

CHAPTER 124

EDUCATION FINANCE

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124.155 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

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

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

- (1) general education aid authorized in section 124A.23;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in sections 124.32 and 124.3201;
- (4) school-to-work program aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;

- (6) transportation aid authorized in section 124.225;
 - (7) community education programs aid authorized in section 124.2713;
 - (8) adult education aid authorized in section 124.26;
 - (9) early childhood family education aid authorized in section 124.2711;
 - (10) capital expenditure aid authorized in section 124.83;
 - (11) school district cooperation aid authorized in section 124.2727;
 - (12) assurance of mastery aid according to section 124.311;
 - (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
 - (14) attached machinery aid authorized in section 273.138, subdivision 3;
 - (15) alternative delivery aid authorized in section 124.322;
 - (16) special education equalization aid authorized in section 124.321;
 - (17) special education excess cost aid authorized in section 124.323;
 - (18) learning readiness aid authorized in section 124.2615; and
 - (19) cooperation-combination aid authorized in section 124.2725.
- (b) The commissioner of children, families, and learning shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

[For text of subd 3, see M.S.1996]

History: 1997 c 7 art 1 s 49; 1Sp1997 c 4 art 1 s 11; art 11 s 1

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 prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 with a minimum of 0.28, but not more than one.

(b) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 825.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .53 of a pupil unit for fiscal year 1995 and thereafter.

(e) A pupil who is in any of grades 1 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(f) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(g) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

[For text of subd 1c, see M.S.1996]

Subd. 1d. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

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

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

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

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

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

(3) .60.

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

[For text of subs 1e to 2c, see M.S.1996]

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. A pupil enrolled in the graduation incentives program under section 126.22, subdivision 2, paragraph (b), for more than the number of instructional hours in the district's regular school year may be counted as more than one pupil in average daily membership.

[For text of subs 2f and 3, see M.S.1996]

Subd. 4. Learning year pupil units. (a) When a pupil is enrolled in a learning year program under section 121.585, an area learning center under sections 124C.45 and 124C.46, or an alternative program approved by the commissioner, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph. The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the

number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

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

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

Subd. 5. [Repealed, 1Sp1997 c 4 art 2 s 52]

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

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

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

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

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

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

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

History: 1997 c 1 s 3; 1997 c 162 art 2 s 15; 1Sp1997 c 4 art 1 s 12-14; art 2 s 3

124.177 [Repealed, 1Sp1997 c 4 art 6 s 21]

124.193 PROHIBITED AID AND LEVIES.

Subdivision 1. **General prohibition.** Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123.35, subdivision 19b, paragraph (d), are prohibited from making a property tax levy or qualifying for or receiving any form of state aid except as provided in subdivisions 2 and 3.

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

Subd. 3. **Allocation from members.** By July 15 of each year, a school district may, by board resolution, request the department to make a payment to a third party. The total sum of the payments for the year may not exceed the lesser of (a) the district's general education aid for the fiscal year beginning July 1, according to sections 124A.036, subdivision 5, and 124A.23, subdivision 4, or (b) an amount equal to \$100 times the fund balance pupil units for the fiscal year beginning July 1. By July 30 of each year, the school district must report to the commissioner the amount allocated. The amount shall be paid to the third party according to section 124.195, subdivision 15. Amounts paid to third parties under this subdivision shall be recognized and reported as revenues and expenditures on the school district's books of account under sections 121.904 and 121.906.

History: 1Sp1997 c 4 art 3 s 11

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124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

[For text of subd 1, see M.S.1996]

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

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

plus

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

the other district receipts; plus

the final adjustment payment according to subdivision 6.

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

[For text of subds 3 to 6, see M.S.1996]

Subd. 7. Payments to school nonoperating funds. Each fiscal year state general fund payments for a district nonoperating fund shall be made at 90 percent of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

[For text of subds 8 and 9, see M.S.1996]

Subd. 10. Aid payment percentage. Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent of the estimated entitlement during the fiscal year of the entitlement. The final adjustment payment, according to subdivision 6, shall be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

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

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

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

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

Subd. 12. [Repealed, 1997 c 233 art 1 s 78]

[For text of subd 14, see M.S.1996]

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

History: 1997 c 231 art 9 s 3,4; 1Sp1997 c 4 art 1 s 15-18; art 3 s 12

124.2134 [Repealed, 1997 c 231 art 1 s 21]

124.2139 [Repealed, 1997 c 233 art 1 s 78]

124.2141 AID ADJUSTMENTS DUE TO CHANGES IN EMPLOYER RETIREMENT CONTRIBUTION RATES.

Subdivision 1. Aid adjustment. Beginning in fiscal year 1998 and each year thereafter, the commissioner of children, families, and learning shall adjust state aid payments to school operating funds for independent school district No. 625, independent school district No. 709, and special school district No. 1 by the net amount of clauses (1) and (2) and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 124.193 or 124.32, subdivision 12, by the net amount of clauses (1), (2), and (3):

(1) a decrease equal to each district's share of the fiscal year 1997 adjustment effected under Minnesota Statutes 1996, section 124.2139;

(2) an increase equal to one percent of the salaries paid to members of the general plan of the public employees retirement association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the teachers retirement association in fiscal year 1997.

