

CHAPTER 124

SCHOOL FINANCE

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124.01 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.01 DEFINITIONS.

Subdivision 1. **Generally.** The terms defined in section 120.02 and chapter 124A have the same meaning when they are used in this chapter, unless otherwise clearly indicated.

Subd. 2. [Repealed, 1981 c 358 art 1 s 49]

Subd. 3. [Repealed, 1981 c 358 art 1 s 49]

Subd. 4. [Repealed, 1981 c 358 art 1 s 49]

History: *Ex1959 c 71 art 5 s 1; 1979 c 334 art 1 s 2; 1981 c 358 art 1 s 9; 1982 c 548 art 3 s 5; 1983 c 314 art 1 s 22; 1987 c 384 art 2 s 28; 1988 c 486 s 19*

124.02 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.02 MS 1976 [Repealed, 1978 c 764 s 143]

124.03 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.03 MS 1974 [Repealed, 1976 c 334 s 20]

124.04 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.04 MS 1976 [Repealed, 1977 c 447 art 6 s 13]

124.05 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

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 [Repealed, 1987 c 398 art 7 s 43]

Subd. 3. When the board deems it advisable, it may authorize the investment or deposit of such amount of funds as will not in the opinion of the board be currently needed by the district in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds.

Subd. 4. Any board investing funds in authorized securities shall deposit such securities for safekeeping with the county treasurer of the county wherein the district is located or with any bank or dealer qualified as provided in section 475.66.

History: *Ex1959 c 71 art 5 s 5; 1965 c 126 s 1; 1965 c 300 s 3; 1973 c 123 art 5 s 7; 1975 c 189 s 1; 1976 c 324 s 23,24; 1986 c 444; 1987 c 398 art 7 s 23*

124.06 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.06 INSUFFICIENT FUNDS TO PAY ORDERS.

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

any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

History: *Ex1959 c 71 art 5 s 6; 1965 c 69 s 2; 1967 c 761 s 1; 1986 c 444*

124.07 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.07 LAND IN SETTLEMENT OF CLAIM AGAINST SURETY.

Subdivision 1. Power of board to accept. When any district now has or asserts any claim or judgment against any sureties on the bonds of any depository of its funds for the failure of any such depository to account for or pay over any such funds and the board or other governing body of the district determines that the claim or judgment, or some part thereof, is not collectible in cash, then any such board or governing body may by resolution determine to accept and receive, in complete or partial satisfaction or settlement of any such claim or judgment, lands or interest therein within this state and may acquire the same for and in the name of such district either by deed or deeds of conveyance from the owners, or as purchaser at execution sale or sales under any such judgment.

Subd. 2. Title to be held by district. Title to lands or interests so acquired shall be held by the district. 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 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.

History: *Ex1959 c 71 art 5 s 7; 1986 c 444*

124.08 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.08 SCHOOL ENDOWMENT FUND, DESIGNATION.

For the purpose of aid to public schools, this fund is established:

The school endowment fund, which shall consist of the income from the permanent school fund.

History: *Ex1959 c 71 art 5 s 8; 1969 c 399 s 13*

124.09 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT.

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

History: *Ex1959 c 71 art 5 s 9; Ex1971 c 31 art 20 s 15; 1978 c 706 s 29; 1Sp1985 c 12 art 1 s 3*

124.10 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.10 AUDITOR'S DUTIES.

Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the state board 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.

Subd. 2. The county auditor shall at the time of making the March and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund. The apportionment shall be made in proportion to each district's gross tax capacity within the county in the prior year. 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.

Subd. 3. The county auditor, on the first Wednesday after such apportionment, shall report to the commissioner on the amount apportioned, the sources from which such money was received, and the gross tax capacity of each district in the county.

History: *Ex1959 c 71 art 5 s 10; 1969 c 16 s 1,2; Ex1971 c 31 art 20 s 16; 1973 c 492 s 14; ISp1985 c 12 art 1 s 4; 1986 c 444; 1988 c 719 art 5 s 84*

124.11 MS 1957 [Renumbered 129.13]

124.11 Subdivision 1. MS 1982 [Repealed, 1983 c 314 art s 23]

Subd. 1a. MS 1982 [Renumbered 124A.031 subdivision 1]

Subd. 2. MS 1978 [Repealed, 1979 c 334 art 5 s 29]

Subd. 2a. MS 1983 Supp [Repealed, 1984 c 463 art 5 s 37]

Subd. 2b. MS 1983 Supp [Repealed, 1984 c 463 art 5 s 37]

Subd. 2c. MS 1982 [Repealed, 1983 c 314 art 5 s 17]

Subd. 3. MS 1982 [Renumbered 124A.031 subd 2]

Subd. 4. MS 1982 [Renumbered 124A.031 subd 3]

Subd. 5. MS 1982 [Renumbered 124A.031 subd 4]

124.12 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.12 MANNER OF PAYMENT OF STATE AIDS.

Subdivision 1. The money made available by the legislature as special state aid to schools shall be paid in the following manner:

Subd. 2. It shall be the duty of the commissioner of education 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.

Subd. 3. [Repealed, 1969 c 16 s 4]

Subd. 4. [Repealed, 1969 c 16 s 4]

History: *Ex1959 c 71 art 5 s 12; 1965 c 537 s 1; 1969 c 16 s 3; 1969 c 399 s 14; 1973 c 492 s 14; 1978 c 616 s 7; 1986 c 444*

124.13 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.13 MS 1971 [Repealed, 1974 c 521 s 34]

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

Subdivision 1. The state board shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the state board shall not be subject to the contract approval procedures of the commissioner of administration or chapter 16. The commissioner of education shall adopt internal procedures for administration and monitoring of aids and grants.

Subd. 2. 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 school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 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.

Subd. 3. The commissioner shall establish procedures for conducting and shall conduct audits of school district records and files for the purpose of verifying school 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 school district records and files and data reported by school 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.

Subd. 3a. If the commissioner audits fewer than 25 school districts in a fiscal year pursuant to subdivision 3, the commissioner shall report the reasons for the number audited to the following legislative committees: house education, house appropriations, senate education, and senate finance.

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 state board, and the accounts and records of any district shall 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.

Subd. 5. [Renumbered 124A.032]

Subd. 6. **Adjustment appropriation.** There is annually appropriated from the general fund to the department of education any additional amounts necessary for the adjustments made pursuant to section 124.155, subdivision 1.

Subd. 7. **Appropriation transfers.** If a direct appropriation from the general fund 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 general education 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 appropriation 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: 1961 c 562 s 14; 1969 c 399 s 15,16; 1973 c 492 s 7; 1975 c 432 s 20; 1977 c 447 art 1 s 3; art 2 s 1; 1979 c 334 art 6 s 19; 1981 c 358 art 7 s 23-26; 1982 c 548 art

7 s 4; 1983 c 314 art 7 s 22; 1Sp1985 c 12 art 7 s 18; art 10 s 2; 1986 c 444; 1987 c 384 art 2 s 1; 1987 c 398 art 7 s 24; 1988 c 486 s 20

124.15 REDUCTION OF AID FOR VIOLATION OF LAW.

Subdivision 1. The amount of special state aids to which a district is entitled shall be the amount computed according to statutes. The annual state aid certificate made by the commissioner to the commissioner of finance shall show the amount of any reductions made.

Subd. 2. Whenever the board of the district authorizes or permits within the district violations of law by:

(1) employment in a public school of the district of a teacher who does not hold a valid teaching license or permit, or

(2) noncompliance with a mandatory rule of general application promulgated by the state board in accordance with statute in the absence of special circumstances making enforcement thereof inequitable, contrary to the best interest of, or imposing an extraordinary hardship on, the district affected, or

(3) 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 contract has been disapproved where 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 for the 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 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.

Subd. 2a. After consultation with the commissioner of human rights, the state board of education shall adopt rules in conformance with chapter 14 which direct school districts to file with the commissioner of education 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 education 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 education of the violations, and the commissioner of education may then proceed pursuant to subdivision 3.

Subd. 3. When it appears that one or more of the violations enumerated is occurring in a district, the commissioner shall forthwith notify the board of that district in writing thereof. Such notice shall specify the violations, set a reasonable time within which the district shall 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.

Subd. 4. 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 commissioner. If the commissioner, after such further investigation as the commissioner deems

necessary, adheres to the previous notice, such board shall be entitled to a hearing by the state board, in which event a time and place shall be set therefor and notice be given by mail to the board of the district. The state board shall adopt rules governing the proceedings for hearings which shall be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. Such rules may provide that any question of fact to be determined upon such review 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. The state board, or any person designated to receive evidence upon a review under this act, shall have the same right to issue subpoenas and administer oaths and parties to the review shall have the same right to subpoenas issued as are accorded with respect to proceedings before the industrial commission. There shall be a stenographic record made of all testimony given and other proceedings during such hearing, and as far as practicable rules governing reception of evidence in courts shall obtain. The decision of the state board shall be in writing and the controlling facts upon which the decision is made shall be stated in sufficient detail to apprise the parties and the reviewing court the basis and reason of the decision. The decision shall be confined to whether or not the specified violations or any of them existed at the date of the commissioner's first notice, whether such violations as did exist were corrected within the time permitted, and whether such violations require reduction of the state aids under this section.

Subd. 5. Violation; aid reduction. 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, or that any that existed 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.

Subd. 6. Reductions in aid under this section and section 124.19 shall 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.

Subd. 7. Appeal. A decision of the state board under this section may be appealed in accordance with chapter 14.

Subd. 8. Any notice to be given 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 it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, in which event 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 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 be paid from the appropriations made to the department for the payment of special state aids.

History: *Ex 1959 c 71 art 5 s 15; 1963 c 203 s 1; 1965 c 51 s 18; 1973 c 492 s 14; 1975 c 59 s 3; 1975 c 162 s 29; 1975 c 173 s 1-3; 1976 c 2 s 61, 172; 1978 c 706 s 30; 1978 c 764 s 38, 39; 1982 c 424 s 130; 1983 c 247 s 58; 1983 c 314 art 7 s 23; 1985 c 248 s 70; 1986 c 444; 1988 c 486 s 21, 22*

124.155 AID REDUCTIONS DUE TO TAX LEVY REVENUE RECOGNITION CHANGE.

Subdivision 1. Amount of adjustment. In fiscal year 1984 and each year thereafter, 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 section 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.

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) general education aid authorized in section 124A.23;
- (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) aid for pupils of limited English proficiency authorized in section 124.273;
- (f) transportation aid authorized in section 124.225;
- (g) community education programs aid authorized in section 124.271;
- (h) adult education aid authorized in section 124.26;
- (i) early childhood family education aid authorized in section 124.2711;
- (j) capital expenditure aid authorized in sections 124.244 and 124.245;
- (k) homestead credit under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter;
- (l) agricultural credit under section 273.132 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter; and
- (m) transition aid and disparity reduction aid authorized in section 273.1398;
- (n) attached machinery aid authorized in section 273.138, subdivision 3.

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.

Subd. 3. Accounting. Each district shall establish an account which shall be designated "property tax recognition account". This account shall reflect the adjustments made pursuant to subdivision 1 according to the fiscal year specified.

History: *3Sp1981 c 2 art 4 s 3 subds 3, 4; 1982 c 548 art 7 s 8-10; 3Sp1982 c 1 art 3 s 2, 3; 1983 c 314 art 6 s 10; 1984 c 463 art 9 s 3; 1Sp1985 c 14 art 4 s 17; 1Sp1986 c 1 art 5 s 5; 1987 c 268 art 6 s 2; 1988 c 486 s 23; 1988 c 719 art 5 s 1*

124.16 [Repealed, 1978 c 764 s 143]

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 fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

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

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

(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 fiscal year by the pupil's individual education program plan to 875, but not more than one.

