subd. 3
subd. 2	subd. 4
subd. 3	subd. 5
subd. 4	subd. 6

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

<u>126.36,</u>	<u>subd. 6</u>	<u>subd. 7</u>
	<u>subd. 8</u>	<u>subd. 8</u>
	<u>subd. 9</u>	<u>subd. 9</u>
	<u>subd. 1</u>	<u>125A.23,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 7</u>	<u>subd. 6</u>
<u>125.06</u>		<u>125A.24</u>
<u>125.188</u>		<u>125A.25</u>
<u>125.1885</u>		<u>125A.26</u>
<u>125.189</u>		<u>125A.27</u>
<u>121.11,</u>	<u>subd. 12</u>	<u>125A.30</u>
<u>121.611</u>		<u>125A.31</u>
<u>125.032</u>		<u>125A.32</u>
<u>125.031</u>		<u>125A.33</u>
<u>125.1895</u>		<u>125A.34</u>
<u>125.03,</u>	<u>subd. 6</u>	<u>125A.35</u>
<u>125.191</u>		<u>125A.36</u>
<u>125.08</u>		<u>125A.40</u>
<u>125.11</u>		<u>125A.41</u>
<u>125.09,</u>	<u>subd. 1</u>	<u>125A.42,</u> <u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
	<u>subd. 5</u>	<u>subd. 3</u>
<u>125.12,</u>	<u>subd. 1</u>	<u>125A.45,</u> <u>subd. 1</u>
	<u>subd. 1a</u>	<u>subd. 2</u>
	<u>subd. 2</u>	<u>subd. 3</u>
	<u>subd. 2a</u>	<u>subd. 4</u>
	<u>subd. 3</u>	<u>subd. 5</u>
	<u>subd. 3b</u>	<u>subd. 6</u>
	<u>subd. 4</u>	<u>subd. 7</u>
	<u>subd. 4b</u>	<u>subd. 8</u>
	<u>subd. 6</u>	<u>subd. 9</u>
	<u>subd. 6a</u>	<u>subd. 10</u>
	<u>subd. 6b</u>	<u>subd. 11</u>
	<u>subd. 7</u>	<u>subd. 12</u>
	<u>subd. 8</u>	<u>subd. 13</u>
	<u>subd. 9</u>	<u>subd. 14</u>
	<u>subd. 9a</u>	<u>subd. 15</u>
	<u>subd. 10</u>	<u>subd. 16</u>
	<u>subd. 11</u>	<u>subd. 17</u>
	<u>subd. 13</u>	<u>subd. 18</u>
	<u>subd. 14</u>	<u>subd. 19</u>
<u>125.17,</u>	<u>subd. 1</u>	<u>125A.46,</u> <u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>

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

<u>subd. 2b</u>		<u>subd. 3</u>	
<u>subd. 3</u>		<u>subd. 4</u>	
<u>subd. 3b</u>		<u>subd. 5</u>	
<u>subd. 4</u>		<u>subd. 6</u>	
<u>subd. 5</u>		<u>subd. 7</u>	
<u>subd. 6</u>		<u>subd. 8</u>	
<u>subd. 7</u>		<u>subd. 9</u>	
<u>subd. 8</u>		<u>subd. 10</u>	
<u>subd. 9</u>		<u>subd. 11</u>	
<u>subd. 10</u>		<u>subd. 12</u>	
<u>subd. 10a</u>		<u>subd. 13</u>	
<u>subd. 11</u>		<u>subd. 14</u>	
<u>subd. 12</u>		<u>subd. 15</u>	
<u>125.121</u>		<u>125A.47</u>	
<u>126.72</u>		<u>125A.48</u>	
<u>123.35,</u>	<u>subd. 5</u>	<u>125A.49</u>	
<u>125.14</u>		<u>125A.50</u>	
<u>125.13</u>		<u>125A.51</u>	
<u>125.135</u>		<u>125A.52</u>	
<u>125.138</u>		<u>125A.53</u>	
<u>125.1385</u>		<u>125A.54</u>	
<u>125.15</u>		<u>125A.57</u>	
<u>125.16</u>		<u>125A.58</u>	
<u>125.706</u>		<u>125A.59</u>	
<u>125.80</u>		<u>125A.60</u>	
<u>125.60,</u>	<u>subd. 1</u>	<u>125A.62,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 3</u>		<u>subd. 3</u>
	<u>subd. 4</u>		<u>subd. 4</u>
	<u>subd. 5</u>		<u>subd. 5</u>
	<u>subd. 6</u>		<u>subd. 6</u>
	<u>subd. 6a</u>		<u>subd. 7</u>
	<u>subd. 6b</u>		<u>subd. 8</u>
	<u>subd. 8</u>		<u>subd. 9</u>
<u>125.18</u>		<u>125A.63</u>	
<u>125.615</u>		<u>125A.64</u>	
<u>125.611,</u>	<u>subd. 1</u>	<u>125A.65,</u>	<u>subd. 1</u>
	<u>subd. 2</u>		<u>subd. 2</u>
	<u>subd. 11</u>		<u>subd. 3</u>
	<u>subd. 12</u>		<u>subd. 4</u>
	<u>subd. 13</u>		<u>subd. 5</u>
<u>124.278</u>		<u>125A.67</u>	
<u>125.211</u>		<u>125A.70</u>	
<u>125.230</u>		<u>125A.72</u>	
<u>123.35,</u>	<u>subd. 13</u>	<u>125A.73</u>	
<u>125.231,</u>	<u>subd. 1</u>	<u>125A.75,</u>	<u>subd. 1</u>

