

CHAPTER 124

SCHOOL FINANCE

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124.01 DEFINITIONS.

Subdivision 1. **Generally.** For purposes of this chapter and chapter 124A, the words defined in section 120.02 have the same meaning and the terms defined in sections 124A.02 and 124A.033 have the meanings attributed to them in those sections.

History: 1987 c 384 art 2 s 28

124.05 DEPOSITORY LAW.

Subdivision 1. The district shall designate one or more official depositories for district money in the manner specified in section 118.005, subdivision 1. If the board refuses or fails to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of section 118.005, subdivision 2, and shall file a statement of the selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on the treasurer's part in the selection of the depository.

Subd. 2. [Repealed, 1987 c 398 art 7 s 43]

[For text of subds 3 and 4, see M.S.1986]

History: 1987 c 398 art 7 s 23

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

[For text of subds 1 to 6, see M.S.1986]

Subd. 7. **Appropriation transfers.** If a direct appropriation to the department of education for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 125, 126, 129B, and 134 exceeds the amount required, the commissioner of education 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 foundation aid. Excess appropriations shall 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 education. The commissioner of education shall report appropria-

tion transfers to the education committees of the legislature each year by January 15. 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.

History: 1987 c 398 art 7 s 24

124.155 AID REDUCTIONS DUE TO TAX LEVY REVENUE RECOGNITION CHANGE.

[For text of subd 1, see M.S.1986]

Subd. 2. Adjustment to aids. The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (a) foundation aid as defined in section 124A.01;
- (b) secondary vocational aid authorized in section 124.573;
- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) gifted and talented aid authorized in section 124.247;
- (f) aid for pupils of limited English proficiency authorized in section 124.273;
- (g) aid for chemical use programs authorized in section 124.246;
- (h) interdistrict cooperation aid authorized in section 124.272;
- (i) summer program aid authorized in section 124A.033;
- (j) transportation aid authorized in section 124.225;
- (k) community education programs aid authorized in section 124.271;
- (l) adult education aid authorized in section 124.26;
- (m) early childhood family education aid authorized in section 124.2711;
- (n) capital expenditure equalization aid authorized in section 124.245;
- (o) homestead credit replacement aid authorized in section 273.1394;
- (p) agricultural credit replacement aid authorized in section 273.1395;
- (q) attached machinery aid authorized in section 273.138, subdivision 3; and
- (r) teacher retirement and F.I.C.A. aid authorized in sections 124.2162 and 124.2163.

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

[For text of subd 3, see M.S.1986]

History: 1987 c 268 art 6 s 2

NOTE: Except where provided otherwise, subdivision 2, as amended by Laws 1987, chapter 268, article 6, section 2, is effective for taxes levied in 1988, payable in 1989, and thereafter. See Laws 1987, chapter 268, article 6, section 54.

124.17 DEFINITION OF PUPIL UNITS.

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

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

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire school year in a program approved by the commissioner is counted as the greater of (1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year, or (2) the ratio of the number of hours of assessment and education service required in the school year by the pupil's individual education program plan to 875, but not more than one.

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

(d) A handicapped kindergarten pupil 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 school year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades one to six is counted as one pupil unit.

(g) For the 1987-1988 school year, a pupil who is in any of grades seven to 12 is counted as 1.4 pupil units. For the 1988-1989 and later school years, a pupil who is in any of grades seven to 12 is counted as 1.35 pupil units.

[For text of subd 1a, see M.S.1986]

Subd. 1b. AFDC pupil units. In a district in which the number of pupils from families receiving aid to families with dependent children equals six percent or more of the actual pupil units in the district for the same year, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

[For text of subs 2 to 3, see M.S.1986]

History: 1987 c 398 art 1 s 2; art 3 s 16

NOTE: Subdivision 1b, as added by Laws 1987, chapter 398, article 1, section 2, is effective for revenue for the 1988-1989 school year and thereafter. See Laws 1987, chapter 398, article 1, section 28.

NOTE: Subdivisions 1a and 2d are repealed by Laws 1987, chapter 398, article 1, section 27, subdivision 3, effective June 30, 1988. See Laws 1987, chapter 398, article 1, section 27, subdivision 3.

124.185 [Repealed, 1987 c 398 art 1 s 27 subd 1; art 7 s 43]

124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

[For text of subd 1, see M.S.1986]

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

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

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

(2) the product of

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

(ii) the sum of

85 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.