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

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.35 pupil units.

Subd. 1a. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 1b. **AFDC pupil units.** In a district in which the number of pupils from families receiving aid to families with dependent children on October 1 of the previous school year 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.

Subd. 2. **Average daily membership.** Membership for pupils in grades kindergarten through 12 and for handicapped prekindergarten pupils 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 120.10. Average daily membership shall equal 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 only be included in the computation of membership for handicapped pupils appropriately served at level 4, 5, or 6 of the continuum of placement model described in part 3525.0200.

Subd. 2a. 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 be considered to be enrolled every day school is in session for the remainder of the school year.

Subd. 2b. 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.

Subd. 2c. Notwithstanding subdivision 2, in cases when school is in session but pupils are prevented from attending for more than 15 consecutive school days during the regular school year or five consecutive school days during summer school or intersession classes of flexible school year programs, because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the state board, upon application, may allow the district to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

Subd. 2d. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2e. **Average daily membership, pupils age 21 or over.** The average daily membership for pupils age 21 or over, is equal to the ratio of the number of yearly hours that the pupil is in membership to the number of instructional hours in the district's regular school year.

Subd. 3. In computing pupil units for a prior year, the number of pupil units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance, any change in measurement from average daily attendance to average daily membership and any change in school district boundaries, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

History: *Ex1959 c 71 art 5 s 17; Ex1961 c 77 s 1; 1969 c 736 s 1; 1969 c 1085 s 3; 1971 c 829 s 1; Ex1971 c 31 art 20 s 2; 1973 c 683 s 4; 1974 c 521 s 18-20; 1975 c 432 s 21,22; 1976 c 2 s 59; 1976 c 271 s 42,43; 1977 c 447 art 1 s 4-6; 1978 c 764 s 40-43; 1979 c 50 s 13; 1979 c 334 art 1 s 5; 1981 c 358 art 1 s 13-16; 1982 c 548 art 3 s 6; 1983 c 314 art 3 s 2; 1985 c 248 s 69; 1Sp1985 c 12 art 1 s 5,6; 1986 c 444; 1Sp1986 c 1 art 9 s 2; 1987 c 398 art 1 s 2; art 3 s 16; 1988 c 486 s 24,25; 1988 c 718 art 3 s 2; art 6 s 6*

NOTE: Section 124.17, subdivision 2 was also amended by Laws 1978, chapter 706, section 31 to read as follows:

"Subd. 2. Membership for pupils in grades kindergarten through 12 and for handicapped prekindergarten pupils 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; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in this subdivision shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal 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 said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1."

124.175 AFDC PUPIL COUNT.

Each year by March 1, the department of human services shall certify to the department of education, 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.

History: *1984 c 463 art 1 s 1; 1984 c 654 art 5 s 58*

124.18 CONSOLIDATION; INSTRUCTION BY NONRESIDENTIAL DISTRICT.

Subdivision 1. **Aid payments in case of alteration of boundaries.** Where two or more districts hereafter unite the state aid shall continue to be paid for the remainder

of the school year in which the union was completed as the state aids were paid to the individual districts prior to the union.

Subd. 2. Tuition. Except as otherwise provided in law, every district that provides for the instruction of a nonhandicapped pupil in a nonresident district shall pay to the nonresident district the actual cost of the instruction, excluding transportation costs. Tuition for a nonresident handicapped pupil must be determined according to section 120.17, subdivision 4.

The resident district shall also pay to the nonresident district, for capital expenditures and debt service, \$10 per actual pupil unit in average daily membership for each nonresident pupil unit. However, a nonresident district may include in its tuition, for capital expenditures and debt service, an amount per actual pupil unit in average daily membership based on the amount that the average expenditure for capital expenditures and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily membership in the district exceeds \$10 per actual pupil unit. If the nonresident district has no capital expenditures or debt service, it may use the money for any purpose for which it is authorized to spend money.

Subd. 3. Tuition as agreed. Notwithstanding subdivision 2, a resident district may pay a nonresident district the amount for tuition that is agreed upon by the districts.

History: *Ex 1959 c 71 art 5 s 18; 1963 c 530 s 1; 1969 c 513 s 1; 1975 c 432 s 23; 1988 c 486 s 26,27; 1988 c 718 art 7 s 28*

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

124.19 REQUIREMENTS FOR AID GENERALLY.

Subdivision 1. Instructional time. Every district shall maintain school in session or provide instruction in other districts for at least 175 days, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between 175 days and the number of days school is held bears to 175 days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, not more than five days may be devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days. For kindergarten, not more than ten days may be devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days.

Subd. 2. [Repealed, 1977 c 447 art 1 s 21]

Subd. 3. Unlicensed teachers; aid reduction. When a district employs one or more teachers who do not hold a valid teaching license, state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the year in which the employment occurred.

Subd. 4. In a school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may

be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that the school is in session for not less than 160 days during the school year, and provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board.

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, including a district operating a program pursuant to sections 120.59 to 120.67 or 129B.42 to 129B.47, may adjust the annual school schedule throughout the calendar year so long as the number of instructional hours in the year is not less than the number specified in the rules of the state board.

Subd. 6. Instructional hours. To be eligible for the full amount of general education revenue, a district must provide to students at least the number of instructional hours per day prescribed in the rules of the state board, except as provided in subdivision 5. Part of the school day may be provided in employment-related or community-based instruction, but only within a program that receives annual approval by the school board, is in compliance with state board rules, and is on file with the commissioner of education. The information on the employment-related or community-based instruction submitted to the commissioner shall contain at least an estimate of the number of students involved, a description of the alternative instruction, and the percentage of the students' instructional year involved.

History: *Ex1959 c 71 art 5 s 19; 1969 c 379 s 1; 1974 c 326 s 12; 1975 c 321 s 2; 1977 c 447 art 1 s 7; 1978 c 764 s 44; 1979 c 162 s 1; 1979 c 334 art 1 s 6; 1980 c 609 art 1 s 5; 1982 c 548 art 4 s 9,10; 1983 c 314 art 7 s 24; art 9 s 12; 1984 c 463 art 1 s 2; 1Sp1985 c 12 art 7 s 19; art 8 s 17; 1988 c 486 s 28-30*

124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

Subdivision 1. Applicability. This section applies to all aids or credits paid by the commissioner of education from the general fund to school districts.

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.

Subd. 3. Payment dates and percentages. The commissioner of education 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:

| Payment date | | Percentage |
|--------------|--------------------------------------|------------|
| Payment 1 | First business day prior to July 15; | 2.25 |

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| Payment 2 | First business day prior to July 30: | 4.50 |
| Payment 3 | First business day prior to August 15: | 6.75 |
| Payment 4 | First business day prior to August 30: | 9.0 |
| Payment 5 | First business day prior to September 15: the greater of (a) one-half of 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 12.75 percent | |
| Payment 6 | First business day prior to September 30: the greater of (a) one-half of 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 16.5 percent | |
| Payment 7 | First business day prior to 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 | First business day prior to 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 | First business day prior to November 15: | 31.0 |
| Payment 10 | First business day prior to November 30: | 37.0 |
| Payment 11 | First business day prior to December 15: | 40.0 |
| Payment 12 | First business day prior to December 30: | 43.0 |
| Payment 13 | First business day prior to January 15: | 47.25 |
| Payment 14 | First business day prior to January 30: | 51.5 |
| Payment 15 | First business day prior to February 15: | 56.0 |
| Payment 16 | First business day prior to February 28: | 60.5 |
| Payment 17 | First business day prior to March 15: | 65.25 |
| Payment 18 | First business day prior to March 30: | 70.0 |
| Payment 19 | First business day prior to April 15: | 73.0 |
| Payment 20 | First business day prior to April 30: | 79.0 |
| Payment 21 | First business day prior to May 15: | 82.0 |
| Payment 22 | First business day prior to May 30: | 90.0 |
| Payment 23 | First business day prior to June 20: | 100.0 |

Subd. 3a. **Appeal.** The commissioner may revise the payment dates and percentages in subdivision 3 and Laws 1986, First Special Session chapter 1, article 5, section 9 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 and Laws 1986, First Special Session chapter 1 article 5, section 9.

Subd. 4. **Payment limit.** Subdivision 3 does not authorize the commissioner of education 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.

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 education shall:

(a) 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) 50 percent within seven business days of each due date; and
- (2) 100 percent within 14 business days of each due date;

(b) 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) 50 percent within seven business days of the October 15 due date;
- (2) 100 percent within 14 business days of the October 15 due date; and
- (3) 100 percent within ten business days of the November 15 due date.

(c) 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.

Subd. 6. Final adjustment payment. For all aids and credits paid according to subdivision 10, the final adjustment payment shall include the amounts necessary to pay the district's full aid entitlement for the prior year based on actual data. This payment shall be used to correct all estimates used for the payment schedule in subdivision 3. The payment shall be made in two installments, during September or October, 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 be made when actual data are available.

Subd. 7. Payments to school nonoperating funds. Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year.

Subd. 8. Payment percentage for reimbursement aids. One hundred percent of the aid for the last fiscal year must be paid for the following aids: 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; and planning, evaluating, and reporting process aid according to section 124.274.

Subd. 9. Payment percentage for certain aids. One hundred percent of the aid for the current fiscal year must be paid for the following aids: 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; 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.

Subd. 10. Aid payment percentage. Except as provided in subdivisions 8 and 9, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 125, 126, 134, and section 273.1392, except post-secondary vocational shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Subd. 11. Nonpublic aids. The state shall pay aid according to sections 123.931

to 123.947 for pupils attending nonpublic schools by October 31 of each fiscal year. If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225, subdivision 8b attributable to pupils attending nonpublic schools by October 31. This subdivision applies to both the final adjustment payment for the prior fiscal year and the payment for the current fiscal year, as established in subdivision 10.

History: 1983 c 342 art 7 s 3; 1984 c 463 art 9 s 4-6; 1984 c 655 art 1 s 25; 1Sp1985 c 12 art 10 s 3-7; 1Sp1986 c 1 art 4 s 8; art 5 s 6,7; art 9 s 3; 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; 1988 c 486 s 31,32

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 ADIS 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 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 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

124.20 Subdivision 1. [Renumbered 124A.033 subdivision 1]

- Subd. 2. [Renumbered 124A.033 subd 2]
- Subd. 3. [Repealed, 3Sp1981 c 2 art 2 s 19]
- Subd. 4. [Renumbered 124A.033 subd 3]
- Subd. 5. [Renumbered 124A.033 subd 4]
- Subd. 6. [Renumbered 124A.033 subd 5]

124.201 [Repealed, 1984 c 463 art 2 s 8 subd 2]

124.21 [Repealed, 1967 c 769 s 2]

124.211 [Repealed, Ex1971 c 31 art 20 s 25]

124.212 Subdivision 1. [Repealed, 1984 c 463 art 1 s 15]

- Subd. 2. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 3. [Repealed, 1973 c 683 s 30]
- Subd. 3a. [Repealed, 1977 c 447 art 1 s 22]
- Subd. 4. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 5. [Repealed, 1981 c 358 art 1 s 49]