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

<u>subd. 3</u>		<u>subd. 2</u>
<u>subd. 4</u>		<u>subd. 3</u>
<u>subd. 5</u>		<u>subd. 4</u>
<u>subd. 7</u>		<u>subd. 5</u>
<u>124C.41</u>		<u>125A.77</u>
<u>126.70,</u>	<u>subd. 1</u>	<u>125A.79,</u>
	<u>subd. 2</u>	<u>subd. 1</u>
	<u>subd. 2a</u>	<u>subd. 2</u>
		<u>subd. 3</u>
<u>124A.29</u>		<u>125A.80</u>
<u>124A.292</u>		<u>125A.81</u>
<u>125.62</u>		<u>125A.83</u>
<u>125.623</u>		<u>125A.84</u>
<u>125.241</u>		<u>125A.87</u>

ARTICLE 9

CHAPTER 125B

STUDENTS AND SCHOOL ENVIRONMENT

Section 1. Minnesota Statutes 1996, section 121.207, subdivision 2, is amended to read:

Subd. 2. **REPORTS; CONTENT.** On or before ~~By~~ January 1, 1994, the commissioner of children, families, and learning, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:

- (1) a description of each incident, including a description of the dangerous weapon involved in the incident;
- (2) where, at what time, and under what circumstances the incident occurred;
- (3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;
- (4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;
- (5) the cost of the incident to the school and to the victim; and
- (6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop an alternative reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

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

Sec. 2. Minnesota Statutes 1996, section 121.207, subdivision 3, is amended to read:

Subd. 3. REPORTS; FILING REQUIREMENTS. By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of children, families, and learning. The reports shall ~~must~~ be made on the standardized forms or using the alternative format developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 3. Minnesota Statutes 1996, section 126.05, is amended to read:

126.05 TEACHER TRAINING, EFFECTS OF DRUGS AND ALCOHOL.

All educational institutions providing teacher education shall ~~must~~ offer a program in the personal use and misuse of and dependency on tobacco, alcohol, drugs and other chemicals, and. Every student attending such institution ~~educational institutions~~ in preparation for teaching service shall be required to take and to satisfactorily complete such a program under this section. Every student who graduates after June, 1974, shall complete such a course.

Sec. 4. Minnesota Statutes 1996, section 126.14, is amended to read:

126.14 UNITED STATES FLAG.

Subdivision 1. DISPLAYED BY SCHOOLS. There shall be displayed at Every public school in Minnesota when in session ~~must display~~ an appropriate United States flag when in session. Such display ~~The flag shall be displayed~~ upon the school grounds or outside the school building, upon ~~on~~ a proper staff, on every legal holiday occurring during the school term and at such other times as the respective boards ~~board~~ of such districts the ~~district~~ may direct and. ~~The flag must be displayed~~ within the principal rooms of such the school building at all other times while the same ~~school~~ is in session.

Subd. 2. SCHOOL BOARDS TO PROVIDE FLAGS AND STAFFS. It shall be the duty of each ~~The board to~~ ~~must~~ provide such the flag for each of the school buildings of ~~in~~ their respective districts, together with a suitable staff for the to display thereof the flag outside of such the school building and proper arrangement for the to display thereof within such the flag in the building, and a suitable receptacle for the safekeeping of such the flag when not in use, as by this section directed, at all times.

Sec. 5. Minnesota Statutes 1996, section 126.15, subdivision 2, is amended to read:

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

Sec. 6. Minnesota Statutes 1996, section 126.15, subdivision 3, is amended to read:

Subd. 3. LIABILITY NOT TO ATTACH. No liability shall attach either to the school, educational institution, governing board, directing authority, or any individual

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

director, board member, superintendent, principal, teacher, or other school authority by virtue of the organization, maintenance, or operation of such a school safety patrol because of injuries sustained by any pupil, whether a member of the patrol or otherwise by reason of the operation and maintenance thereof of the patrol.