[For text of subs 3 to 7, see M.S.1986]

Subd. 8. Payment percentage for reimbursement aids. The following aids shall be paid at 100 percent of the entitlement for the prior fiscal year: summer program aid

according to section 124A.033; abatement aid according to section 124.214, subdivision 2; special education residential aid according to section 124.32, subdivision 5; special education summer school aid, according to section 124.32, subdivision 10; planning, evaluating, and reporting process aid according to section 124.274; and extended leave aid according to chapters 354 and 354A.

Subd. 9. Payment percentage for certain aids. The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: management information center subsidies, according to section 121.935, reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; handicapped adult program aid, according to section 124.271, subdivision 7; arts education aid according to section 124.275; school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; and desegregation grants according to Laws 1987, chapter 398, article 6, section 18.

[For text of subds 10 and 11, see M.S.1986]

History: 1987 c 268 art 9 s 4; 1987 c 384 art 2 s 29,30; 1987 c 398 art 6 s 2; art 7 s 25

NOTE: The amendment to subdivision 2 by Laws 1987, chapter 268, article 9, section 4, is effective for taxable years beginning after December 31, 1989. See Laws 1987, chapter 268, article 9, section 44.

124.196 CHANGE IN PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

If the commissioner of finance determines that modifications in the payment schedule are required to avoid state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1 of each fiscal year, and shall remain in effect until no later than May 30 of the 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 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 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.

History: 1Sp1986 c 1 art 5 s 9; 1987 c 398 art 6 s 17

124.2131 EQUALIZATION AID REVIEW COMMITTEE.

Subdivision 1. Adjusted assessed value. (a) Computation. The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures referenced in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized assessed value for the various strata of taxable property in each school district, which value shall be designated as the adjusted assessed value. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for requested services performed in ascertaining such adjusted valuation. 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 assessed values. On or before June 15, annually, the department of revenue shall file its final report on the assessed values established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith 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 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 proper 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. By January 15, 1985, the commissioner shall report to the chairs of the house tax committee and the senate committee on taxes and tax laws the results of a study which the commissioner shall prepare comparing the 1983 sales ratio study based upon the original 1983 assessment/sales ratio study methodology with the new methodology as provided in clause (b). The 1984 adjusted assessed values which are certified to the commissioner of education shall be computed using the 1983 assessment/sales ratio study methodology unless the 1985 legislature directs otherwise.

(c) **Agricultural lands.** For purposes of determining the adjusted assessed value of agricultural lands for the calculation of 1987 adjusted assessed values and thereafter, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

Subd. 2. **Adjusted assessed value; growth limit.** In the calculation of adjusted assessed valuations for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted assessed valuation of taxable property for any school district over the adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted assessed valuation established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted assessed valuation for the current year calculated without the application of this subdivision and the district's certified adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year.

Subd. 3. **Decrease in iron ore assessed value.** If in any year the assessed value of iron ore property, as defined in section 273.13, in any district is less than the assessed value of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted assessed value of the preceding year taking into account only the decrease in assessed value of iron ore property. If subdivision 2, clause (a), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall apply.

[For text of subd 4, see M.S.1986]

Subd. 5. **Adjusted assessed value; appeals.** Should any district within 30 days after receipt of a copy of a report filed with the commissioner of education made pursuant to subdivision 1 or 3, be 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 shall advise the school district of the determination within 30 days. If the school district wishes to appeal the determination of the commissioner, 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.

Subd. 6. Notice of appeal. The school district shall file with the court administrator of the tax court a notice of appeal from the determination of the commissioner of revenue fixing the market value of the school district, and such notice shall show the basis of the alleged error. A copy of such notice of appeal shall be served upon the commissioner of revenue, and proof of service shall be filed with the court administrator.

Subd. 7. Hearing. Upon receipt of the notice of appeal the tax court shall 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 notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall 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 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 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.70, shall apply to hearings insofar as it is applicable.

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 (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 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 likewise have the same force and effect as a determination by it in the first instance under this section.

[For text of subs 9 and 10, see M.S.1986]

Subd. 11. Aids pending appeals. During the pendency of any appeal from the commissioner of revenue evaluation, state aids to the district so appealing shall be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

History: 1987 c 268 art 6 s 3; art 7 s 3-10

NOTE: Except where provided otherwise, subdivision 3, as amended by Laws 1987, chapter 268, article 6, section 3, is effective for taxes levied in 1988, payable in 1989, and thereafter. See Laws 1987, chapter 268, article 6, section 54.