Subd. 2. Appropriation and estimated net savings. The amounts necessary to pay any positive net adjustments under this section to any school district are appropriated annually from the general fund to the commissioner of children, families, and learning. The estimated net general fund savings under this section is \$29,819,000 in fiscal year 1998, and \$26,997,000 in each fiscal year thereafter.

Subd. 3. Limits on adjustments and potential reductions. Increases to any school districts under subdivision 1, clause (2), and decreases under subdivision 1, clauses (1) and (3), are limited to the fiscal year 1999 amounts. The commissioner of children, families, and learning may permanently reduce the adjustments to school districts under subdivision 1, clauses (1) and (2), in the same manner as prescribed for nonschool jurisdictions under section 273.1385, subdivision 2. The commissioner may, from time to time, require that the most recent fiscal year payroll information be certified by the executive director of the teachers retirement association. For any school district where the newly certified teachers retirement association payroll is significantly lower than the fiscal 1997 amount as determined by the commissioner, the commissioner shall recalculate the lower reduction under subdivision 1, clause (3), and shall permanently reduce the adjustment amount in subsequent years.

Subd. 4. Effect of reorganizations. The commissioner of children, families, and learning shall reapportion the aid adjustments to school districts under this section to account for significant changes in boundaries or consolidations, as determined by the commissioner. If a school district is dissolved, or a school district function thereof is assumed by either the state or a nonpublic organization, adjustments for all or the appropriate fraction of the total payroll under this section must terminate.

Subd. 5. Adjustment termination. All adjustments under this section terminate on June 30, 2020.

History: 1997 c 233 art 1 s 14

124.223 [Repealed, 1Sp1997 c 4 art 1 s 63]

124.225 TRANSPORTATION AID ENTITLEMENT.

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

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

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

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

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

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

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

(1) Regular transportation is:

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

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

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

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

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

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

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

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

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

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided;

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

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

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

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

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

(5) "Nonpublic nonregular transportation" is:

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

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

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

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

Subd. 3a. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 7a. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 7b. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 7d. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 7e. [Repealed, 1Sp1997 c 4 art 1 s 63]

[For text of subd 7f, see M.S.1996]

Subd. 8a. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 8k. [Repealed, 1Sp1997 c 4 art 1 s 63]

[For text of subs 8l to 9, see M.S.1996]

Subd. 10. [Repealed, 1Sp1997 c 4 art 1 s 63]

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

Subd. 14. **Special programs transportation revenue.** A district's special programs transportation revenue for the 1996-1997 and 1997-1998 school years equals the sum of:

(a) the district's actual cost in the base year for transportation services for children with disabilities under subdivision 1, paragraph (b), clause (4), times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus

(b) the greater of zero or 80 percent of the difference between:

(1) the district's actual cost in the current year for transportation services for children with disabilities under subdivision 1, paragraph (b), clause (4); and

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

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

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

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

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

Subd. 16. Nonpublic pupil transportation aid. (a) A district's nonpublic pupil transportation aid for the 1996–1997 and later school years for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

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

Subd. 17. Targeted needs transportation aid. (a) For fiscal years 1997 and 1998, a district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdivision 13 and its targeted needs transportation levy under section 124.226, subdivision 10.

(b) If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

History: *1Sp1997 c 4 art 1 s 19–24*

124.226 TRANSPORTATION LEVIES.

[For text of subs 1 to 9, see M.S.1996]

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

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

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

History: *1Sp1997 c 4 art 1 s 25*

NOTE: This section is repealed by Laws 1997, First Special Session chapter 4, article 1, section 63, effective for revenue for fiscal year 1999.

124.239 ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.

[For text of subs 1 to 4, see M.S.1996]

Subd. 5. Levy authorized. A district, after local board approval, may levy for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3 after reduction for any alternative facilities aid receivable under subdivision 5a; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan.

Subd. 5a. Alternative facilities aid. A district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes for taxes payable in 1997.