Sec. 7. Minnesota Statutes 1996, section 126.1995, is amended to read:

126.1995 SAFETY REQUIREMENT GUIDELINES.

The department of children, families, and learning, in cooperation with the Minnesota fire marshal's division, shall must develop guidelines for school lab safety. The guidelines shall include a list of safety requirements and an explanation of the minimum state and national laws, codes, and standards affecting school lab safety the Minnesota fire marshal considers necessary for schools to implement. The district superintendent must shall ensure that every school lab within the district complies with the school lab safety requirements. Lack of funding is not an excuse for noncompliance.

Sec. 8. Minnesota Statutes 1996, section 126.21, subdivision 3, is amended to read:

Subd. 3. **EXCEPTIONS.** (1) (a) Notwithstanding any other state law to the contrary, in athletic programs operated by educational institutions or public services and designed for participants 12 years old or older or in the 7th grade or above, it is not an unfair discriminatory practice to restrict membership on an athletic team to participants of one sex whose overall athletic opportunities have previously been limited.

(2) (b) When an educational institution or a public service provides athletic teams for children 11 years old or younger or in the 6th grade or below, those teams shall be operated without restrictions on the basis of sex, except that when overall athletic opportunities for one sex have previously been limited and there is a demonstrated interest by members of that sex to participate on a team restricted to members of that sex, the educational institution or public service may provide a team restricted to members of that sex.

(3) (c) When two teams in the same sport are in fact separated or substantially separated according to sex, the two teams shall be provided with substantially equal budgets per participant, exclusive of gate receipts and other revenues generated by that sport, and in all other respects shall be treated in a substantially equal manner. However, nothing in this section shall be construed to require the two teams to conduct combined practice sessions or any other combined activities related to athletics.

(4) (d) If two teams are provided in the same sport, one of these teams may be restricted to members of a sex whose overall athletic opportunities have previously been limited, and members of either sex shall be permitted to try out for the other team.

(5) (e) Notwithstanding the provisions of clauses (1), (2) paragraphs (a), (b), and (4) (d), any wrestling team may be restricted to members of one sex whether or not the overall athletic opportunities of that sex have previously been limited, provided that programs or events are provided for each sex to the extent the educational institution or public service determines that these programs or events are necessary to accommodate the demonstrated interest of each sex to participate in wrestling.

Sec. 9. Minnesota Statutes 1996, section 126.21, subdivision 5, is amended to read:

Subd. 5. **RULES.** The state board of education, after consultation with the commissioner of human rights shall must promulgate rules in accordance with chapter 14 to im-

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

plement this section to prevent discrimination in elementary and secondary school athletic programs operated by educational institutions. The rules promulgated by the state board pursuant to this section shall not require athletic competition or tournaments for teams whose membership may be restricted to members of a sex whose overall athletic opportunities have previously been limited to be scheduled in conjunction with the scheduling of athletic competition or tournaments for teams whose membership is not so restricted by this section. Any organization, association or league entered into by elementary or secondary schools or public services for the purpose of promoting sports or adopting rules and regulations for the conduct of athletic contests between members shall provide rules and regulations and conduct its activities so as to permit its members to comply fully with this section. The rules of that organization, association or league may provide separate seasons for athletic competition or tournaments in a sport for teams whose membership may be restricted to members of a sex whose overall athletic opportunities have previously been limited from athletic competition or tournaments established for teams in that same sport whose membership is not so restricted by this section, and its rules may prohibit a participating student from competing on more than one school team in a given sport during a single school year.

Sec. 10. Minnesota Statutes 1996, section 127.17, subdivision 1, is amended to read:

Subdivision 1. MEMBERSHIP REGULATED. ~~It shall be~~ is unlawful for any pupil, registered as such and attending any public elementary, high school, ~~community college, or technical college, which is partially or wholly maintained by public funds, to join, become a member of, or to solicit any other pupil of any such public~~ school to join, or become a member of, any secret fraternity or society wholly or partially formed from the membership of pupils attending any ~~such public~~ schools or to take part in the organization or formation of any ~~such~~ fraternity or society, except such societies or associations as are sanctioned by the ~~district school board~~ of the ~~district~~ concerned.

Sec. 11. Minnesota Statutes 1996, section 127.17, subdivision 3, is amended to read:

Subd. 3. PENALTIES. ~~The boards shall have full power and authority, pursuant to the adoption of such rules and regulations made and adopted by them, to~~ A school board ~~may suspend or dismiss any pupil of such schools therefrom from school, or to prevent them, or any of them, the pupil from graduating or participating in school honors when, after investigation, in the judgment of such boards the board or a majority of their its~~ membership, such pupil is guilty of violating any of the provisions of this section or is guilty of violating any rule or regulation adopted by such boards ~~the board~~ for the purpose of governing such ~~its~~ schools, or enforcing this section.

Sec. 12. Minnesota Statutes 1996, section 127.17, subdivision 4, is amended to read:

Subd. 4. "RUSHING" OR SOLICITING FORBIDDEN. It is a misdemeanor for any person, not a pupil of the schools, to be upon school grounds, or to enter any school building, for the purpose of "rushing" or soliciting any pupil of the schools to join any fraternity, society, or association organized outside of the schools. Municipal and county District courts have jurisdiction of offenses committed under this subdivision. All persons found guilty shall be fined not less than \$2, nor more than \$10, to be paid to the county treasurer or, upon failure to pay the fine, to be imprisoned for not more than ten days.