NOTE: Except where provided otherwise, subdivision 4 is repealed by Laws 1987, chapter 268, article 6, section 53, effective for taxes levied in 1988, payable in 1989, and thereafter. See Laws 1987, chapter 268, article 6, section 54.

124.2138 TRANSPORT EQUITY DEDUCT; REPLACE STATE RETIREMENT PAY.

Subd. 3. Replace state pay. In any fiscal year in which the state payments on behalf of a district authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), are reduced under this section, the commissioner of education shall certify the amounts of the required reductions to the district. The district shall pay employer contributions in the amount of the reduction of these payments to the commissioner, which amount shall be placed in the general fund.

Subd. 4. Nonagricultural district defined. For the purposes of this section, nonagricultural district means a district where the assessed valuation of agricultural land identified in section 273.13, subdivision 23, comprises less than 60 percent of the assessed valuation of the district.

History: 1987 c 384 art 2 s 31,32

124.2139 REDUCTION OF HOMESTEAD CREDIT PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce homestead credit replacement aid payments made to school districts pursuant to section 273.1394 by the product of:

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

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

History: 1987 c 268 art 6 s 4

NOTE: Except where provided otherwise, the amendment to this section by Laws 1987, chapter 268, article 6, section 4, is effective for taxes levied in 1988, payable in 1989 and thereafter. See Laws 1987, chapter 268, article 6, section 54.

NOTE: This section is repealed by Laws 1987, chapter 268, article 6, section 53, effective for taxes levied in 1988, payable in 1989 and thereafter. See Laws 1987, chapter 268, article 6, section 54.

124.214 AID ADJUSTMENTS.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. Excess tax increment. 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 entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

- (1) the amount of the payment of excess tax increment to the school district, times
- (2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;

(ii) sections 124A.10, subdivision 3a, and 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;

(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;

(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and

(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;

(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment, and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

History: 1987 c 291 s 202

124.2162 TEACHER RETIREMENT AID; SCHOOL DISTRICTS.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. **Redistribution.** For purposes of aid calculations, the commissioner may redistribute current year teacher retirement and FICA obligations among districts that have agreements for sharing staff or for cooperative education of pupils to adjust for changes in staffing patterns between the base year and the current year resulting from the agreements.

History: 1987 c 398 art 1 s 3

NOTE: This section is repealed by Laws 1987, chapter 398, article 1, section 27, subdivision 3, effective June 30, 1988. See Laws 1987, chapter 398, article 1, section 27, subdivision 3.

124.217 EXCEPTIONAL NEED AID.

Subdivision 1. **Eligibility.** A district is eligible for exceptional need revenue if all of the following apply to the district:

(a) The ratio of the average daily membership of pupils enrolled in the district to the number of licensed staff, measured in full-time equivalents, is greater than 17.

(b) The ratio of the referendum levy certified according to section 124A.02, subdivision 2, to the adjusted assessed valuation is greater than .006.

(c) The ratio of the total levy certified by the district to the adjusted assessed valuation is greater than .05.

(d) The ratio of the adjusted assessed valuation to the actual pupil units is less than \$38,500.

(e) The unappropriated operating fund balance is less than \$100 times the number of actual pupil units.

Before a school board certifies levies to the county auditor, the commissioner shall determine the district's eligibility for exceptional need revenue for the following school year. Eligibility must be based on pupil and staff data from the prior year, levies certified in the prior year, adjusted assessed valuation in the prior year, and fund balances on June 30 of the same year.

Subd. 2. **Exceptional need revenue.** The exceptional need revenue for each district equals \$75 times the number of actual pupil units.

Subd. 3. **Exceptional need aid.** A district's exceptional need aid is the difference between its exceptional need revenue and the exceptional need levy, multiplied times the ratio of the actual amount levied to the amount permitted to be levied.

History: 1987 c 398 art 6 s 3

124.223 TRANSPORTATION AID AUTHORIZATION.

School transportation and related services for which state transportation aid is authorized are:

(1) **To and from school; between schools.** Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

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

(2) **Outside district.** Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) **Secondary vocational centers.** Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) **Handicapped.** Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) **Board and lodging; nonresident handicapped.** When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) **Shared time.** Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9, for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) **Faribault state academies.** Transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind;

(8) **Summer instructional programs.** Services described in clauses (1) to (7), (9), and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

(9) **Cooperative academic and vocational.** Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) **Nonpublic support services.** Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

History: 1987 c 398 art 2 s 1

124.225 TRANSPORTATION AID ENTITLEMENT.

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

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

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

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

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

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

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils.