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- Subd. 5a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 6. [Repealed, 1973 c 683 s 30]
- Subd. 6a. [Repealed, 1975 c 432 s 97]
- Subd. 6b. [Repealed, 1979 c 334 art 1 s 27]
- Subd. 6c. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 7. [Repealed, 1973 c 683 s 30]
- Subd. 7a. [Repealed, 1975 c 432 s 97]
- Subd. 7b. [Repealed, 1979 c 334 art 1 s 27]
- Subd. 7c. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 7d. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 8. [Repealed, 1973 c 683 s 30]
- Subd. 8a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9b. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 10. [Renumbered 124.2131, subdivision 1]
- Subd. 11. [Renumbered 124.2131, subd. 2]
- Subd. 11a. [Renumbered 124.2131, subd. 3]
- Subd. 11b. [Renumbered 124.2131, subd. 4]
- Subd. 12. [Renumbered 124.2131, subd. 5]
- Subd. 13. [Renumbered 124.2131, subd. 6]
- Subd. 14. [Renumbered 124.2131, subd. 7]
- Subd. 15. [Renumbered 124.2131, subd. 8]
- Subd. 16. [Renumbered 124.2131, subd. 9]
- Subd. 17. [Renumbered 124.2131, subd. 10]
- Subd. 18. [Renumbered 124.2131, subd. 11]
- Subd. 19. [Repealed, 1977 c 447 art 1 s 21]
- Subd. 20. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 20a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 21. [Repealed, 1981 c 358 art 1 s 49]
- 124.2121** Subdivision 1. [Renumbered 124A.02 subd 4a]
- Subd. 2. [Renumbered 124A.02 subd 3a]
- Subd. 3. [Renumbered 124A.02 subds 15-19]
- Subd. 4. [Renumbered 124A.02 subd 8]
- Subd. 5. [Renumbered 124A.02 subd 10]
- 124.2122** Subdivision 1. [Renumbered 124A.02 subd 9]
- Subd. 2. [Renumbered 124A.02 subd 7]
- Subd. 3. [Renumbered 124A.02 subd 6]
- Subd. 4. [Renumbered 124A.02 subd 5]
- 124.2123** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2124** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2125** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2126** Subdivision 1. [Renumbered 124A.02 subd 12]
- Subd. 2. [Renumbered 124A.02 subd 13]
- Subd. 3. [Renumbered 124A.02 subd 11]
- 124.2127** Subdivision 1. [Renumbered 124A.02 subds 20-22; 124A.034, subds 1-1b]
- Subd. 2. [Renumbered 124A.034, subd 2]

- 124.2128 MS 1981 Supp [Renumbered 124.2132]
 124.2128 MS 1982 [Repealed, 1983 c 314 art 1 s 23 subd 2]
 124.2129 [Renumbered 124.2133]
 124.213 MS 1978 [Repealed, 1979 c 334 art 1 s 27]
 124.213 MS 1980 [Renumbered 124.2137]

124.2131 ADJUSTMENT OF GROSS TAX CAPACITY.

Subdivision 1. **Adjusted gross tax capacity.** (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 gross tax capacity for the various strata of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity. 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 gross 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 gross tax capacities. On or before June 15, annually, the department of revenue shall file its final report on the gross tax capacities 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 gross tax capacity 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 gross tax capacity of agricultural lands for the calculation of 1987 adjusted gross tax capacities 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 gross tax capacity; growth limit.** In the calculation of adjusted gross tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted gross tax capacity of taxable property for any school district over the adjusted gross tax capacity 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 gross tax capacity 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 gross tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted

gross tax capacity established and filed with the commissioner of education for the immediately preceding year.

Subd. 3. Decrease in iron ore gross tax capacity. If in any year the gross tax capacity of iron ore property, as defined in section 273.13, subdivision 31, in any district is less than the gross tax capacity of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted gross tax capacity of the preceding year taking into account only the decrease in gross tax capacity of iron ore property as defined in section 273.13, subdivision 31. If subdivision 2, clause (a), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted gross tax capacity as limited therein. In all other respects, the provisions of clause (1) shall apply.

Subd. 4. [Repealed, 1987 c 268 art 6 s 53]

Subd. 5. Adjusted gross tax capacity; 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 14.69, 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.

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 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.

Subd. 10. Limitation of appeals. A decision of the tax court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the supreme court.

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: *Ex1971 c 31 art 20 s 3; 1973 c 582 s 3; 1973 c 683 s 5-10,27; 1974 c 521 s 22,23; 1975 c 432 s 25-33; 1976 c 134 s 78; 1976 c 239 s 35; 1976 c 271 s 44-46; 1977 c 307 s 29; 1977 c 423 art 3 s 1,2; art 4 s 1; 1977 c 447 art 1 s 8-15,17; 1978 c 706 s 32; 1978 c 733 s 20,21; 1978 c 764 s 46-51; 1978 c 767 s 1; 1979 c 334 art 1 s 7-11; art 3 s 4,5; 1980 c 429 s 1; 1980 c 443 s 1; 1980 c 509 s 33; 1980 c 607 art 4 s 1; art 7 s 8; 1980 c 609 art 1 s 7; 1981 c 358 art 1 s 18,19,48; 1982 c 424 s 130; 1984 c 502 art 11 s 1; 1Sp1985 c 14 art 3 s 1; art 4 s 18; 1986 c 444; 1Sp1986 c 1 art 4 s 9; 1Sp1986 c 3 art 1 s 82; 1987 c 268 art 6 s 3; art 7 s 3-10; 1987 c 384 art 2 s 1; 1988 c 719 art 5 s 2,84*

124.2132 [Renumbered 124A.035]

124.2133 [Renumbered 124A.036]

124.2137 [Repealed, 1987 c 268 art 6 s 53]

124.2138 TRANSPORT EQUITY DEDUCT; REPLACE STATE RETIREMENT PAY.

Subdivision 1. [Renumbered 124A.037]

Subd. 2. [Repealed, 1Sp1985 c 12 art 1 s 37 subd 2]

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 gross tax capacity of agricultural land identified in section 273.13, subdivision 23, comprises less than 60 percent of the gross tax capacity of the district.

History: *1983 c 314 art 1 s 7,22; 1984 c 463 art 1 s 6; 1Sp1985 c 12 art 1 s 7; 1Sp1985 c 14 art 4 s 20; 1987 c 384 art 2 s 31,32; 1988 c 719 art 5 s 84*

124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce the homestead credit payments under section 273.13 for fiscal year 1990, the sum of the homestead credit, and transition aid and disparity reduction aid payments under section 273.1398 for fiscal years 1991 and thereafter made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, 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: *1984 c 463 art 7 s 11; 1Sp1985 c 14 art 4 s 21; 1987 c 268 art 6 s 4; 1988 c 719 art 5 s 3*

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 gross 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 tax capacity rate as determined by the county auditor based upon the original gross tax capacity is applied upon the changed gross tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received. The amount of the abatement adjustment shall be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding October according to the following:

(i) section 124A.23 if the district receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the district receives transportation aid according to section 124.225;

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

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

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

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

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

(i) section 124A.23 if the district receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the school district receives transportation aid according to section 124.225;

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

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

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

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

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

History: 1977 c 447 art 6 s 2; 1978 c 764 s 54; 1980 c 609 art 4 s 7; 1981 c 358 art 1 s 30; 1983 c 314 art 1 s 22; art 6 s 11; 1984 c 463 art 6 s 1; art 7 s 12; 1986 c 465 art 2 s 1; 1987 c 291 s 202; 1988 c 718 art 6 s 7,8; 1988 c 719 art 5 s 84

124.215 Subdivision 1. [Repealed, Ex1971 c 31 art 20 s 23; 1983 c 260 s 68]

Subd. 2. [Repealed, Ex1971 c 31 art 20 s 23; 1983 c 260 s 68]

Subd. 2a. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 3. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 4. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 5. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 6. [Repealed, 1983 c 260 s 68]

Subd. 7. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 8. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

124.2161 [Repealed, 1987 c 398 art 1 s 27 subd 3]

124.2162 [Repealed, 1987 c 398 art 1 s 27 subd 3]

124.2163 [Repealed, 1987 c 398 art 1 s 27 subd 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.03 to the adjusted gross tax capacity is greater than .006.

(c) The ratio of the total levy certified by the district to the adjusted gross tax capacity is greater than .05.

(d) The ratio of the adjusted gross tax capacity 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 gross tax capacity 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; 1988 c 486 s 33; 1988 c 719 art 5 s 84

124.22 Subdivision 1. [Repealed, 1973 c 683 s 30]

Subd. 2. [Repealed, 1965 c 805 s 3]

Subd. 3. [Repealed, 1973 c 683 s 30]

Subd. 4. [Repealed, 1973 c 683 s 30]

Subd. 5. [Repealed, 1965 c 805 s 3]

Subd. 6. [Repealed, 1973 c 683 s 30]

124.221 [Repealed, 1977 c 447 art 6 s 13]

124.222 Subdivision 1. [Repealed, 1975 c 432 s 97]

Subd. 1a. [Repealed, 1979 c 334 art 2 s 14]

Subd. 1b. [Repealed, 1979 c 334 art 2 s 14]

Subd. 2. [Repealed, 1975 c 432 s 97]

Subd. 2a. [Repealed, 1979 c 334 art 2 s 14]

Subd. 2b. [Repealed, 1979 c 334 art 2 s 14]

Subd. 3. [Repealed, 1980 c 609 art 2 s 7]

Subd. 4. [Repealed, 1977 c 447 art 2 s 9]

Subd. 5. [Repealed, 1977 c 447 art 2 s 9]

Subd. 6. [Repealed, 1979 c 334 art 2 s 14]

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 and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of pupils who are custodial parents to and from the provider of child care services for the pupil's child, within the attendance area of the school the pupil attends;

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, 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 that meets the requirements of section 124A.27, subdivision 9;

(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 or secondary vocational classes not provided at a secondary vocational center 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: 1973 c 683 s 12; 1974 c 521 s 25; 1975 c 432 s 40; 1976 c 271 s 49; 1977 c 447 art 2 s 7; 1978 c 733 s 22; 1978 c 764 s 57; 1979 c 334 art 2 s 7; 1980 c 609 art 2 s 1; 1981 c 358 art 2 s 2; 1Sp1981 c 2 s 7; 1982 c 548 art 2 s 2; 1Sp1985 c 12 art 2 s 2; 1987 c 398 art 2 s 1; 1988 c 486 s 34; 1988 c 718 art 2 s 4

124.224 [Expired]

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 FTE 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 FTE 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]

Subd. 2. [Repealed, 1981 c 358 art II s 14]

Subd. 3. **Formula.** For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis using the terms specified in subdivision 4b for each school year to predict the base cost for each district. Each year a formula shall be derived based upon the regression analysis, and shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Subd. 4. [Repealed, 1981 c 358 art 2 s 14]

Subd. 4a. [Repealed, 1Sp1985 c 12 art 2 s 16]

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 FTE 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 FTE 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.

Subd. 5. [Repealed, 1981 c 358 art 2 s 14]

Subd. 6. [Repealed, 1982 c 548 art 2 s 3]

Subd. 7. [Repealed, 1981 c 358 art 2 s 14]

Subd. 7a. **Base year softening formula.** Each district's predicted base cost determined for each school year according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

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. 8. [Repealed, 1981 c 358 art 2 s 14]

Subd. 8a. **Aid.** (a) 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 and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

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

Subd. 8b. **Basic aid computation.** A district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE's transported in the regular category in the district in the current school year.

Subd. 8c. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8d. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8e. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8f. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8g. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8h. [Repealed, 1Sp1985 c 12 art 2 s 16]

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.

Subd. 8j. Nonregular transportation levy equalization aid. For the 1984-1985 school year and each year thereafter, a district's nonregular transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Unreimbursed nonregular transportation revenue shall equal the actual cost in the current year for nonregular transportation services, minus the district's nonregular transportation aid computed pursuant to subdivision 8i.

(b) The nonregular transportation levy is the levy authorized by section 275.125, subdivision 5c.

(c) Nonregular transportation levy equalization aid for a district shall equal the product of (1) its unreimbursed nonregular transportation revenue, minus the nonregular transportation levy limitation for that year, times (2) the ratio of the district's actual nonregular transportation levy to its nonregular transportation levy limitation.