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

Sec. 13. Minnesota Statutes 1996, section 127.40, subdivision 4, is amended to read:

Subd. 4. **SCHOOL-BASED OMBUDSPERSON.** "School-based ombudsper-
son" means an administrator, a teacher, a parent, or a student representative who shall
have the responsibilities as outlined in under section 127.412.

Sec. 14. Minnesota Statutes 1996, section 127.41, is amended to read:

127.41 DISCIPLINE AND REMOVAL OF STUDENTS FROM CLASS.

Subdivision 1. **REQUIRED POLICY.** Each school board shall must adopt a written districtwide school discipline policy which shall include written rules of conduct for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class. The policy shall must be developed with the participation of administrators, teachers, employees, pupils, parents, community members, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. **GROUNDS FOR REMOVAL FROM CLASS.** The policy shall must establish the various grounds for which a student may be removed from a class in the district for a period of time pursuant to the procedures specified in the policy. The grounds in the policy shall must include at least the following provisions as well as other grounds determined appropriate by the board:

- (a) willful conduct which materially and substantially disrupts the rights of others to an education;
- (b) willful conduct which endangers school district employees, the student or other students, or the property of the school; and
- (c) willful violation of any rule of conduct specified in the discipline policy adopted by the board.

Subd. 3. **POLICY COMPONENTS.** The policy shall must include at least the following components:

- (a) rules governing student conduct and procedures for informing students of the rules;
- (b) the grounds for removal of a student from a class;
- (c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;
- (d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;
- (e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;
- (f) provisions relating to the responsibility for and custody of a student removed from a class;
- (g) the procedures for return of a student to the specified class from which the student has been removed;

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

- (h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;
- (i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;
- (j) any procedures determined appropriate for encouraging early detection of behavioral problems;
- (k) any procedures determined appropriate for referring a student in need of special education services to those services;
- (l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;
- (m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;
- (n) the minimum consequences for violations of the code of conduct; and
- (o) procedures for immediate and appropriate interventions tied to violations of the code.

Sec. 15. Minnesota Statutes 1996, section 127.411, is amended to read:

127.411 SCHOOL SITE MEDIATION BOARD.

Subdivision 1. BOARD ALLOWED. A school district or school site council may establish a school site mediation board. The board ~~shall~~ must consist of equal numbers of staff and parents and, in the case of secondary schools, student representatives. Members shall be representative of the school community and ~~shall~~ must be selected by a method as determined in the district's discipline policy.

Subd. 2. PURPOSES AND DUTIES. The board ~~shall~~ must mediate issues in dispute at the school site related to the implementation of district and school site codes of conduct under sections 127.40 to 127.413, and the application of the codes to a student.

Sec. 16. Minnesota Statutes 1996, section 127.412, is amended to read:

127.412 OMBUDSPERSON SERVICE.

A school district or school site council may establish an ombudsperson service for students, parents, and staff. The service ~~shall~~ must consist of an administrator, a student, a parent, and a teacher. The school site ~~shall~~ must notify students, parents, and staff of the availability of the service. The service ~~shall~~ must provide advocacy for enforcement of the codes of conduct and the procedures to remediate disputes related to implementation of the code of conduct and the goals of the school in maintaining an orderly learning environment for all students.

Sec. 17. Minnesota Statutes 1996, section 127.413, is amended to read:

127.413 NOTIFICATION.

Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to notification prior to placement in classrooms of students

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

with histories of violent behavior and any need for intervention services or conflict resolution or training for staff in such these cases.

Sec. 18. Minnesota Statutes 1996, section 127.42, is amended to read:

127.42 REVIEW OF POLICY.

The principal or other person having general control and supervision of the school, and representatives of parents, students, and staff in a school building shall confer at least annually to review the discipline policy and to assess whether the policy has been enforced. Each A school board shall must conduct an annual review of the districtwide discipline policy.

Sec. 19. Minnesota Statutes 1996, section 127.44, is amended to read:

127.44 AVERSIVE AND DEPRIVATION PROCEDURES.

The state board of education shall must adopt rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The rules must:

(1) promote the use of positive approaches and must not encourage or require the use of aversive or deprivation procedures;

(2) require that planned application of aversive and deprivation procedures be a part of an individual education plan;

(3) require parents or guardians to be notified after the use of aversive or deprivation procedures in an emergency;

(4) establish health and safety standards for the use of time-out procedures that require a safe environment, continuous monitoring of the child, ventilation, and adequate space; and

(5) contain a list of prohibited procedures.