Subd. 5b. Alternative facilities appropriation. (a) An amount not to exceed \$17,000,000 is appropriated from the general fund to the commissioner of children, families, and learning for fiscal year 2000 and each year thereafter for payment of alternative facilities aid under subdivision 5a. The 2000 appropriation includes \$1,700,000 for 1999 and \$15,300,000 for 2000.

(b) The appropriation in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

[For text of subd 6, see M.S.1996]

History: 1997 c 231 art 1 s 1-3; 1Sp1997 c 5 s 38-41

124.2442 [Repealed, 1997 c 7 art 1 s 50]

124.2445 PURCHASE OF CERTAIN EQUIPMENT.

The board of a school district may issue general obligation certificates of indebtedness or capital notes subject to the school district debt limits to purchase: (a) vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; and (b) computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 124.755. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 124.2455 for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61, and (2) any excess amount in the debt redemption fund used to retire certificates or notes issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 124.431 or an outstanding debt service loan under section 124.42 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

History: 1Sp1997 c 4 art 4 s 9

124.245 [Repealed, 1997 c 7 art 1 s 51]

124.2455 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 124A.22, subdivision 11, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving handicap accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 124.2455 for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the bonds, and (2) any excess amount in the debt redemption fund used to retire bonds issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 124.431 or an outstanding debt service loan under section 124.42 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 122.243, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

History: *1Sp1997 c 4 art 4 s 10*

124.248 REVENUE FOR A RESULTS-ORIENTED CHARTER SCHOOL.

[For text of subs 1 to 2, see M.S.1996]

Subd. 2a. Building lease aid. When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 124A.22, subdivision 10, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 124.91, subdivision 1. The amount of building lease aid per pupil unit for a charter school for any year shall not exceed the lesser of (a) 80 percent of the approved cost or (b) the product of the actual pupil units for the current school year times the sum of the state average debt redemption fund revenue plus capital revenue, according to section 124.91, per actual pupil unit for the current fiscal year.

Subd. 3. Special education aid. Except as provided in subdivision 1a, paragraph (b), special education aid shall be paid to a charter school according to section 124.3201, as

though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. The charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the charter school. The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. Other aid, grants, revenue. (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless a charter school is in its first year of operation in which case it shall receive on its first payment date ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) A charter school may receive money from any source for capital facilities needs. In the year-end report to the state board of education, the charter school shall report the total amount of funds received from grants and other outside sources.

[For text of subd 5, see M.S.1996]

Subd. 6. Start-up costs. During the first two years of a charter school's operation, the charter school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals the greater of:

- (1) \$50,000 per charter school; or
- (2) \$500 times the charter school's pupil units for that year.

History: 1997 c 7 art 1 s 52; 1Sp1997 c 4 art 2 s 4; art 5 s 13-15

NOTE: The amendment to subdivision 3 by Laws 1997, First Special Session chapter 4, article 2, section 4, is effective for fiscal year 1999. Laws 1997, First Special Session chapter 4, article 2, section 53.

124.26 ADULT BASIC EDUCATION.

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

[For text of subd 1c, see M.S.1996]

Subd. 2. Accounts; revenue; aid. Each district, group of districts, or private nonprofit organization providing adult basic 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 revenue received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid plus levy equal more than 100 percent of the actual cost of providing these programs.

History: 1997 c 162 art 2 s 16; 1Sp1997 c 4 art 6 s 11

124.2601 ADULT BASIC EDUCATION AID.

[For text of subs 1 and 2, see M.S.1996]

Subd. 3. Revenue. Adult basic education revenue for each approved program equals 65 percent of the general education formula allowance times the number of full-time equivalent students in its adult basic education program.

Subd. 4. Levy. To obtain adult basic education revenue, a district with an eligible program may levy an amount not to exceed the amount raised by .12 percent times the adjusted tax capacity of the district for the preceding year.

Subd. 5. **Aid.** Adult basic education aid is equal to the difference between an approved program's adult basic education revenue and its adult basic education levy. Beginning with levies payable in 1998, if the district does not levy the full amount permitted, the adult education aid must be reduced in proportion to the actual amount levied.

Subd. 6. **Aid guarantee.** (a) For fiscal year 1994, any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

(b) For 1995, 1996, and 1997 fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992 under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

(c) For fiscal year 1998, any adult basic education program that receives less state aid than in fiscal year 1997 shall receive additional aid equal to 80 percent of the difference between its 1997 aid and the amount of aid under subdivision 5. For fiscal year 1999 and later, additional aid under this paragraph must be reduced by 20 percent each year.