Subd. 8k. Contracted services aid reduction. For the 1984-1985 school year and each year thereafter, each district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category. The department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

Subd. 8l. Alternative attendance programs. A district that serves nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55 shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the serving district according to this section. The district of the pupil's residence need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 9. District reports. Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. Depreciation. Any school district which owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved 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.

Subd. 11. [Repealed, 1983 c 314 art 2 s 2]

Subd. 12. [Repealed, 1984 c 463 art 9 s 13]

History: 1979 c 334 art 2 s 8; 1980 c 609 art 2 s 2; 1981 c 356 s 167; 1981 c 358 art 2 s 3-13; 1Sp1981 c 2 s 8; 3Sp1981 c 2 art 2 s 9; 1982 c 548 art 2 s 3; 1983 c 314 art 2 s 2; 1Sp1985 c 12 art 2 s 3-10; 1Sp1986 c 1 art 9 s 7,8; 1987 c 398 art 2 s 2-7; art 7 s 42; 1988 c 486 s 35,36; 1988 c 718 art 2 s 5; art 7 s 29

124.23 [Repealed, 1977 c 403 s 13; 1977 c 447 art 6 s 13]

124.24 [Repealed, 1983 c 314 art 6 s 33]

124.241 [Repealed, 1979 c 334 art 6 s 34]

124.243 CAPITAL EXPENDITURE; FACILITIES.

Subdivision 1. A school board shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its official newspaper at least 20 days before the hearing. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, and the proposed methods of financing the program. The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.

Subd. 2. **Capital expenditure facilities revenue.** Capital expenditure facilities revenue for a district equals the lesser of:

(1) \$137 times its actual pupil units for the school year; or

(2) the difference between \$400 times the actual pupil units for the school year and the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year. For the purpose of determining revenue for the 1989-1990 and the 1990-1991 school years, the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year is zero.

Subd. 3. **Capital expenditure facilities levy.** To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 4. **Alternate levy.** If a district's capital expenditure facilities revenue is less than \$137 times the actual pupil units for the school year, the levy shall be the following amount:

(1) the levy determined in subdivision 3, times

(2) the ratio of the capital expenditure facilities revenue to an amount equal to \$137 times the actual pupil units.

Subd. 5. **Capital expenditure facilities aid.** A district's capital expenditure facilities aid is the difference between the capital expenditure facilities revenue and the

capital expenditure facilities levy. If the district does not levy the entire amount permitted, the aid is reduced in proportion to the actual amount levied. Capital expenditure facilities aid must not be reduced as a result of the reduction in capital expenditure facilities levy under section 121.912, subdivision 1.

Subd. 6. Uses of revenue. Capital expenditure facilities 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, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to equip, reequip, improve, and repair school sites, buildings, and 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 handicapped individuals;
- (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 116J.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and
- (15) to purchase or lease interactive telecommunications equipment.

Subd. 7. Separate account. Capital expenditure facilities revenue must be placed in a separate account within the capital expenditure fund.

Subd. 8. Fund transfers. Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except that the school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

Subd. 9. Fund allocation. Capital expenditure facilities revenue may be allocated to the capital expenditure fund or the debt redemption fund. Each year a district shall notify the department about the amount of the capital expenditure facilities revenue to be allocated to each fund. The department shall calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund.

Subd. 10. Interest income. All interest income attributable to the capital expenditure facilities revenue account must be credited to the account.

History: 1988 c 718 art 8 s 4; 1988 c 719 art 5 s 84

NOTE: This section is effective for revenue for the 1989-1990 school year and thereafter. See Laws 1988, chapter 718, article 8, section 28.

124.244 CAPITAL EXPENDITURE EQUIPMENT REVENUE.

Subdivision 1. **Revenue amount.** The capital expenditure equipment revenue for each district equals \$70 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Subd. 2. **Capital expenditure equipment levy.** To obtain capital expenditure equipment revenue, a district may levy an amount not to exceed the district's capital expenditure equipment revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 3. **Capital expenditure equipment aid.** A district's capital expenditure equipment aid is the difference between the capital expenditure equipment revenue and the capital expenditure equipment levy. If a district does not levy the entire amount permitted, capital expenditure equipment aid must be reduced in proportion to the actual amount levied. Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 124.2445.

Subd. 4. **Uses of revenue.** Capital expenditure equipment revenue may be used only for the following purposes:

(1) to pay capital expenditure equipment related assessments of any entity formed under a cooperative agreement between two or more districts;

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

(3) to purchase or lease equipment for instructional programs;

(4) to purchase textbooks;

(5) to purchase library books; and

(6) to purchase vehicles except those for which a levy is authorized under section 275.125, subdivision 5f.

History: 1987 c 398 art 6 s 4; 1988 c 718 art 8 s 5; 1988 c 719 art 5 s 84

NOTE: This section as amended by Laws 1988, chapter 718, article 8, section 5, is effective for revenue for the 1989-1990 school year and thereafter. See Laws 1988, chapter 718, article 8, section 28.

124.2445 PURCHASE OF CERTAIN EQUIPMENT.

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's capital expenditure equipment levy under section 124.244 for the year the initial debt service levies are certified. The district's capital expenditure levy under section 124.244 for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

History: 1988 c 718 art 8 s 6

124.245 HAZARDOUS SUBSTANCE REVENUE.

Subdivision 1. [Repealed, 1987 c 398 art 6 s 20 subd 2]

Subd. 1a. [Repealed, 1984 c 463 art 6 s 17]

Subd. 2. [Repealed, 1Sp1986 c 1 art 9 s 64 subd 2; 1987 c 398 art 6 s 20 subd 2]

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 gross tax capacity 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 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.

Subd. 4. [Repealed, 1988 c 486 s 102]

Subd. 5. [Repealed, 1Sp1986 c 1 art 9 s 64]

Subd. 6. **Alternative attendance programs.** The capital expenditure aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.

(a) Capital expenditure aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Capital expenditure aid paid to a district serving nonresidents in programs listed in subdivision 1 must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

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

History: 1977 c 447 art 6 s 4; 1979 c 334 art 1 s 13; art 6 s 20; 1980 c 609 art 4 s 8,9; 1981 c 358 art 6 s 18-21; 1982 c 548 art 6 s 7-9; 1983 c 314 art 6 s 12; 1984 c 463 art 6 s 2; 1Sp1985 c 12 art 6 s 6; 1Sp1986 c 1 art 9 s 9,10; 1987 c 398 art 6 s 5-7; 1988 c 486 s 37; 1988 c 718 art 7 s 30; 1988 c 719 art 5 s 84

NOTE: Subdivisions 3, 3a, and 3b are repealed by Laws 1988, chapter 718, article 8, section 27, effective for the 1989-1990 school year. See Laws 1988, chapter 718, article 8, section 27.

124.246 Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2a. [Repealed, 1984 c 463 art 6 s 17; 1987 c 398 art 1 s 27 subd 3]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1984 c 463 art 9 s 13; 1987 c 398 art 1 s 27 subd 3]

124.247 Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1981 c 358 art 7 s 31; 1987 c 398 art 1 s 27 subd 3]

Subd. 6. [Repealed, 1Sp1985 c 12 art 6 s 31; art 8 s 65; 1987 c 398 art 1 s 27 subd 3]

124.25 [Repealed, 1977 c 447 art 6 s 13]

124.251 [Repealed, 1983 c 314 art 9 s 13]

124.252 TOBACCO USE PREVENTION PROGRAMS.

Subdivision 1. **Eligibility and purpose.** Each school board which institutes a tobacco use prevention program that meets the criteria specified in subdivision 2 and submits the proposed program to the commissioner of education shall be eligible for state aid for the following purposes:

- (1) in-service training for public and nonpublic school staff;
- (2) tobacco use prevention curricula including materials;
- (3) community and parent awareness programs; and
- (4) evaluation of curriculum and programs for tobacco use prevention.

Subd. 2. **Criteria.** Each tobacco use prevention curriculum must include at least the following components:

- (1) in-service training of teachers and staff;
- (2) evaluation of programs and curriculum results;
- (3) a kindergarten through grade 12 continuum of educational intervention related to tobacco use; and
- (4) targeted intervention on tobacco use onset for students who are 12 to 14 years old based on evaluated curricula that have been shown to reduce tobacco use onset rates; and
- (5) prohibition of smoking cigarettes and the use of other tobacco products on the school premises by minors.

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 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.

Subd. 4. **Applications.** A district that is eligible for aid shall apply to the

commissioner of education by October 1 of each school year on the form supplied by the commissioner.

Subd. 5. **Assistance to districts.** The commissioner of education, with the consultation and assistance of the commissioner of health, shall:

- (1) provide technical assistance to districts for the development, implementation, and evaluation of tobacco use prevention curricula and programs;
- (2) provide to districts information about evaluation results of various curricula as reported in the scientific literature and elsewhere; and
- (3) collect information from districts about prevention programs and evaluation results.

History: *1Sp1985 c 12 art 6 s 7; 1Sp1985 c 14 art 19 s 12; 1987 c 258 s 12; 1987 c 398 art 6 s 10*

NOTE: This section is effective upon enactment of an increase in the rate of the special sales and use tax imposed upon cigarettes, which provides that the proceeds be deposited in a public health fund and appropriates money to fund the program established in this section. See Laws 1985, First Special Session chapter 12, article 6, section 32, subdivision 2.

124.26 ADULT BASIC AND CONTINUING EDUCATION.

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

Subd. 1a. [Repealed, 1984 c 463 art 6 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 through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged 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.

Subd. 2. Each district or group of districts providing adult basic and continuing education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic and continuing education programs. In no case shall federal and state aid equal more than 90 percent of the actual cost of providing these programs.

Subd. 3. [Repealed, 1981 c 358 art 4 s 11]

Subd. 4. [Repealed, 1983 c 314 art 4 s 10]

Subd. 5. [Repealed, 1984 c 463 art 9 s 13]

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: *Ex 1959 c 71 art 5 s 26; 1969 c 864 s 1; 1971 c 827 s 1; 1975 c 432 s 42; 1976 c 271 s 50; 1977 c 447 art 4 s 2,3; 1981 c 358 art 4 s 1-4; 1982 c 548 art 6 s 14,15; 1983 c 314 art 4 s 1; 1Sp1985 c 12 art 4 s 3; 1987 c 398 art 4 s 8-10; 1988 c 718 art 7 s 31*

124.261 ADULT HIGH SCHOOL GRADUATION AID.

Adult high school graduation aid for eligible pupils age 21 or over, equals an allowance of 65 percent of the general education formula allowance times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Average daily membership of eligible pupils must not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of adult high school graduation aid.

History: *1988 c 718 art 6 s 9*

124.27 [Repealed, 1963 c 19 s 2]

124.271 COMMUNITY EDUCATION PROGRAMS AID.

Subdivision 1. [Repealed, 1977 c 447 art 4 s 6]

Subd. 1a. [Repealed, 1981 c 358 art 4 s 11]

Subd. 2. [Repealed, 1Sp1985 c 12 art 4 s 13]

Subd. 2a. [Repealed, 1Sp1985 c 12 art 4 s 13]

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 gross tax capacity 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 gross tax capacity 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 gross tax capacity 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.

Subd. 2c. [Repealed, 1Sp1985 c 12 art 4 s 13]

Subd. 3. The population of the district for purposes of this section is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Subd. 4. Each district providing community education programs pursuant to sections 121.85 to 121.88 shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these community education programs. All funds received pursuant to this section and to the levy authorized in section 275.125, subdivision 8, shall be utilized solely for the purposes of community education programs. These funds may be used to reimburse G.E.D. testing centers for each battery of G.E.D. tests or each individual test administered by that center.

Subd. 5. [Repealed, 1983 c 314 art 4 s 10]

Subd. 6. [Repealed, 1984 c 463 art 9 s 13]

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 (e), or combinations of sources.