Sec. 20. Minnesota Statutes 1996, section 127.45, subdivision 2, is amended to read:

Subd. 2. CORPORAL PUNISHMENT NOT ALLOWED. An employee or agent of a public school district shall not inflict corporal punishment or cause corporal punishment to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct.

Sec. 21. Minnesota Statutes 1996, section 127.455, is amended to read:

127.455 MODEL POLICY.

Subdivision 1. **MODEL POLICY.** The commissioner of children, families, and learning shall maintain and make available to school boards a model sexual, religious, and racial harassment and violence policy. The model policy shall address the requirements of section 127.46.

Subd. 2. SUBMISSION TO COMMISSIONER. Each school board shall must submit to the commissioner of children, families, and learning a copy of the sexual, religious, and racial harassment and sexual, religious, and racial violence policy the board has adopted.

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

Sec. 22. Minnesota Statutes 1996, section 127.46, is amended to read:

127.46 SEXUAL, RELIGIOUS, AND RACIAL HARASSMENT AND VIOLENCE POLICY.

Each A school board shall must adopt a written sexual, religious, and racial harassment and sexual, religious, and racial violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted throughout each school building, given to each district employee and independent contractor at the time of entering into the person's employment contract, and included in each school's student handbook on school policies. Each school must develop a process for discussing the school's sexual, religious, and racial harassment and violence policy with students and school employees.

Sec. 23. Minnesota Statutes 1996, section 127.47, subdivision 2, is amended to read:

Subd. 2. **DISSEMINATION.** The locker policy must be disseminated to parents and students in the way that other policies of general application to students are disseminated. A copy of the policy must be provided to a student the first time after the policy is effective that the student is given the use of a locker.

Sec. 24. Minnesota Statutes 1996, section 127.48, is amended to read:

127.48 POLICY TO REFER FIREARMS POSSESSOR.

Each A school board must have a policy requiring the appropriate school official to, as soon as practicable, refer to the criminal justice or juvenile delinquency system, as appropriate, any a pupil who brings a firearm to school unlawfully.

Sec. 25. REPEALER.

Minnesota Statutes 1996, section 127.17, subdivision 2, is repealed.

Sec. 26. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
126.01	125B.01
126.14	125B.03
126.091	125B.05
126.83	125B.07
126.256	125B.08
126.1995	125B.10
126.033, subd. 1	125B.15, subd. 1
subd. 2	subd. 2
subd. 3	subd. 3
subd. 5	subd. 4

New language is indicated by underline, deletions by strikeout.

<u>126.034</u>		<u>125B.16</u>
<u>126.035</u>		<u>125B.17</u>
<u>126.036</u>		<u>125B.18</u>
<u>126.037</u>		<u>125B.19</u>
<u>126.05</u>		<u>125B.20</u>
<u>126.15</u>		<u>125B.25</u>
<u>127.40</u>		<u>125B.26</u>
<u>127.41</u>		<u>125B.27</u>
<u>127.411</u>		<u>125B.28</u>
<u>127.412</u>		<u>125B.30</u>
<u>127.413</u>		<u>125B.31</u>
<u>127.42</u>		<u>125B.32</u>
<u>127.43</u>		<u>125B.33</u>
<u>127.44</u>		<u>125B.34</u>
<u>127.45</u>		<u>125B.35</u>
<u>127.455</u> ,	<u>subd. 1</u>	<u>125B.36</u> ,
	<u>subd. 2</u>	<u>subd. 1</u>
<u>127.46</u>		<u>125B.36</u> ,
<u>126.21</u>		<u>125B.37</u>
<u>127.465</u>		<u>125B.38</u>
<u>127.17</u> ,	<u>subd. 1</u>	<u>125B.40</u> ,
	<u>subd. 3</u>	<u>subd. 1</u>
	<u>subd. 4</u>	<u>subd. 2</u>
		<u>subd. 3</u>
<u>127.47</u>		<u>125B.41</u>
<u>127.48</u>		<u>125B.43</u>
<u>121.207</u>		<u>125B.44</u>
<u>127.26</u>		<u>125B.50</u>
<u>127.27</u>		<u>125B.51</u>
<u>127.28</u>		<u>125B.52</u>
<u>127.281</u>		<u>125B.53</u>
<u>127.282</u>		<u>125B.54</u>
<u>127.29</u>		<u>125B.55</u>
<u>127.30</u> ,	<u>subd. 1</u>	<u>125B.56</u> ,
	<u>subd. 1a</u>	<u>subd. 1</u>
	<u>subd. 2</u>	<u>subd. 2</u>
	<u>subd. 3</u>	<u>subd. 3</u>
	<u>subd. 4</u>	<u>subd. 4</u>
	<u>subd. 5</u>	<u>subd. 5</u>
	<u>subd. 7</u>	<u>subd. 6</u>
	<u>subd. 8</u>	<u>subd. 7</u>
	<u>subd. 9</u>	<u>subd. 8</u>
	<u>subd. 10</u>	<u>subd. 9</u>
	<u>subd. 11</u>	<u>subd. 10</u>