(1) For the purposes of this section, transportation categories for the 1986-1987 and 1987-1988 school years are as follows:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1); and

(ii) nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(2) For purposes of this section, for the 1988-1989 school year and after:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding the following transportation services provided under section 124.223, clause (1): transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and

(ii) nonregular transportation is transportation services provided under section 124.223, clause (1) that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

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

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

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

(i) "Base cost" for the 1984-1985 and 1985-1986 base years means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation. Base cost for the 1986-1987 base year and after means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards,

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards.

(j) "Predicted base cost" means the base cost as predicted by subdivision 3.

Subd. 1a. [Repealed, 1987 c 398 art 2 s 14]

[For text of subd 3, see M.S.1986]

Subd. 4b. **Formula terms.** (a) To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

(b) To predict the logarithm of the base cost for each district according to subdivision 3 for the 1986-1987 base year and thereafter, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(A) 200; or

(B) the quotient obtained by dividing the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards,

(C) by the area of the district in square miles;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

[For text of subd 7a, see M.S.1986]

Subd. 7b. **Inflation factors.** The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by 6.0 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year, by 4.9 percent to determine the district's aid entitlement per FTE for the 1987-1988 school year, and by 4.1 percent to determine the district's aid entitlement per FTE for the 1988-1989 school year.

Subd. 8a. **Aid.** (a) For the 1986-1987 and 1987-1988 school years, a district's transportation aid shall equal the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 2.25 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 2.25 mills. Transportation aid shall be computed as if the district had levied the amount raised by 2.25 mills.

(b) For the 1988-1989 school year and thereafter, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k, minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

(c) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce

each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership; and shall reduce the aid entitlement of off-formula districts in the same proportion.

[For text of subd 8b, see M.S.1986]

Subd. 8i. Nonregular transportation aid. (a) A district's nonregular transportation aid shall be determined according to this subdivision.

(b) For the 1986-1987 and 1987-1988 school years, nonregular transportation aid shall equal (1) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times (2) the number of total pupil units in the district in the current year.

(c) For the 1988-1989 school year and thereafter, nonregular transportation aid equals (1) 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$30, times (2) the number of total pupil units in the district in the current year.

[For text of subds 8j to 9, see M.S.1986]

Subd. 10. Depreciation. Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) the district's basic transportation levy limitation under section 275.125, subdivision 5, plus

(3) the district's contract services aid reduction under subdivision 8k, plus

(4) the district's nonregular transportation levy limitation under section 275.125, subdivision 5c.

History: 1987 c 398 art 2 s 2-7

124.244 CAPITAL EXPENDITURE REVENUE.

Subdivision 1. Revenue amount. The capital expenditure revenue for each district equals \$153 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Subd. 2. Capital expenditure levy. To obtain capital expenditure revenue, a district may levy an amount not to exceed three mills times the adjusted assessed valuation of the district for the preceding year.

Subd. 3. Capital expenditure aid. A district's capital expenditure aid is the difference between the capital expenditure revenue and the capital expenditure levy. If a district does not levy the entire amount permitted, capital expenditure aid must be reduced in proportion to the actual amount levied.

Subd. 4. Uses of revenue. Capital expenditure 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, if approved by the commissioner of education according to applicable statutes and rules;
- (3) to rent or lease buildings for school purposes;
- (4) to equip, reequip, improve, and repair school sites, buildings and permanent attached fixtures;
- (5) to eliminate barriers or increase access to school buildings by handicapped individuals;
- (6) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (7) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (8) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (9) 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;
- (10) for energy audits for school buildings and to make modifications if the audit indicates the costs can be recovered within ten years;
- (11) to improve buildings that are leased according to section 123.36, subdivision 10;
- (12) to pay special assessments levied against school property but not to pay assessments for service charges;
- (13) to pay capital expenditure assessments of an educational cooperative service unit;
- (14) to pay principal and interest on state loans for energy conservation according to section 116J.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 computers and related materials, copying machines, and telecommunications equipment;
- (16) to purchase or lease equipment for secondary vocational education programs or senior secondary industrial arts programs; and
- (17) to purchase textbooks.