History: 1975 c 432 s 43; 1976 c 18 s 3; 1976 c 271 s 51; 1977 c 447 art 4 s 4; 1979 c 334 art 4 s 1-3; 1980 c 609 art 4 s 12,13,22; 1981 c 358 art 4 s 5-9; 1982 c 548 art 6 s 16; 1983 c 314 art 4 s 2-5; 1984 c 463 art 4 s 2; 1Sp1985 c 12 art 4 s 4,5; 1Sp1986 c 1 art 9 s 11; 1987 c 398 art 4 s 11,12; 1988 c 486 s 38; 1988 c 719 art 5 s 84

124.2711 EARLY CHILDHOOD FAMILY EDUCATION AID.

Subdivision 1. **Maximum revenue.** The maximum revenue for early childhood family education programs for a school year is the amount of revenue derived by multiplying \$84.50 times the greater of 150 or the number of people under five years of age residing in the district on September 1 of the preceding school year.

Subd. 2. **Population.** For the purposes of subdivision 1, data reported to the department of education according to the provisions of section 120.095 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 document 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. 3. **Aid.** If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:

(a) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, times

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b.

Subd. 4. **Use of revenue restricted.** The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8b, shall be used only for early childhood family education programs.

History: 1984 c 463 art 4 s 3; 1Sp1985 c 12 art 4 s 6; 1987 c 398 art 4 s 13; 1988 c 486 s 39

124.272 [Repealed, 1987 c 398 art 1 s 27 subd 3]

124.2721 EDUCATION DISTRICT REVENUE.

Subdivision 1. **Eligibility.** An education district is eligible for education district revenue if the department certifies that it meets the requirements of section 122.91, subdivisions 3 and 4. The pupil units of a district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 124.575.

Subd. 2. **Revenue.** Education district revenue is \$60 per actual pupil unit in each district that is a member of an education district.

Subd. 3. **Levy.** To obtain education district revenue, an eligible education district may levy the lesser of its education district revenue or the amount raised by 1.3 mills times the adjusted gross tax capacity of each participating district for the preceding year. Each year, the education district board shall certify to the county auditor or county auditors the amount of taxes to be levied under this section.

Subd. 4. **Aid.** The aid for an education district equals its education district revenue minus its education district levy, times the ratio of the actual amount levied to the permitted levy.

Subd. 5. **Uses of revenue.** Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section 122.94.

History: 1988 c 718 art 6 s 10; 1988 c 719 art 5 s 84

NOTE: Subdivision 4 is effective for the 1989-1990 school year. See Laws 1988, chapter 718, article 6, section 26.

124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

Subdivision 1. [Repealed, 1983 c 314 art 3 s 18]

Subd. 1a. [Repealed, 1984 c 463 art 6 s 17]

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. 2. [Repealed, 1983 c 314 art 3 s 18]

Subd. 2a. [Repealed, 1984 c 463 art 6 s 17]

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

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 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 nonpublic school pupil pursuant to this subdivision shall 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 be counted for average daily membership pursuant to sections 124A.02, subdivisions 20 to 22, and 124A.034, subdivisions 1 to 2.

Subd. 4. Application dates. (a) A district shall submit an initial application for aid by October 15 and shall submit an amended application by February 15 or by June 15 if the number of enrolled pupils of limited English proficiency has changed since filing a previous application. Districts which do not submit an initial application by October 15 but enroll pupils of limited English proficiency after that date may submit an initial application by February 15 or by June 15. A final report with actual salary and enrollment information shall be submitted by August 15 for calculation of the final payment.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils or additional pupils enrolled who meet the criteria in section 126.262, subdivision 2; (2) the number, dates of hire, full time equivalency, and salaries of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

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.

Subd. 6. Records; audit. A district which applies for aid pursuant to this section shall maintain records which support the information contained in all of its applications. The commissioner of education may audit these records upon request. A district which receives aid pursuant to this section shall 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.

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

History: 1981 c 358 art 3 s 10; 1982 c 548 art 3 s 8-11; 1983 c 314 art 1 s 22; art 3 s 8; 1Sp1985 c 12 art 3 s 10; 1987 c 398 art 3 s 17; art 7 s 26

124.274 AID FOR PLANNING, EVALUATION, AND REPORTING PROCESS.

Subdivision 1. Eligibility. Each school district that completes the planning, evaluation, and reporting process pursuant to the requirements of sections 126.661 and 126.67 and that receives approval from the commissioner of education is eligible to receive state aid each year. An eligible school district shall receive \$1 times the number of pupils in average daily membership for the prior school year. No district that is eligible for aid shall receive less than \$1,500.

Subd. 2. Payment of aid. The department of education shall pay aid to a district within 30 days of approving the district's planning, evaluation, and reporting process. However, no aid may be paid prior to July 1 in any calendar year.

History: 1984 c 463 art 8 s 8; 1Sp1985 c 12 art 8 s 16,61; 1988 c 486 s 40

124.275 [Repealed, 1987 c 398 art 1 s 27 subd 3; art 6 s 20 subd 2]

124.28 MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

124.281 MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

124.29 MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

124.30 [Repealed, 1977 c 447 art 6 s 13]

124.31 [Repealed, 1973 c 683 s 30]

124.32 HANDICAPPED CHILDREN.

Subdivision 1. [Repealed, 1983 c 314 art 3 s 18]

Subd. 1a. [Repealed, 1984 c 463 art 3 s 2]

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. **Basic revenue.** For purposes of this section, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1.

Subd. 1d. **Contract services.** For special instruction and services provided to any pupil by contracting 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 basic revenue of the district for that pupil for the amount of time the pupil receives services under the contract.

Subd. 1e. [Repealed, 1984 c 463 art 3 s 2]

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.

Subd. 2a. [Repealed, 1984 c 463 art 3 s 2]

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

Subd. 3. [Repealed, 1973 c 683 s 30]

Subd. 3a. **Current funding.** Unless otherwise specified, the aids provided for educational programs for handicapped children shall be paid on a current funding basis.

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

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 basic revenue of the district for 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 a school district, designed to serve low incidence handicapped, 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.

Subd. 5a. [Repealed, 1984 c 463 art 3 s 2]

Subd. 6. **Full state payment.** The state shall pay each district the actual cost incurred in providing instruction and services for a handicapped child 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 education, 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 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 handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, 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 handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children 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. When planning programs for the education of handicapped children 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 successful mainstreaming.

Subd. 9. [Repealed, 1983 c 314 art 3 s 18]

Subd. 9a. [Repealed, 1Sp1985 c 12 art 3 s 30]

Subd. 10. **Summer school.** The state shall pay aid for summer school programs for handicapped children on the basis of subdivisions 1b, 1d, and 5 for the preceding school year. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Subd. 11. [Expired]

History: *Ex1959 c 71 art 5 s 32; 1961 c 559 s 1; 1965 c 870 s 1; 1967 c 853 s 1; 1969 c 913 s 1; 1969 c 981 s 6; 1971 c 25 s 33; 1973 c 501 s 3; 1973 c 683 s 14-16; 1975 c 162 s 41; 1975 c 432 s 48-50; 1976 c 271 s 52; 1977 c 447 art 3 s 9; 1978 c 764 s 58-62; 1979 c 334 art 3 s 6-10; 1981 c 358 art 3 s 11-17; 1Sp1981 c 2 s 10,11; 1982 c 548 art 3 s 12-21; 1983 c 314 art 1 s 22; art 3 s 9-11; 1Sp1985 c 12 art 3 s 11-17; 1Sp1986 c 1 art 9 s 14; 1Sp1986 c 3 art 1 s 17; 1987 c 384 art 2 s 33; 1987 c 398 art 3 s 18-21; 1988 c 486 s 41-45*

124.33 [Repealed, 1969 c 981 s 7]

124.34 [Repealed, 1969 c 9 s 97]

124.35 LOANS TO DISTRESSED DISTRICTS.

Financial aid to distressed districts shall be governed by the provisions of the maximum effort school aid law.

History: *Ex1959 c 71 art 5 s 35*

124.36 CITATION, MAXIMUM EFFORT SCHOOL AID LAW.

Sections 124.36 to 124.47 may be cited as the "maximum effort school aid law."

History: *Ex1959 c 27 s 1*

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 124.47 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.

History: *Ex1959 c 27 s 2*

124.38 DEFINITIONS.

Subdivision 1. As used in sections 124.38 to 124.47, the terms defined in this section shall have the following meanings:

Subd. 2. "District" means any school district defined in the education code.

Subd. 3. "Indebtedness" or "debt" means the net debt of any district computed according to section 475.51, subdivision 4, excluding loans made under sections 124.36 to 124.47.

Subd. 4. "Debt service fund" means the aggregate of all funds maintained by a district which are appropriated to payment of principal of and interest on its debts as required by chapter 475.

Subd. 5. "Debt service levy" means the levy for all debt service fund purposes in accordance with chapter 475.

Subd. 6. "Required debt service levy" means the total dollar amount needed to be included in the taxes levied by the district in any year for payment of interest and principal falling due on its debts prior to collection of the next ensuing year's debt service levy.

Subd. 7. **Maximum effort debt service levy.** "Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) 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 16 mills on the adjusted gross tax capacity;

(b) 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 15 mills on the adjusted gross tax capacity, 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 section 124.43, subdivision 4.

Subd. 8. "Adjusted gross tax capacity" means, as of any date, the gross tax capacity 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.

Subd. 9. "Commissioner" means the commissioner of education.

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

Subd. 11. "Fund" means the "maximum effort school loan fund."

Subd. 12. "School loan bonds" means bonds issued by the state under section 124.46 to support the fund and to refund bonds or certificates of indebtedness previously issued for that purpose.

Subd. 13. "Net proceeds" of bonds means the amounts received upon their sale less expenses incident to their issuance, sale, and delivery and the amount required to pay and redeem any bonds or certificates of indebtedness refunded thereby.

Subd. 14. "Year" means the school year ending on and including June 30 in each calendar year.

History: *Ex*1959 c 27 s 3; 1961 c 562 s 4,5; 1963 c 601 s 1; 1965 c 875 s 1,2; 1967 c 583 s 1; 1969 c 6 s 21; 1969 c 1056 s 1,2; 1973 c 773 s 1; 1975 c 432 s 51-54; 1977 c 447 art 6 s 5; 1978 c 706 s 33; 1978 c 764 s 63; 1980 c 545 s 1; 1981 c 358 art 1 s 48; art 9 s 1; 1982 c 548 art 6 s 17; 1987 c 268 art 7 s 11; 1988 c 719 art 5 s 84

124.381 NET DEBT, DETERMINATION.

In computing "net debt" and in determining whether any school district is eligible for a state loan, no state loans to any such school district shall be considered, notwithstanding the provisions of any other general or special law.

History: 1967 c 583 s 7

124.39 FUND ESTABLISHED; DIVISION INTO ACCOUNTS.

Subdivision 1. 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 124.47, which fund shall be divided into three accounts for the purposes specified in subdivisions 2, 3, 4, and 5.

Subd. 2. There shall be a debt service loan account, out of which loans under section 124.42 shall be made. All money appropriated to the fund by section 124.40 shall be paid into this account initially.

Subd. 3. There shall be a capital loan account, out of which loans under section 124.43 shall be made. There shall be transferred to it from the debt service loan account on October 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under section 124.42 or 124.43. The state's cost of administering the maximum effort school aid law shall 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 a list of all such ratios to be prepared. The clerical costs of preparation of such list shall 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 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.

Subd. 5. All money deposited to the credit of the loan repayment account and not required for the payment of principal and interest and costs as prescribed in subdivi-

sion 4 shall be transferred to the credit of the debt service loan account on July 1 of each year, and those moneys are annually appropriated to that account for the purposes prescribed by the maximum effort school aid law; except that the commissioner may retain in the loan repayment account any amount which the commissioner estimates will not be needed for loans in the fiscal year commencing July 1. 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 be transferred to the state bond fund.