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

	subd. 12		subd. 11
	subd. 13		subd. 12
	subd. 14		subd. 13
	subd. 15		subd. 14
127.311	125B.58		
<u>127.32</u>	<u>125B.59</u>		
<u>127.33</u>	<u>125B.60</u>		
<u>127.34</u>	<u>125B.61</u>		
<u>127.35</u>	<u>125B.62</u>		
<u>127.36</u>	<u>125B.63</u>		
<u>127.37</u>	<u>125B.64</u>		
<u>127.38</u>	<u>125B.65</u>		
<u>127.39</u>	<u>125B.66</u>		

ARTICLE 10

CHAPTER 129C

CENTER FOR ARTS EDUCATION

Section 1. Minnesota Statutes 1996, section 124C.07, is amended to read:

124C.07 COMPREHENSIVE ARTS PLANNING PROGRAM.

The Lola and Rudy Perpich Minnesota center for arts education shall prescribe the form and manner of application by one or more school districts to be designated as a site to participate in the comprehensive arts planning program. Up to 30 sites may be selected. The center shall designate sites in consultation with the Minnesota alliance for arts in education and the Minnesota state arts board.

Sec. 2. Minnesota Statutes 1996, section 124C.08, subdivision 2, is amended to read:

Subd. 2. CRITERIA. The center, in consultation with the comprehensive arts planning program state steering committee, shall must establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of children, families, and learning;

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluate its involvement in the program;

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

(6) a willingness by the district to adopt a long-range plan for arts education in the district; and

(7) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 3. Minnesota Statutes 1996, section 124C.08, subdivision 3, is amended to read:

Subd. 3. **PROGRAM ACCOUNTS.** A district receiving funds ~~shall~~ must maintain a separate account for the receipt and disbursement of all funds relating to the program. The funds ~~shall~~ must be spent only for the purpose of arts education programs, including teacher release time.

Sec. 4. Minnesota Statutes 1996, section 124C.09, is amended to read:

124C.09 MATERIALS, TRAINING, AND ASSISTANCE.

The Lola and Rudy Perpich Minnesota center for arts education, in cooperation with the Minnesota alliance for arts in education and the Minnesota state arts board ~~shall~~ must provide materials, training, and assistance to the arts education committees in the school districts. The center may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.

Sec. 5. Minnesota Statutes 1997 Supplement, 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~~ must 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~~ must 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;

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

(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;

(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

(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.

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

(o) The board may establish and set fees for services and programs. 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. 6. Minnesota Statutes 1996, section 129C.10, subdivision 3a, is amended to read:

Subd. 3a. **CENTER ACCOUNT.** ~~There is established in the state treasury A center for arts education account is established in the special revenue fund in the state treasury. All money collected by the board, including rental income, shall must be deposited in the account. Money in the account, including interest earned, is appropriated to the board for the operation of its services and programs.~~

Sec. 7. Minnesota Statutes 1996, section 129C.10, subdivision 3b, is amended to read:

Subd. 3b. **APPEAL.** A parent who disagrees with a board action that adversely affects the academic program of an enrolled pupil may appeal the board's action to the commissioner of children, families, and learning within 30 days of the board's action. The decision of the commissioner shall be binding on the board. The board shall must inform each pupil and parent at the time of enrolling of a parent's right to appeal a ~~board~~ action affecting the pupil's academic program.

Sec. 8. Minnesota Statutes 1996, section 129C.10, subdivision 4, is amended to read:

Subd. 4. **EMPLOYEES.** (a)(1) The board shall must appoint a director of the center for arts education who shall serve in the unclassified service.

(2) The board shall must employ, upon recommendation of the director, a coordinator of resource programs who shall serve in the unclassified service.

(3) The board shall must employ, upon recommendation of the director, up to six department chairs who shall serve in the unclassified service. The chairs shall be licensed teachers unless no licensure exists for the subject area or discipline for which the chair is hired.

(4) The board may employ other necessary employees, upon recommendation of the director.

(5) The board shall must employ, upon recommendation of the director, an executive secretary for the director, who shall serve in the unclassified service.

(b) The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Sec. 9. Minnesota Statutes 1996, section 129C.10, subdivision 6, is amended to read:

Subd. 6. **PUBLIC POST-SECONDARY INSTITUTIONS; PROVIDING SPACE.** Public post-secondary institutions shall must provide space for programs offered by the Lola and Rudy Perpich Minnesota center for arts education at no cost or rea-

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

sonable cost to the center to the extent that space is available at the public post-secondary institutions.

Sec. 10. Minnesota Statutes 1996, section 129C.15, is amended to read:

129C.15 RESOURCE, MAGNET, AND OUTREACH PROGRAMS.