[For text of subd 7, see M.S.1996]

History: 1997 c 162 art 2 s 17-20; 1Sp1997 c 5 s 47

124.261 ADULT HIGH SCHOOL GRADUATION AID.

Subdivision 1. **Aid eligibility.** For fiscal years 1998 and later, adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 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. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

[For text of subd 2, see M.S.1996]

History: 1997 c 162 art 2 s 21

124.2613 FIRST-GRADE PREPAREDNESS PROGRAM.

[For text of subs 1 and 2, see M.S.1996]

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

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

Subd. 4. **Program.** A qualifying school site must develop its first-grade preparedness program in collaboration with other providers of school readiness and child development services. A school site must offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day, a program for participat-

ing children who are four years old, or a combination of both. The program may offer as an option to families home visits and other practices as appropriate, and may provide such services with the consent of the parent or guardian. Program providers must ensure that the program supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a first-grade preparedness program as a volunteer.

[For text of subd 5, see M.S.1996]

Subd. 6. Preparedness revenue. (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

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

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

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

[For text of subds 7 and 8, see M.S.1996]

History: *1Sp1997 c 4 art 2 s 5-7*

124.2615 LEARNING READINESS AID.

Subdivision 1. Program review and approval. By February 15, 1992, for the 1991-1992 school year or by May 1 preceding subsequent school years, a district must submit to the commissioners of children, families, and learning, and health:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- (4) comments about the district's proposed program by the advisory council required by section 121.831, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of children, families, and learning, within 30 days of receiving the plan.

Subd. 2. Amount of aid. (a) A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of children, families, and learning.

(b) For fiscal year 1998 and thereafter, a district shall receive learning readiness aid equal to:

(1) the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 50 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

[For text of subds 3 and 4, see M.S.1996]

History: *1997 c 162 art 4 s 59.60*

124.2711 EARLY CHILDHOOD FAMILY EDUCATION REVENUE.

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$101.25 for 1998 and \$113.50 for 1999 and later fiscal years times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the school district on October 1 of the previous school year.

[For text of subd 2, see M.S.1996]

Subd. 2a. **Early childhood family education levy.** To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .653 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

[For text of subs 3 to 6, see M.S.1996]

History: 1997 c 162 art 1 s 6,7

NOTE: The amendment to subdivision 2a by Laws 1997, chapter 162, article 1, section 7, is effective for revenue for fiscal year 1999. Laws 1997, chapter 162, article 1, section 20.

124.2713 COMMUNITY EDUCATION REVENUE.

[For text of subs 1 to 5, see M.S.1996]

Subd. 6. **Community education levy.** To obtain community education revenue, a district may levy the amount raised by a tax rate of 1.09 percent times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall be determined according to subdivision 6a.

[For text of subs 6a to 7, see M.S.1996]

Subd. 8. **Uses of general revenue.** (a) General community education revenue may be used for:

- (1) nonvocational, recreational, and leisure time activities and programs;
 - (2) programs for adults with disabilities, if the programs and budgets are approved by the department of children, families, and learning;
 - (3) adult basic education programs, according to section 124.26;
 - (4) summer programs for elementary and secondary pupils;
 - (5) implementation of a youth development plan;
 - (6) implementation of a youth service program;
 - (7) early childhood family education programs, according to section 121.882; and
 - (8) extended day programs, according to section 121.88, subdivision 10.
- (9) In addition to money from other sources, a district may use up to ten percent of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes:

- (i) to purchase or lease computers and related materials;
- (ii) to purchase or lease equipment for instructional programs; and
- (iii) to purchase textbooks and library books.

(b) General community education revenue must not be used to subsidize the direct activity costs for adult enrichment programs. Direct activity costs include, but are not limited to, the cost of the activity leader or instructor, cost of materials, or transportation costs.

[For text of subs 9 and 10, see M.S.1996]

History: 1997 c 162 art 2 s 22,23

124.2716 EXTENDED DAY REVENUE.

[For text of subs 1 and 2, see M.S.1996]

Subd. 3. **Extended day levy.** To obtain extended day revenue, a school district may levy an amount equal to the district's extended day revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to \$3,767.

[For text of subd 4, see M.S.1996]

History: 1997 c 162 art 2 s 24

124.2725 COOPERATION AND COMBINATION REVENUE.

[For text of subs 1 to 10, see M.S.1996]

Subd. 11. **Use of revenue.** Revenue under this section shall be used for expenses of cooperating and combining school districts, including, but not limited to:

(1) secondary course offerings in communications, mathematics, science, social studies, foreign languages, physical education, health, and career education if the courses have specific learner outcomes;

(2) participation by teachers in determining the learner outcomes;

(3) staff in-service related to cooperation and combination;

(4) any of the purposes set forth in section 124A.22, subdivision 11, clauses (3), (4), (15), (18), (19), (20), (21), and (22), if the purposes are related to courses offered cooperatively; and

(5) incentives for superintendents, principals, teachers, and other licensed and nonlicensed employees, such as early retirement, severance pay, and health insurance benefits.