History: *Ex1959 c 27 s 4; 1961 c 752 s 1,2; 1963 c 601 s 2; 1965 c 875 s 3; 1973 c 582 s 3; 1975 c 339 s 8; 1981 c 358 art 9 s 2*

124.40 APPROPRIATION.

Subdivision 1. 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, after deducting from the aggregate proceeds of sale the amount which is required by section 124.46, subdivision 3 to be credited and is hereby appropriated to the school loan bond account in the state bond fund.

Subd. 2. Any amounts remaining in the fund on July 1 of each year, including any unused portion of the appropriation made in subdivision 1, shall be available for use by the commissioner in making further debt service loans and capital loans.

Subd. 3. 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.

History: *Ex1959 c 27 s 5; 1963 c 601 s 3; 1967 c 583 s 2; 1981 c 358 art 9 s 3*

124.41 SCHOOL LOANS.

Subdivision 1. **Consideration by commissioner.** The commissioner shall receive and consider applications for and grant or deny loans under sections 124.36 to 124.47.

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 promulgate rules to facilitate the commissioner's operations in compliance with sections 124.36 to 124.47. The rules shall be subject to the procedure set forth in sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62.

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 be paid out of the loan repayment account of the fund.

History: *Ex1959 c 27 s 6; 1961 c 562 s 6; 1969 c 6 s 22; 1973 c 582 s 3; 1975 c 61 s 9; 1975 c 162 s 30; 1976 c 2 s 60; 1978 c 706 s 34; 1981 c 358 art 9 s 4; 1982 c 424 s 130; 1982 c 560 s 44; 1986 c 444*

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 difference between the required and the maximum effort debt service levy in that year. Applications shall be filed with the commissioner in each calendar year up to and including September 15. 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, 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 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 be dated November 1 of the year in which executed, and shall state its principal amount, interest rate, and that it is payable at the commissioner's office. It shall 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 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 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. On or before December 1, 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. Interest shall accrue from the date such warrant is issued. The proceeds thereof shall be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. Each district receiving a debt service loan shall levy for debt service in that year and each year thereafter, until all its debts to the fund are paid, (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy less the amount of any debt service loan in that year, whichever is greater. Whenever the maximum effort debt service levy is greater the district shall remit to the commissioner, within ten days after its receipt of the last regular tax distribution in the year in which it is collected, that portion of the maximum effort debt service tax collections, including penalties and interest, which exceeds the required debt service levy. On or before November 1 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.

History: *Ex 1959 c 27 s 7; 1961 c 752 s 3,4; 1965 c 875 s 4,5; 1969 c 1056 s 3,4; 1973 c 492 s 14; 1975 c 432 s 55-57; 1981 c 358 art 9 s 5,6; 1986 c 444*

124.43 CAPITAL LOANS.

Subdivision 1. **Review by commissioner.** (a) The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted.

(b) Any school board that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and

comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in gross tax capacity over the term of the loan, shall assume a levy equal to 16 mills times the adjusted gross tax capacity, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding an amount computed as follows:

(1) The amount requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted gross tax capacity, whichever is less;

(3) Less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 24 percent of the most recent adjusted gross tax capacity available at the time of application, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Subd. 2. District procedures. The school board of any 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 shall be accompanied by (a) a copy of the resolution, and (b) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district. The

clerk's and treasurer's certificate shall show, as to each outstanding bond issue, 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 shall be in the form and accompanied by the additional data which the commissioner and state board of education prescribe. Applications must be received by the commissioner by December 1 of any 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 which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Subd. 3. Recommendations of the commissioner. The commissioner shall examine and consider all applications for capital loans which have been recommended by the state board of education, and promptly notify any district found not qualified by the state board of the state board's decision. The commissioner shall make recommendations concerning each capital loan to the education committees of both houses of the legislature by February 1 of each year. The commissioner shall also report on the funds remaining in the capital loan account, and if necessary, request that another bond issue be authorized.

Subd. 3a. Legislative action. Each capital loan must be approved in law.

If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.

Subd. 3b. District referendum. Upon receipt of the review and comment on the project, the question authorizing the borrowing of funds 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 shall 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. However, no capital loan is available to the district until the capital loan is approved in law and the question is approved by a majority of the voters of the district at a regular or special election. The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

Subd. 4. Contract. Each capital loan shall be evidenced by a contract between the school district and the state acting through the commissioner. It shall obligate the state to pay to the district, out of the maximum effort school loan fund, an amount computed as provided in subdivision 1, upon receipt by the commissioner of a certified resolution of the school board 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 costs thereof in excess of the amount of the loan, and estimating the costs. It shall 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 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 unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) 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. Whenever the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that portion of the debt service tax collections, including penalties and interest, which exceeded the required debt service levy. 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 hereunder. Interest on capital loans shall be paid on December 15 of the year next following that

in which the loan is granted and annually thereafter. On or before November 1 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 the county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified. If any capital loan is not paid within 30 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district thereon shall be satisfied and discharged and interest thereon shall cease. After a district's capital loan has been outstanding for 20 years, the district shall not issue bonds on the public market except for the purpose of refunding the loan.

Subd. 5. Participation by county auditor; record of contract; payment of loan. Before delivery of any capital loan contract, the school district shall file a copy thereof with the county auditor of each county in which any portion of the district is situated, and shall obtain from each county auditor and furnish to the commissioner a certificate stating that the county auditor has entered the capital loan evidenced thereby in the auditor's bond register. As each executed contract is delivered to the commissioner, the commissioner shall cause a record thereof to be made and preserved showing the name and address of the district, the date of the contract, and the amount of the loan initially approved in accordance with subdivision 1. Upon receipt of the resolution required in subdivision 4, the commissioner shall issue a warrant on the capital loan account for the amount which may be disbursed in accordance with subdivision 1, payable on presentation to the state treasurer. On presentation the treasurer shall remit the amount to the district and enter the date and amount in the treasurer's account with the district. Interest thereon shall accrue from that date.

Subd. 6. No district having an outstanding state loan shall issue and sell any bonds on the public market, except for the purpose of refunding state loans, unless it agrees to make the maximum effort debt service levy in each year thereafter at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of such bonds in accordance with section 475.54, subdivision 2. The district shall report each such sale to the commissioner of education.

History: *Ex1959 c 27 s 8; 1961 c 752 s 5,6; 1965 c 875 s 6-10; 1967 c 583 s 3; 1969 c 1056 s 5-9; 1973 c 492 s 14; 1973 c 582 s 3; 1975 c 432 s 58-61; 1976 c 271 s 53; 1980 c 545 s 2,3; 1980 c 614 s 123; 1981 c 358 art 9 s 7-11; 1983 c 314 art 7 s 25; 1986 c 444; 1988 c 718 art 8 s 7-11; 1988 c 719 art 5 s 84*

124.435 APPROVAL BY LEGISLATURE.

After review of an application for a capital loan, the commissioner of education shall submit the application to the education committees of the legislature. The legislature may approve, disapprove, or modify the application. After the legislature has approved the application, the commissioner shall grant the loan for the purposes and in the amount specified by the legislature.

History: *1983 c 314 art 7 s 26*

124.44 PREPAYMENTS.

Any school 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 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.

History: *Ex1959 c 27 s 9; 1961 c 752 s 7*

124.45 APPLICATIONS OF PAYMENT.

The commissioner shall apply payments received from collections of maximum effort debt service levies in excess of required debt service levies of a district on its debt service notes and capital loan contracts as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal of its notes, if any; and last, toward principal of its contracts, if any. While more than one note or more than one contract is held, priority of payment of interest shall be given to the one of earliest date, and after interest accrued on all notes is paid, similar priority shall be given in the application of any remaining amount to the payment of principal. In any year when the receipts from a district are not sufficient to pay the interest accrued on any of its notes or contracts, the deficiency shall be added to the principal, and the commissioner shall notify the district and each county auditor concerned of the new amount of principal of the note or contract.

History: *Ex1959 c 27 s 10; 1975 c 432 s 62*

124.46 ISSUANCE AND SALE OF BONDS.

Subdivision 1. 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. 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 shall credit the net proceeds of their sale to the purposes for which they are appropriated by section 124.40, subdivision 1. Such 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 prepayment 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 the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62). The maturity date shall in no case be more than 20 years after the date of issue of any bond and the principal amounts and due dates shall 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 to them shall be executed by the commissioner of finance 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 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. 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. Upon the issuance of each series of school loan bonds the commissioner of finance shall deduct from the proceeds thereof and credit to said bond account a sum sufficient, with the balance then on hand in said account, to pay all interest to become due on such bonds on and before July 1 in the second ensuing year. On the first day of November in each year there shall be transferred to the bond account all or so 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 not available for such transfer in the full amount required, the state auditor shall levy on all taxable property within the state a tax sufficient to meet the deficiency. Such tax shall be and remain subject to no limitation of rate or amount until all school loan bonds and all interest thereon are fully paid. The proceeds of this tax are hereby irrevocably appropriated and shall be credited to the state bond fund, but the school loan bond account is appropriated as the primary source of payment of such bonds and interest, and only so much of said tax as may be necessary is appropriated for this purpose. 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, it shall nevertheless be paid out of the general fund in the state treasury, and the amount necessary therefor is hereby appropriated; but any such payments shall be reimbursed from the proceeds of taxes levied as required herein, and any such payments made from taxes shall be reimbursed from the loan repayment account in the maximum effort school loan fund, when the balance therein is sufficient.

Subd. 4. 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.

History: *Ex1959 c 27 s 12; 1963 c 601 s 4; 1965 c 875 s 13; 1969 c 399 s 49; 1973 c 492 s 14; 1980 c 509 s 34; 1980 c 607 art 14 s 29; 1982 c 424 s 130; 1983 c 301 s 135; 1Sp1985 c 14 art 4 s 22; 1986 c 444*

124.47 REPEALER AND SAVINGS CLAUSE.

Subdivision 1. Minnesota Statutes 1957, sections 120.51 to 120.57 are hereby repealed; provided that nothing herein shall impair the validity of any bonds issued pursuant to said sections or of the appropriations therein made, or of any expenditures made pursuant to said appropriations prior to May 23, 1959, and all such bonds and expenditures are hereby legalized and validated; but the school construction loan fund created by Minnesota Statutes 1957, section 120.57 shall be discontinued on May 23, 1959, and all moneys then remaining therein, and all subsequent collections of principal and interest on bonds purchased by said fund, are hereby appropriated to the fund created by sections 124.36 to 124.47.

Subd. 2. The committee is hereby authorized to purchase the bonds of any district which the state board of education had agreed to give aid through such purchase, under Minnesota Statutes 1957, sections 120.51 to 120.57 referred to in subdivision 1 hereof, but the purchase of which bonds were not completed prior to the repeal of such sections. The amount of bonds authorized to be purchased under this section shall be limited to the amount previously approved under such laws. There is hereby appropriated from the fund sufficient moneys to make such purchase, but not in excess of the moneys which were remaining in the school construction fund created by said Minnesota Statutes 1957, section 120.57 and appropriated to the fund created by sections 124.36

to 124.47. Such bonds shall be purchased without new application therefor but subject to the following provisions:

(a) Such bonds shall bear interest at 3-1/2 percent per annum payable semiannually. Bonds may be called for redemption in any amount at any time after three years from date of issue; first required payment on the principal shall be due 15 years from date of issue and the entire issue shall mature serially at equal intervals over a period of 38 years so that the entire principal of the loan is paid on or before 50 years from the date of its issue. Bonds shall be numbered and be in such denominations as the committee shall determine.