Subdivision 1. RESOURCE AND OUTREACH. The center shall must offer resource and outreach programs and services statewide aimed at the enhancement of arts education opportunities for pupils in elementary and secondary school. The programs and services shall must include:

(1) developing and demonstrating exemplary curriculum, instructional practices, and assessment;

(2) disseminating information; and

(3) providing programs for pupils and teachers that develop technical and creative skills in art forms that are underrepresented and in geographic regions that are underserved.

Subd. 2. MAGNET PROGRAMS. The center shall must identify at least one school district in each congressional district with interest and the potential to offer magnet arts programs using the curriculum developed by the Lola and Rudy Perpich Minnesota center for arts education.

Subd. 3. CENTER RESPONSIBILITIES. The center shall must:

(1) provide information and technical services to arts teachers, professional arts organizations, school districts, and the department of children, families, and learning;

(2) gather and conduct research in arts education;

(3) design and promote arts education opportunities for all Minnesota pupils in elementary and secondary schools; and

(4) serve as liaison for the department of children, families, and learning to national organizations for arts education.

Sec. 11. INSTRUCTION TO REVISOR.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
124C.09	129C.20
124C.07	129C.25
124C.08	129C.26

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

ARTICLE 11

GENERAL PROVISIONS

Section 1. **BONDS AND CERTIFICATES.**

A debt obligation authorized and issued by a repealed section in this act must be paid for and retired according to the section authorizing the debt obligation and the terms of the obligation and bond indentures and trust agreements.

Sec. 2. **REPEALER.**

Minnesota Statutes 1996, section 127.01, is repealed.

Sec. 3. **REVISOR INSTRUCTION.**

(a) If a provision of a section of Minnesota Statutes amended by this act is amended by the 1998 regular session, the revisor shall codify the amendment consistent with the recodification of the affected section by this act, notwithstanding any law to the contrary.

(b) In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall correct all cross-references to sections renumbered, recodified, or repealed by this act.

(c) In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall replace "actual pupil units" with "resident pupil units" and "fund balance pupil units" with "adjusted pupil units."

Sec. 4. **EFFECTIVE DATE.**

This act is effective July 1, 1998.

ARTICLE 12

Section 1. Minnesota Statutes 1996, section 124.2727, subdivision 6a, as added by 1998 H. F. No. 2874, article 1, section 19, if enacted, is amended to read:

Subd. 6a. FISCAL YEAR 1999 AND FISCAL YEAR 2000 DISTRICT COOPERATION REVENUE. A district's cooperation revenue for fiscal year 1999 and fiscal year 2000 is equal to the greater of \$67 times the actual pupil units or \$25,000.

Sec. 2. Minnesota Statutes 1996, section 124.2727, subdivision 6c, as added by 1998 H. F. No. 2874, article 1, section 20, if enacted, is amended to read:

Subd. 6c. FISCAL YEAR 1999 AND FISCAL YEAR 2000 DISTRICT COOPERATION AID. A district's cooperation aid for fiscal year 1999 and fiscal year 2000 is the difference between its district cooperation revenue and its district cooperation levy. If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Sec. 3. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 2, as added by 1998 H. F. No. 2874, article 1, section 29, if enacted, 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 fis-

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

cal year 1997 is \$3,505. The formula allowance for fiscal year 1998 is \$3,581 and the formula allowance for fiscal year 1999 and fiscal year 2000 is \$3,530. The formula allowance for fiscal year 2000 2001 and subsequent fiscal years is \$3,597.

Sec. 4. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 13b, as added by H. F. No. 2874, article 1, section 30, if enacted, is amended to read:

Subd. 13b. **TRANSITION ALLOWANCE.** (a) 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.

(b) A district's compensatory transition 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.

(c) A district's cooperation transition allowance for fiscal year 2000 2001 and later equals the greater of zero or the difference between:

(1) \$25,000; and

(2) \$67 times the district's actual pupil units for fiscal year 2000 2001.

(d) A district's transition allowance for fiscal year 1999 is equal to the sum of its transportation transition allowance and its compensatory transition allowance. A district's transition allowance for fiscal year 2000 and thereafter is equal to the sum of its transportation transition allowance, its compensatory transition allowance, and its cooperation transition allowance.

Sec. 5. Minnesota Statutes 1996, section 124A.22, subdivision 14, as added by H. F. No. 2874, article 1, section 31, if enacted, is amended to read:

Subd. 14. **GRADUATION STANDARDS IMPLEMENTATION REVENUE.**

(a) A school district's graduation standards implementation revenue is equal to \$52 times its actual pupil units for fiscal year 1999 plus \$14 times its actual pupil units for fiscal year 1999 if the district implements the graduation rule under section 121.1114, paragraph (b), and \$43 per pupil unit for all districts for fiscal year 2000 and later. Graduation standards implementation revenue is reserved and must be used according to paragraphs (b) and (c).

(b) For fiscal year 1999, revenue must be reserved for programs according to clauses (1) to (3).