History: 1987 c 398 art 6 s 4

124.245 CAPITAL EXPENDITURE AID.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. Hazardous substance computation. For the 1987-1988 school year, the state shall pay a school district the difference by which an amount equal to \$25 times the total pupil units exceeds the amount raised by two mills times the adjusted assessed valuation used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11c, for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

Subd 3a. Hazardous substance plan. To receive hazardous substance capital expenditure aid for the 1988-1989 school year or later school years, or to levy under section 275.125, subdivision 11c, a district shall submit to the commissioner of education an application for aid and levy by August 15 in the previous school year. The application shall contain the following:

- (a) a plan for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (b) the estimated cost of the plan by fiscal year; and

(c) other information required by the commissioner.

The commissioner may approve applications based on criteria disseminated to school districts by July 15 in the previous school year.

Subd. 3b. Hazardous substance revenue and aid. (a) A district's "hazardous substance revenue" equals the approved cost of the hazardous substance plan for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11c.

(b) A district's "hazardous substance levy limitation" means its levy limitation computed according to section 275.125, subdivision 11c.

(c) A district's "hazardous substance aid" for 1988-1989 and later school years equals:

(i) the difference between its hazardous substance revenue and its hazardous substance levy limitation for the levy for that school year, multiplied by

(ii) the ratio of the amount actually levied to the amount of its hazardous substance by levy limitation.

(d) Aid paid under this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

(e) In the event that the aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

[For text of subd 4, see M.S.1986]

History: 1987 c 398 art 6 s 5-7

NOTE: Subdivisions 1 and 2 are repealed by Laws 1987, chapter 398, article 6, section 20, subdivision 2, effective June 30, 1988. See Laws 1987, chapter 398, article 6, section 20, subdivision 2.

124.246 CHEMICAL USE PROGRAMS.

[For text of subd 1, see M.S.1986]

Subd. 2. Aid. An eligible district shall receive \$1.08 in fiscal years 1987 and 1988, for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$1,080 in fiscal years 1987 and 1988.

[For text of subds 3 and 4, see M.S.1986]

History: 1987 c 398 art 6 s 8

NOTE: This section is repealed by Laws 1987, chapter 398, article 1, section 27, subdivision 3, effective June 30, 1988. See Laws 1987, chapter 398, article 1, section 27, subdivision 3.

124.247 PROGRAM FOR THE GIFTED AND TALENTED.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. Aid. A district which establishes a program for gifted and talented students shall receive for the purpose of this program the greater of \$40 per gifted and talented student or \$500 per district. No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the money received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

[For text of subd 4, see M.S.1986]

History: 1987 c 398 art 6 s 9

NOTE: This section is repealed by Laws 1987, chapter 398, article 1, section 27, subdivision 3, effective June 30, 1988. See Laws 1987, chapter 398, article 1, section 27, subdivision 3.

124.252 TOBACCO USE PREVENTION PROGRAMS.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. **District aid.** An eligible district shall receive 54 cents in fiscal year 1987 and each year thereafter for each pupil, in average daily membership enrolled in a public elementary, secondary, or area vocational technical institute or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No school district shall receive less than \$1,040 in fiscal year 1987 and each year thereafter.

[For text of subds 4 and 5, see M.S.1986]

History: 1987 c 398 art 6 s 10

124.26 ADULT BASIC AND CONTINUING EDUCATION.

Subdivision 1. [Repealed, 1987 c 398 art 4 s 17]

Subd. 1b. **Program requirements.** An adult basic and continuing education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged for instruction subsidized under this section, except for a security deposit to assure return of materials, supplies, and equipment.

Subd. 1c. **Program approval.** A district receiving aid under this section must have its program approved by the commissioner according to the following criteria:

- (1) how the needs of all levels of learners 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 funds 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.

The commissioner may contract with 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 a contract must be approved according to the same criteria used for district programs.

[For text of subd 2, see M.S.1986]

Subd. 6. [Repealed, 1987 c 398 art 4 s 17]

Subd. 7. **Adult basic and continuing education aid.** Each district shall receive aid for approved adult basic and continuing education programs equal to 75 percent of the salary for each teacher, counselor, coordinator of volunteers, and nonlicensed instructional staff. In addition, the state shall pay aid equal to 75 percent of the expenditures for benefits, contracted services, supplies, and materials. Expenditures for which the district receives federal aid shall not qualify for state aid.