(b) The committee may require such loans authorized in this subdivision to be presently paid when such school district, whose bonds are purchased under this subdivision, is able to refund said bonds on the public market pursuant to chapter 475; and the committee shall require as a condition of granting such aid that maximum effective use be made of such presently existing educational facilities.

(c) Such loans as are authorized in this subdivision shall be for the purpose of construction of school building classroom facilities only, and the bonds of such district shall be accepted by the committee as security for the loans.

History: *Ex1959 c 27 s 13; 1978 c 706 s 35*

124.471 [Repealed, 1Sp1985 c 13 s 376]

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: *1965 c 875 s 14; 1987 c 384 art 2 s 34*

124.473 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1967.

For the purpose of providing moneys 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 \$2,800,000, in addition to the bonds heretofore authorized for this purpose, 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, includ-

ing, 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: 1967 c 583 s 6

124.474 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1969.

For the purpose of providing moneys 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 commissioner of finance is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the commissioner of education 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 those purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from it.

History: 1969 c 1056 s 12; 1973 c 492 s 14; 1981 c 358 art 9 s 12

124.475 [Repealed, 1975 c 432 s 97]

124.476 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1980.

For the purpose of providing moneys 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 commissioner of finance is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the commissioner of education 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 their payment 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 those purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary for the expenses are appropriated from it.

History: 1980 c 545 s 4; 1981 c 358 art 9 s 13

124.477 BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS; 1988.

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the

commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Enough money to pay interest on the bonds to and including July 1 in the second year after the date of issue must be credited from the bond proceeds to the school loan bond account in the state bond fund. 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 those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

History: 1988 c 718 art 8 s 12

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, has the capabilities to benefit from further education. Scholarships shall 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. 2. Report to legislature. By December 1 of each even-numbered year, the state board of education shall report to the education committees of the legislature about the status of Indian scholarships, recipients, and the status of academic programs and student services for American Indian people in post-secondary institutions that enroll recipients of American Indian scholarships.

Subd. 3. Indian scholarship committee. The Minnesota Indian scholarship committee is established. Members shall be appointed by the state board 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 the date provided in section 15.059, subdivision 5. 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.

History: Ex1959 c 71 art 5 s 36; 1971 c 176 s 1; 1977 c 384 s 1; 1983 c 258 s 28; 1Sp1985 c 11 s 12; 1988 c 629 s 28; 1988 c 718 art 3 s 3

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 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.

History: *1Sp1985 c 11 s 13*

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 9 to 12, or 480 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;

(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 July 1 of 1988, the

commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than one month. A grant award is subject to verification by the joint powers districts as specified in subdivision 6. If the total amount of the approved applications exceeds the amount 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 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 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 education. 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.

Subd. 6. Contract. 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 subdivision 4, and according to a schedule, and terms and conditions acceptable to the commissioner of finance.

History: 1987 c 400 s 36; 1988 c 718 art 8 s 13-15

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

124.4945 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 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 tax capacity rate, that, when applied to the adjusted gross 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 include the levy in the next tax roll which it shall certify to the county auditor, and shall remit the collections of the levy to the joint powers board.

History: 1988 c 718 art 8 s 16; 1988 c 719 art 5 s 84

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 \$16,000,000 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; 1988 c 718 art 8 s 17

124.496 REPORT TO THE LEGISLATURE.

By January 15, 1989, the commissioner of education shall report to the legislature

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on the implementation of the cooperative secondary facilities grant program established in Laws 1987, chapter 400.

History: 1987 c 400 s 38

124.50 [Repealed, 1975 c 432 s 98]

124.51 [Repealed, Ex1971 c 31 art 20 s 24]

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 made, and when there is no need therefor, the surplus shall be paid by the county treasurer to the reorganized district upon the order of the county board.

History: 1973 c 157 s 1

124.52 [Renumbered 136C.21]

124.53 [Repealed, 1983 c 258 s 72]

124.54 [Renumbered 136C.211]

124.55 [Renumbered 136C.212]

124.56 [Renumbered 136C.213]

124.561 [Repealed, 1983 c 314 art 5 s 17]

124.5611 [Renumbered 136C.25]

124.5612 [Renumbered 136C.26]

124.5613 Subdivision 1. [Repealed, 1984 c 463 art 5 s 37]

Subd. 2. [Renumbered 136C.27 subdivision 1]

Subd. 3. [Renumbered 136C.27 subd 2]

124.5614 [Renumbered 136C.28]

124.5615 [Renumbered 136C.29]

124.5616 [Renumbered 136C.31]

124.5617 [Renumbered 136C.32]

124.5618 [Renumbered 136C.33]

124.5619 [Renumbered 136C.34]

124.562 [Repealed, 1983 c 314 art 5 s 17]

124.5621 [Repealed, 1983 c 314 art 5 s 17]

124.5622 [Repealed, 1983 c 314 art 5 s 17]

124.5623 [Repealed, 1983 c 314 art 5 s 17]

124.5624 [Repealed, 1983 c 314 art 5 s 17]

124.5625 [Repealed, 1983 c 314 art 5 s 17]

124.5626 [Repealed, 1983 c 314 art 5 s 17]

124.5627 [Repealed, 1983 c 314 art 5 s 17]

124.5628 [Renumbered 136C.35]

124.5629 [Renumbered 136C.36]

124.563 [Repealed, 1979 c 334 art 5 s 29]

124.564 [Renumbered 136C.41]

124.565 Subdivision 1. [Renumbered 136C.13 subdivision 1]

Subd. 2. [Repealed, 1977 c 447 art 5 s 17]

Subd. 3. [Repealed, 1984 c 463 art 5 s 37]

Subd. 4. [Repealed, 1984 c 463 art 5 s 37]

Subd. 5. [Repealed, 1977 c 447 art 5 s 16]

Subd. 6. [Renumbered 136C.13 subd 2]

- Subd. 7. [Renumbered 136C.13 subd 3]
- 124.566** [Repealed, 1981 c 358 art 5 s 47]
- 124.57** Subdivision 1. [Repealed, 1977 c 447 art 5 s 17]
 - Subd. 2. [Renumbered 136C.37]
 - Subd. 3. [Repealed, 1977 c 447 art 5 s 17]
- 124.571** [Repealed, 1981 c 358 art 5 s 47]
- 124.572** Subdivision 1. [Renumbered 136C.38 subdivision 1]
 - Subd. 1a. [Renumbered 136C.38 subd 2]
 - Subd. 2. [Renumbered 136C.38 subd 3]
 - Subd. 2a. [Repealed, 1984 c 463 art 5 s 37]
 - Subd. 3. [Renumbered 136C.38 subd 4]
 - Subd. 3a. [Renumbered 136C.38 subd 5]
 - Subd. 4. [Renumbered 136C.38 subd 6]
 - Subd. 5. [Renumbered 136C.38 subd 7]
 - Subd. 6. [Renumbered 136C.38 subd 8]
 - Subd. 7. [Renumbered 136C.38 subd 9]
 - Subd. 8. [Repealed, 1984 c 463 art 5 s 37]
 - Subd. 8a. [Repealed, 1984 c 463 art 9 s 13]
 - Subd. 9. [Renumbered 136C.38 subd 10]
 - Subd. 10. [Renumbered 136C.38 subd 11]

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 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. 2a. [Repealed, 1984 c 463 art 5 s 37]

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 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 subdivi-

sion 4, the district or cooperative center contracting for these services shall be construed to be providing the services.

Subd. 3b. [Repealed, 1984 c 463 art 5 s 37]

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.

Subd. 5. [Repealed, 1984 c 463 art 5 s 37]

Subd. 6. [Repealed, 1984 c 463 art 9 s 13]

History: 1976 c 271 s 62; 1977 c 447 art 5 s 10; 1978 c 764 s 69-71; 1979 c 334 art 5 s 27; 1981 c 358 art 5 s 39-42; 1982 c 548 art 5 s 12-15; 1984 c 463 art 5 s 24; 1Sp1985 c 12 art 6 s 9,10; 1Sp1986 c 1 art 9 s 12,13; 1987 c 398 art 3 s 22

124.574 SECONDARY VOCATIONAL EDUCATION FOR HANDICAPPED CHILDREN.

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

Subd. 2. [Repealed, 1984 c 463 art 5 s 37]

Subd. 2a. [Repealed, 1984 c 463 art 5 s 37]

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. 3a. [Repealed, 1984 c 463 art 5 s 37]

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.

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs for handicapped

children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the division of special and compensatory education and the division of vocational technical education of the state department.

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

Subd. 7. A district shall not receive aid pursuant to section 124.32 or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 8. [Repealed, 1984 c 463 art 9 s 13]

History: 1978 c 764 s 72; 1979 c 334 art 5 s 28; 1981 c 358 art 5 s 43-45; 1982 c 548 art 5 s 16-18; 1Sp1985 c 12 art 3 s 18; 1987 c 398 art 3 s 23-25; 1Sp1987 c 4 art 1 s 1

124.575 SECONDARY VOCATIONAL COOPERATIVE REVENUE.

Subdivision 1. **Eligibility.** A secondary vocational cooperative established under section 123.351 is eligible for secondary vocational cooperative revenue if it meets the size requirements specified in section 122.96, subdivision 3, and the cooperative offers programs authorized under section 123.351, subdivision 4, paragraph (b), clause (1), and clause (2) or (3). The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 124.2721.

Subd. 2. **Revenue.** Secondary vocational cooperative revenue is \$20 per actual pupil unit in the participating school districts of a secondary vocational cooperative.

Subd. 3. **Levy.** To obtain secondary vocational cooperative revenue, an eligible secondary vocational cooperative may levy the lesser of its secondary vocational cooperative revenue or the amount raised by .4 mills times the adjusted gross tax capacity of each member district for the preceding year. Each year, the secondary vocational cooperative board must certify the amount of taxes to be levied under this section to the county auditor or county auditors.

Subd. 4. **Aid.** The aid for a secondary vocational cooperative equals its secondary vocational cooperative revenue minus its secondary vocational cooperative levy, times the ratio of the actual amount levied to the permitted levy.

History: 1988 c 718 art 6 s 11; 1988 c 719 art 5 s 84

NOTE: Subdivision 4 is effective for the 1989-1990 school year. See Laws 1988, chapter 718, article 6, section 26.

124.58 [Renumbered 136C.22]

124.59 [Renumbered 136C.221]

124.60 [Renumbered 136C.222]

124.61 [Renumbered 136C.223]

124.611 [Repealed, 1983 c 314 art 10 s 18]

124.615 SHORTAGE OF EDUCATIONAL PERSONNEL, ACCEPTANCE OF FEDERAL AID.

Subdivision 1. **Acceptance.** The Minnesota state board of education is herewith authorized to accept and administer federal funds available under Public Law Number 90-35, the Higher Education Act, Title V, Part B, Subpart 2, which are provided to meet the critical shortage of adequately trained education personnel in public schools with a concentration of disadvantaged pupils.

Subd. 2. **State plan.** The Minnesota state board of education shall adopt a state plan in conformity with the federal regulations and guidelines so that the funds may be utilized to the fullest extent.