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

(1) At least \$20 per actual pupil unit plus \$14 per actual pupil unit for a district that implements the graduation rule under section 121.1114, paragraph (b), must be allocated to school sites in proportion to the number of students enrolled at each school site weighted according to section 124.17, subdivision 1, and is reserved for programs designed to enhance the implementation of the graduation rule through intensive staff development and decentralized decision making.

(2) At least \$5 per actual pupil unit is reserved for gifted and talented programs that are integrated with the graduation rule. This aid must supplement, not supplant, money spent on gifted and talented programs authorized under Laws 1997, First Special Session chapter 4, article 5, section 24.

(3) Remaining aid under this paragraph must be used:

(i) for technology purposes including wiring, network connections, and other technology-related infrastructure improvements; purchase or lease of computer software and hardware to be used in classrooms and for instructional purposes; purchase or lease of interactive television network equipment and network support; purchase or lease of computer software and hardware designed to support special needs programming and limited English proficiency programming; network and technical support; and purchase of textbooks and other instructional materials; or

(ii) to reduce class size.

(c) For fiscal year 2000 and later, revenue must be allocated to school sites and reserved for programs designed to enhance the implementation of the graduation rule through: (1) staff development programs; (2) technology purposes under paragraph (b), clause (3); (3) gifted and talented programs; or (4) class size reduction programs based at the school site.

(d) To the extent possible, school districts shall make opportunities for graduation standards implementation available to teachers employed by intermediate school districts. If the commissioner determines that the supplemental appropriation made for this subdivision under section 40, subdivision 2, is in excess of the amount needed for this subdivision, the commissioner shall make equal payments of one-third of the excess to each intermediate school district for the purpose of paragraph (a).

(e) A district that qualifies for the referendum allowance reduction under section 124A.03, subdivision 3c, and whose authority does not exceed the referendum allowance limit under section 124A.03, subdivision 1c, clause (2), shall receive a graduation standards implementation equity adjustment. In fiscal year 1999, the equity adjustment aid is equal to \$29 \$34 per actual pupil unit. In fiscal year 2001 2000 and thereafter, the equity adjustment is equal to \$20 \$25 per actual pupil unit.

Sec. 6. Minnesota Statutes 1997 Supplement, section 124A.23, subdivision 1, as added by H. F. No. 2874, article 1, section 33, if enacted, is amended to read:

Subdivision 1. GENERAL EDUCATION TAX RATE. The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest 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 \$1,385,500,000 for fiscal year 1999, \$1,325,500,000 for fiscal

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

year 2000, and \$1,387,100,000 for fiscal year 2001, 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 or fiscal year 2000 is changed by another law enacted during the 1997 or 1998 session, the commissioner shall reduce the general education levy target in this section by the amount of the reduction in the enacted law.

Sec. 7. 1998 H. F. No. 2874, article 1, section 51, if enacted, is amended to read:

Sec. 51. REPEALER.

(a) Minnesota Statutes 1997 Supplement, section 124.912, subdivisions 2 and 3, are repealed effective for taxes payable in 1998.

(b) Minnesota Statutes 1996, sections 121.904, subdivision 4c; and 124.2601, subdivision 4, are repealed.

(c) Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 5, is repealed effective July 1, 1999.

(d) Minnesota Statutes 1996, section 124.2713, subdivision 6b, is repealed effective for taxes payable in 1999 and revenue for fiscal year 2000.

(e) Minnesota Statutes 1996, section 124.2727, subdivision 6b, is repealed effective for taxes payable in 1999.

(f) Minnesota Statutes 1996, section 124A.292, subdivisions 2 and 4, are repealed effective for revenue for fiscal year 2000.

(g) (f) Laws 1997, chapter 231, article 1, section 17, is repealed effective the day following final enactment.

Sec. 8. FORMULA ALLOWANCE.

For fiscal year 2000 the basic formula allowance under Minnesota Statutes, section 124A.22, subdivision 2, is increased by \$67 per actual pupil unit for purposes of calculating compensatory revenue and sparsity revenue under Minnesota Statutes, section 124A.22.

Presented to the governor April 10, 1998

Signed by the governor April 21, 1998, 10:10 a.m.

CHAPTER 398—H.F.No. 2874

An act relating to state government; education and educational programs; kindergarten through grade 12; providing for general education; special education; interagency service, lifelong learning, and technology; facilities and organization; policies promoting academic excellence; education policy issues; libraries; state agencies; miscellaneous provisions; appropriating money; amending Minnesota Statutes 1996, sections 43A.17, subdivisions 9 and 10; 120.03, subdivision 1; 120.06, subdivision 2a; 120.064, subdivision 5; 120.101, subdivision 3; 120.17, subdivisions 1, 2, 3, 3a, 3b, 6, 7, 7a, 9, and 15; 120.1701, subdivisions 2, 5, 11, and 17; 120.173, subdivisions 1 and 6;

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