History: 1987 c 398 art 4 s 8-10

124.271 COMMUNITY EDUCATION PROGRAMS AID.

Subd. 2b. **Aid.** (a) Each fiscal year a district that operates a community education program shall receive community education aid.

(b) For fiscal year 1988 the aid shall be an amount equal to the difference obtained by subtracting

(1) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(2) the greater of

(i) \$7,340, or

(ii) \$5.50 times the population of the district.

(c) For fiscal year 1989 and each year thereafter, the aid for a district without an approved youth development plan shall be an amount equal to the difference obtained by subtracting

(1) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(2) the greater of

(i) \$7,340, or

(ii) \$5.50 times the population of the district.

(d) For fiscal year 1989 and each year thereafter, the aid for a district with an approved youth development plan under section 121.88, subdivision 8, shall be an amount equal to the difference obtained by subtracting

(1) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(2) the greater of

(i) \$8,000, or

(ii) \$6 times the population of the district.

(e) For a district with an approved youth development plan, the greater of 50 cents per capita or \$660 must be used to implement the youth development plan.

(f) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.125, subdivision 8, paragraph (a), the district's community education aid under paragraphs (a) to (e) shall be reduced by multiplying the aid amount computed pursuant to paragraphs (a) to (e) by the ratio of the district's actual levy under section 275.125, subdivision 8, paragraph (a), to its maximum permissible levy under section 275.125, subdivision 8, paragraph (a). For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, paragraph (a), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

[For text of subds 3 and 4, see M.S.1986]

Subd. 7. Handicapped adult program aid. A district or group of districts offering an approved program for handicapped adults shall receive aid equal to the lesser of \$30,000 or one-half of the actual expenditures for approved programs. A district or group of districts shall provide the remaining half from other public or private sources, the levy authorized in section 275.125, subdivision 8, paragraph (d), or combinations of sources.

History: 1987 c 398 art 4 s 11,12

124.2711 EARLY CHILDHOOD FAMILY EDUCATION AID.

Subdivision 1. Definition of maximum revenue. For fiscal year 1987 the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the prior school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1988 and each year thereafter, the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue derived by multiplying \$84.50 times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

[For text of subds 2 to 4, see M.S.1986]

History: 1987 c 398 art 4 s 13

124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

Subd. 1b. **Teachers salaries.** Each year the state shall pay a school district a portion of the salary, calculated from the date of hire, of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, calculated from the date of hire, of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 61 percent of the salary or \$17,000. The portion for a part-time or limited-time teacher shall be the lesser of 61 percent of the salary or the product of \$17,000 times the ratio of the person's actual employment to full-time employment.

Subd. 2b. [Repealed, 1987 c 398 art 3 s 41]

[For text of subds 3 and 4, see M.S.1986]

Subd. 5. **Notification; aid payments.** The department shall inform each applicant district of the amount of aid it will receive pursuant to this section within a month after the application deadline.

[For text of subds 6 and 7, see M.S.1986]

History: 1987 c 398 art 3 s 17; art 7 s 26

124.32 HANDICAPPED CHILDREN.

Subd. 1b. **Teachers salaries.** Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of 66 percent of the salary or \$18,400. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 66 percent of the salary or the product of \$18,400 times the ratio of the person's actual employment to full-time employment.

Subd. 1c. **Foundation aid formula allowance.** For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer program revenue allowance" shall have the meaning attributed to it in section 124A.033. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1.

Subd. 1d. **Contract services.** (1) For special instruction and services provided during the regular school year to any pupil pursuant to section 120.17, subdivision 2, clause (i), by contract with public, private or voluntary agencies other than school districts, the state shall pay each district 52 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full-time basis.

(2) For special instruction and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 52 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Subd. 2. **Supply and equipment aid.** The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each handicapped child receiving instruction.

[For text of subds 2b to 4, see M.S.1986]

Subd. 5. **Residential aid.** When a handicapped child is placed in a residential facility

approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. The aid shall be an amount not to exceed 57 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed 57 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota state academy for the deaf or the Minnesota state academy for the blind.

The following types of facilities may be approved by the commissioner:

(a) a residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state;

(b) a private, nonsectarian residential facility designed to provide educational services for handicapped children within the state; and

(c) a state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

[For text of subds 6 to 10, see M.S.1986]

History: 1987 c 384 art 2 s 33; 1987 c 398 art 3 s 18-21

124.38 DEFINITIONS.

[For text of subds 1 to 7, see M.S.1986]

Subd. 8. "Adjusted assessed valuation" means, as of any date, the valuation of all taxable property most recently determined by the commissioner of revenue in accordance with the provisions of section 124.2131. "Market value" means the value of all taxable property in the district on which its net debt limit is based as provided in section 475.53, subdivision 4.