Subd. 3. [Repealed, 1982 c 560 s 65]

History: 1971 c 692 s 1-3

124.62 FEDERAL AID TO EDUCATION, ACCEPTANCE BY THE STATE.

Subdivision 1. In the event that the United States enacts legislation providing educational assistance to the states for the purpose of

- (1) General improvement of public elementary and secondary schools,
- (2) Improvement of school library service,
- (3) Improvement of health, welfare, and recreational service in the public schools,
- (4) Improvement of nursery schools and kindergartens,
- (5) Improvement of services for handicapped pupils,
- (6) Improvement of educational and vocational guidance activities,
- (7) Improvement of vocational education,
- (8) Improvement of rehabilitation and placement services,
- (9) Improvement of technical institutes of secondary grade,
- (10) Stimulation and improvement of part time, civic, vocational and general adult education and recreational activities conducted by school systems,
- (11) Transportation of pupils,
- (12) Purchase of books and instructional material,
- (13) Provision of scholarships,
- (14) Improvement of teacher preparation,
- (15) Construction of school buildings,
- (16) Facilitating administration in state department of education,
- (17) Stimulating and facilitating adequate library services,
- (18) Stimulating and improving school lunch and milk programs, breakfast programs and other school oriented food programs,
- (19) Providing donated foods for schools, institutions, summer camps and welfare programs,
- (20) Providing for the initiation, maintenance, or expansion of nonprofit food service programs for children in service institutions. Service institutions means private, nonprofit institutions or public institutions, such as child day care centers, settlement houses, or recreation centers, which provide day care, or other child care where children are not maintained in residence, for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers, and includes public and private nonprofit institutions providing day care services for handicapped children, and
- (21) Making provision for educational research, planning and demonstrations, or for one or any combination of the above purposes.

At a time when the legislature is not in session, the governor shall have power to accept the provisions of such act or acts of congress of the United States, or to accept such parts or provisions as may be separately acceptable, by executive order, upon recommendation of the state board and pending further action by the legislature.

Subd. 2. Pursuant to such acceptance, the state board shall have authority to make and secure approval of plans to carry out the purposes of the provisions accepted.

Subd. 3. The state treasurer shall be the custodian of all funds received from the United States on account of such acceptance, and shall disburse such funds on requisition of the state board for purposes consistent with the acts of congress and in accordance with the provisions of this section and of the order of acceptance.

History: *Ex1959 c 71 art 5 s 50; 1969 c 872 s 1; 1986 c 444; 1987 c 258 s 12*

NOTE: For on the job training revolving fund, see Laws 1947, Chapter 599, Section 7, clause (8).

124.625 VETERANS TRAINING.

The state board of education shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the state board to pay the necessary expenses of operation of the program. The state board shall 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 be deposited in the veterans training revolving fund and is appropriated to the state board for those purposes.

History: *1979 c 335 s 16*

124.63 NATIONAL FOREST LAND FUNDS, HANDLING AND DISPOSITION.

Any 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 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 resolution duly adopted by it, which resolution shall specify the terms and conditions under which this money shall be so paid over and disbursed to any district.

History: *Ex1959 c 71 art 5 s 51*

124.64 FEDERAL AID TO INDIANS, POWER OF STATE BOARD.

The state board is hereby authorized to enter into contracts with the United States for the education of Indians in Minnesota, to receive grants of money from the United States and to disburse the same in accordance with the terms of the contract and such rules and standards as the state board may establish.

History: *Ex1959 c 71 art 5 s 52*

124.645 FEDERAL AID TO SERVICE INSTITUTIONS; FOOD SERVICE PROGRAMS.

Subdivision 1. Acceptance. The Minnesota state board of education is authorized to accept the provisions of Public Law Number 90-302, section 13 of the National School Lunch Act (United States Code, title 42, section 1761) so that it may administer federal funds designed to provide nonprofit food service programs for children in service institutions.

Subd. 2. Contract. The Minnesota state board of education may enter into a contract with the United States Department of Agriculture so that the available federal funds may be used to the fullest extent possible by the state of Minnesota.

Subd. 3. Staff. Available federal funds for the state administration of this section shall be used for the employment of necessary personnel in the department of education state service or by contract subject to approval by the commissioner of employee relations for that period of time for which federal funds continue to be available.

History: *1971 c 117 s 1-3; 1973 c 507 s 45; 1980 c 617 s 47; 1982 c 560 s 45*

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

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.

Subd. 2. School districts shall not be paid by the state for free or reduced price type "A" lunches served by the district.

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

History: 1977 c 447 art 6 s 6; 1979 c 334 art 6 s 22; 1981 c 358 art 6 s 26; 1983 c 314 art 6 s 17; 1Sp1985 c 12 art 6 s 11; 1987 c 398 art 6 s 11

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 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.

History: 1988 c 510 s 1

124.647 WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.

The commissioner of education 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 provide students with breakfasts designed to be taken with the student and consumed away from the school site.

History: 1986 c 404 s 4

124.6471 SCHOOL BREAKFAST INCENTIVE.

The commissioner of education 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.

History: 1986 c 404 s 5

SCHOOL MILK PROGRAM

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 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 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, 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 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.

History: 1988 c 688 art 16 s 1

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

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

124.67 NATIONAL DEFENSE EDUCATION ACT, ACCEPTANCE.

The provisions and benefits of Public Law Number 85-864, an act of the 85th Congress of the United States entitled "An act to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs; and for other purposes," cited as the "national defense education act of 1958," approved September 2, 1958, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

History: Ex1959 c 71 art 5 s 55

124.68 FEDERAL AID, COOPERATIVE RESEARCH.

The provisions of Public Law 531, an act of the 83rd Congress of the United States entitled "An act to authorize cooperative research in education," and approved July 26, 1954, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

History: Ex1959 c 71 art 5 s 56

124.69 FEDERAL AID, REDEVELOPMENT, VOCATIONAL TRAINING AND RETRAINING.

Subdivision 1. The state board of education of the state of Minnesota is authorized to (a) enter into such agreements as may be necessary with agencies of the federal government as provided by such public laws as may be passed by the 87th Congress of the United States relating to area redevelopment, and providing for vocational training and retraining, subsistence payments during retraining, and placement after retraining; and (b) to cooperate with such federal agencies to the end that residents of this state shall obtain all benefits and advantages available to them and intended by such act of Congress to be so available.

Subd. 2. All agencies of the state and its political subdivisions may cooperate in the efforts of such federal agencies to extend the benefits of this program to unemployed or underemployed individuals residing in redevelopment areas. Consistent with the requirements of such federal agencies administering such program, and the provisions of state or federal laws, agencies of the state and its political subdivisions shall promote

means of retraining and placement which will preserve the stability of population and communities within the state of Minnesota and protect, to the extent permitted by law, the rights of individuals resident in redevelopment areas which have accrued by reason of their preexisting employment.

Subd. 3. All public educational institutions are hereby authorized to cooperate with such federal agencies through the services and facilities available at such institutions which may be utilized as a result of said act of Congress.

History: 1961 c 719 s 1-3

TAX ANTICIPATION BORROWING

124.71 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.

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.

Subd. 2. Commissioner as used in sections 124.71 to 124.76 means the commissioner of education or, for certificates for a technical institute, the state director of vocational technical education.

History: 1963 c 371 s 1; 1981 c 1 s 3; 1Sp1986 c 1 art 10 s 5; 1987 c 258 s 12

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, tax capacity 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.

History: 1963 c 371 s 2; 1981 c 1 s 4; 1988 c 719 art 5 s 84

124.73 AUTHORITY TO BORROW MONEY, LIMITATIONS.

Subdivision 1. 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 levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed 50 percent of such taxes which are due and payable in the calendar year, and as 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 be included.

Subd. 2. 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 state department of education. 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.

History: 1963 c 371 s 3; 1981 c 1 s 5; 1982 c 642 s 18

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 resolution shall be adopted by a vote of at least two-thirds of its members. The board shall fix the amount, date, maturity, form, denomination, and other details thereof, not inconsistent herewith, and shall fix

the date and place for receipt of bids for the purchase thereof when bids are required and direct the clerk to give notice thereof.

History: 1963 c 371 s 4; 1978 c 764 s 73

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 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. 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 be sold at not less than par. The certificates shall bear interest after maturity until paid at the rate they bore before maturity and any interest accruing before or after maturity shall be paid from any available school funds.

History: 1963 c 371 s 5; 1969 c 874 s 1

124.76 SALE OF CERTIFICATES; DISBURSEMENT OF PROCEEDS.

Subdivision 1. The clerk of the board shall give notice of the proposed sale as required by chapter 475. At the time and place so fixed, such certificates may be sold by the board, or its officers if authorized by the board, to the bidder who will agree to purchase the same on terms deemed most favorable to the district. Such certificates shall be executed and delivered as required by chapter 475. The money so received shall be disbursed solely for the purposes for which such taxes are levied or aids are receivable. The purchaser of such certificates shall not be obligated to see to such application of the proceeds.

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: 1963 c 371 s 6; 1974 c 406 s 15; 1978 c 764 s 74; 1Sp1985 c 12 art 7 s 20; 1987 c 344 s 1

124.77 [Repealed, 1981 c 1 s 7]

124.78 [Repealed, 1981 c 1 s 7]

124.781 [Repealed, 3Sp1981 c 1 art 1 s 9]

124.79 ELEMENTARY AND SECONDARY EDUCATION, ACCEPTANCE OF FEDERAL FUNDS.

The state board of education is designated as the state agency to apply for, receive, accept, and administer federal funds which are made available under Public Law Number 89-10, an act of the 89th Congress entitled "An Act to strengthen and improve educational quality and educational opportunities in the nation's elementary and secondary schools," cited as the "Elementary and Secondary Education Act of 1965," and it shall comply with all requirements of such federal law or regulations to enable it to apply for, receive, and accept such funds.

The state board shall prescribe rules under which contracts, agreements, or arrangements may be made with agencies of the federal government for funds, services, commodities, or equipment to be made available to the schools, school systems, and

educational institutions under the supervision or control of the state board, and such contracts, agreements, or arrangements shall be entered into in no other manner.

All arrangements under the Elementary and Secondary Education Act of 1965, and amendments thereto, for assignment of officers and employees of the state of Minnesota to the office of education of the federal government shall be made in accordance with the rules of the state board.

History: 1965 c 879 s 1; 1985 c 248 s 70

124.801 [Repealed, 1975 c 432 s 98]

124.802 [Repealed, 1975 c 432 s 98]

124.803 [Repealed, 1975 c 432 s 98]

124.804 [Repealed, 1975 c 432 s 98]

124.805 [Repealed, 1975 c 432 s 98]

124.806 [Repealed, 1975 c 432 s 98]

124.82 BUILDING CONSTRUCTION DOWN PAYMENT PROGRAM.

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.

Subd. 2. Uses of the account. Money in the down payment account must be used as a down payment for the future costs of acquisition and betterment for a project that has been reviewed under section 121.15 and has been approved according to subdivision 3.

Subd. 3. Facilities down payment levy referendum. A district may levy the tax capacity 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 education, state the maximum amount of the down payment levy in mills, state the amount that will be raised by that tax capacity 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 tax capacity rate applied to each year's gross tax capacity 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 education of the results of the referendum.

Subd. 4. Excess building construction fund levy proceeds. Any funds remaining in the down payment account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district's debt redemption fund.

History: 1988 c 718 art 8 s 18; 1988 c 719 art 5 s 84

124.83 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. Health and safety program. To receive health and safety revenue a district must submit to the commissioner of education an application for aid and levy by August 15 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Subd. 2. Contents of program. A district may adopt a health and safety program. The program may include plans for hazardous substance removal, fire code compliance, or life safety repairs.

A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos, a new plan is not necessary for purposes of this section.

A fire safety plan must contain a description of the current fire code violation, a plan for the removal or repair of the fire hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.

Subd. 3. Health and safety revenue. A district's health and safety revenue equals the approved cost of the health and safety program 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.

Subd. 4. Health and safety levy. To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lessor of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 5. Health and safety aid. A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied.

Subd. 6. Uses of health and safety revenue. Health and safety revenue may be used only for expenditures necessary to correct fire safety hazards, life safety hazards, or 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, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

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Subd. 7. **Proration.** In the event that the health and safety 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.

History: 1988 c 718 art 8, s 19; 1988 c 719 art 5 s 84

NOTE: This section is effective for revenue for the 1989-1990 school year and thereafter. See Laws 1988, chapter 718, article 8, section 28.