[For text of subd 9, see M.S.1986]

Subd. 10. [Repealed, 1987 c 268 art 7 s 55]

[For text of subds 11 to 14, see M.S.1986]

History: 1987 c 268 art 7 s 11

124.472 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1965.

For the purpose of providing money to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$10,400,000, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.

History: 1987 c 384 art 2 s 34

COOPERATIVE SECONDARY FACILITIES GRANT ACT**124.491 CITATION.**

Sections 124.492 to 124.496 may be cited as the "cooperative secondary facilities grant act."

History: 1987 c 400 s 33

NOTE: This section, as added by Laws 1987, chapter 400, section 33, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

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.

History: 1987 c 400 s 34

NOTE: This section, as added by Laws 1987, chapter 400, section 34, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

124.493 APPROVAL AUTHORITY; APPLICATION FORMS.

Subdivision 1. Approval by commissioner. To the extent money is available, the commissioner of education may approve not more than two pilot 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.

Subd. 2. Application forms; rules. The commissioner of education shall prepare application forms. The state board of education shall adopt rules under chapter 14 to govern the application process set out in section 124.494.

History: 1987 c 400 s 35

NOTE: This section, as added by Laws 1987, chapter 400, section 35, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

124.494 GRANT APPLICATION PROCESS.

Subdivision 1. Qualification. Any group of school districts that meets the criteria required under subdivision 2 may apply for an incentive grant in an amount up to 75 percent of the approved construction costs of a cooperative secondary education facility.

Subd. 2. Review by commissioner. (a) 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 facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must 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 three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,000 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 240 pupils would be served in grades 10 to 12, 320 pupils would be served in grades nine to 12, or 480 pupils would be served in grades seven 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;

(9) an education program is developed that provides for more learning opportunities and course offerings for students than is currently available in any single member district; and

(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.

(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.

Subd. 3. District procedures. A joint powers board of a secondary district established under subdivision 2 that intends to apply for a grant shall adopt a resolution stating the proposed costs of the project, the purpose for which the debt is 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 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. 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.

Subd. 4. Award of grants. The commissioner shall examine and consider all applications for grants, and if any joint powers district is found not qualified, the commissioner shall promptly notify that joint powers board. On January 1 and July 1 of each year, the commissioner shall make a determination on all pending applications that have been on file with the commissioner more than one month. If the applicants are determined to be qualified by the commissioner and the total amount of the grants applied for does not exceed the amount available or that can be made available in the incentive grant account, all grants so applied for shall be approved, subject to verification by the joint powers districts as specified in subdivision 6. If the total amount of the applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount among the qualified applicant districts, according to the commissioner's judgment and discretion based upon their respective needs. The commissioner shall promptly certify to each qualified joint powers district the amount, if any, of the grant awarded to it.

Subd. 5. Referendum; bond issue. Within 90 days after being awarded a grant under subdivision 4, the joint powers board shall 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 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 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 education. If the bonds are authorized by the voters, the commissioner shall notify the county auditor of each county in which the joint powers district is located that the grant amount certified under subdivision 4 is available and appropriated for payment of principal and interest on the bonds issued under this subdivision, and the auditor shall reduce the joint powers district's debt service levies accordingly. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Subd. 6. Contract. Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. It obligates the state to pay to the joint powers board an amount computed according to subdivision 4, upon receipt by the commissioner of a certified resolution of the joint powers board verifying that contracts have been entered into for construction or remodeling of the facilities for which the grant is awarded and that bonds of the joint powers district have been issued and sold in the amount necessary to pay all project costs in excess of the amount of the grant, and estimating the costs.

History: 1987 c 400 s 36

NOTE: This section, as added by Laws 1987, chapter 400, section 36, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

124.495 STATE BOND AUTHORIZATION.

To provide money for the cooperative secondary facilities grant program, the commissioner of finance, upon the request of the commissioner of education, shall issue and sell bonds of the state up to the amount of \$8,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.

History: 1987 c 400 s 37

NOTE: This section, as added by Laws 1987, chapter 400, section 37, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

124.496 REPORT TO THE LEGISLATURE.

By January 15, 1989, the commissioner of education shall report to the legislature on the implementation of the cooperative secondary facilities grant program established in Laws 1987, chapter 400.

History: 1987 c 400 s 38

NOTE: This section, as added by Laws 1987, chapter 400, section 38, is repealed June 30, 1989. See Laws 1987, chapter 400, section 59.

124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.

Subdivision 1. The state shall pay aids for secondary vocational programs on a current funding basis.

Subd. 2. Salaries and travel. The eligible expenses for secondary vocational aid are: (1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's approved secondary vocational education programs; (2) the costs of necessary travel between instructional sites by secondary vocational education teachers; and (3) the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The state shall pay to any district or cooperative center 41.5 percent of the eligible expenses incurred in an approved secondary vocational program for the 1986-1987 school year. The state shall pay to any district or cooperative center 39 percent of the eligible expenses incurred in an approved secondary vocational program for the 1987-1988 school year. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from

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other 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.

Subd. 2b. Secondary vocational aid. For 1988-1989 and later school years, a district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a school year equals the sum of the following amounts:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or cooperative center's approved secondary vocational education programs, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in secondary vocational courses; and

(b) 30 percent of approved expenditures for the following:

(1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under section 124.573, subdivision 3a;

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

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

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

(5) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) specialized vocational instructional supplies.

Subd. 2c. Cooperative centers. In making the computation in subdivision 2b, paragraph (a), clause (2), for a cooperative center, the general education revenue is the average of the sums for each member district.

Subd. 3. Compliance with rules. Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board of education. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board of education shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board of education. Licensed personnel means persons holding a valid secondary vocational license issued by the department of education, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the department of education or the state board for vocational technical education. 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.

Subd. 3a. Aid for contracted services. In addition to the provisions of subdivisions

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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. For the 1986-1987 school year, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. For the 1987-1988 school year, the state shall pay each district or cooperative center 35 percent of the amount of a contract entered into under this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services.

Subd. 4. Allocations; cooperatives, intermediate districts. All secondary vocational education aid shall be paid to the district or cooperative center providing the services. All secondary vocational education aid received by a district or center from any source shall be utilized solely for the purposes of secondary vocational education programs.

History: 1987 c 398 art 3 s 22

124.574 SECONDARY VOCATIONAL EDUCATION FOR HANDICAPPED CHILDREN.

[For text of subd 1, see M.S.1986]

Subd. 2b. Salaries. Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person employed during that school year for services rendered in that district or center's secondary vocational education programs for handicapped children. The portion for a full-time person shall be an amount not to exceed the lesser of 66 percent of the salary or \$18,400. The portion for a part-time or limited-time person shall be the lesser of 66 percent of the salary or the product of \$18,400 times the ratio of the person's actual employment to full-time employment.

Subd. 3. Equipment, travel, and supplies. In addition to the provisions of subdivision 2b, the state shall pay for each school year:

(a) 47 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

(b) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 47 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$47 in any one school year for each handicapped child receiving these services.

Subd. 4. Aid for contracted services. In addition to the provisions of subdivisions 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services.

[For text of subds 5 to 7, see M.S.1986]

History: 1987 c 398 art 3 s 23-25; 1Sp1987 c 4 art 1 s 1

124.646 SCHOOL LUNCH AID.

Subdivision 1. School lunch aid computation. (a) Each school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) Each school year, school districts participating in the national school lunch

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program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

[For text of subds 2 and 3, see M.S.1986]

History: 1987 c 398 art 6 s 11

124.65 [Repealed, 1987 c 398 art 1 s 27 subd 1]

124.66 [Repealed, 1987 c 398 art 1 s 27 subd 1]

124.76 SALE OF CERTIFICATES; DISBURSEMENT OF PROCEEDS.

[For text of subd 1, see M.S.1986]

Subd. 2. **Public sale exception.** Public sale of tax and aid anticipation certificates of indebtedness according to subdivision 1 shall not be required (1) if the proposed borrowing is in an amount less than \$400,000, and if the sum of all outstanding tax and aid anticipation certificates issued by the board within the preceding six months does not exceed \$400,000 or, (2) if the certificates mature no later than 13 months after their date of issue. If no public sale is held, the certificates of indebtedness may be sold in accordance with the most favorable of two or more proposals solicited privately or the interest rates may be determined by direct negotiation.

History: 1987 c 344 s 1