[For text of subs 12 to 16, see M.S.1996]

History: 1997 c 7 art 1 s 53

124.2727 SCHOOL DISTRICT COOPERATION REVENUE.

[For text of subs 6a to 6c, see M.S.1996]

Subd. 6d. **Revenue uses.** (a) A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1996, must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the board of trustees of the Minnesota state colleges and universities.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least \$9 per pupil unit of its district cooperation revenue on secondary vocational programs.

[For text of subd 9, see M.S.1996]

History: *1Sp1997 c 4 art 4 s 11*

124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

[For text of subd 1c, see M.S.1996]

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

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

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

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

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

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

Subd. 1f. State total LEP revenue. (a) The state total limited English proficiency programs revenue for fiscal year 1998 equals \$14,629,000. The state total limited English proficiency programs revenue for fiscal year 1999 equals \$16,092,000.

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

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

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

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

[For text of subs 1g to 4, see M.S.1996]

Subd. 5. Notification; revenue. The department must promptly inform each applicant district of the amount of revenue it will receive pursuant to this section.

[For text of subs 6 and 7, see M.S.1996]

History: *1Sp1997 c 4 art 2 s 8-11*

124.276 FAMILY CONNECTIONS AID.

[For text of subd 1, see M.S.1996]

Subd. 2. [Repealed, 1Sp1997 c 4 art 6 s 21]

Subd. 2a. Aid. A district with an approved plan shall receive \$30 per pupil served at the school site with the family connections program. The district must provide a match of \$15 per pupil served at the school site with the family connections program.

[For text of subs 3 and 4, see M.S.1996]

History: *1Sp1997 c 4 art 6 s 12*

124.3111 ASSURANCE OF MASTERY PROGRAMS.

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

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

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

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

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 124.3201.

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

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

History: *1Sp1997 c 4 art 2 s 12*

124.312 TARGETED NEEDS PROGRAM REVENUE.

[For text of subs 1 to 3, see M.S.1996]

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

Subd. 5. **Integration aid.** For fiscal years 1996, 1997, and 1998, integration aid equals the following amounts:

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

History: *1Sp1997 c 4 art 2 s 13,14*

124.313 TARGETED NEEDS REVENUE.

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

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

History: *1Sp1997 c 4 art 2 s 15*

124.314 TARGETED NEEDS AID AND LEVY.

Subdivision 1. **Aid.** For fiscal years 1996, 1997, and 1998, a school district's targeted needs aid equals the sum of its assurance of mastery aid according to section 124.311, its limited English proficiency revenue according to section 124.273, and its integration revenue according to section 124.312, subdivision 4.

ited English proficiency aid according to section 124.273, subdivision 1e, and its integration aid according to section 124.312, subdivision 5.

Subd. 2. **Levy.** For fiscal years 1996, 1997, and 1998, a school district's targeted needs levy equals the sum of its integration levy under section 124.912, subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

History: *1Sp1997 c 4 art 2 s 16,17*

124.315 INTEGRATION REVENUE.

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

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

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

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

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

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

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

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

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

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

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

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

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

History: *1Sp1997 c 4 art 2 s 18*

124.3201 SPECIAL EDUCATION REVENUE.

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

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

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

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

(e) "Program growth factor" means 1.00 for fiscal year 2000 and later.

(f) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.

(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.

Subd. 2. Special education base revenue. (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; and

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

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

Subd. 2a. [Repealed, 1Sp1997 c 4 art 2 s 52]

Subd. 2b. [Repealed, 1Sp1997 c 4 art 2 s 52]

Subd. 3. Adjusted special education base revenue. For fiscal year 1997 and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 4. State total special education revenue. The state total special education revenue for fiscal year 1998 equals \$358,542,000. The state total special education revenue for fiscal year 1999 equals \$435,322,000. The state total special education revenue for later fiscal years equals:

(1) the state total special education revenue for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

[For text of subs 5 to 7, see M.S.1996]

History: 1997 c 7 art 1 s 54; 1Sp1997 c 4 art 2 s 19–22

124.3202 [Repealed, 1997 c 7 art 1 s 56]

124.321 SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.

Subdivision 1. **Levy equalization revenue.** (a) For fiscal year 1999, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

- (1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus
- (2) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus
- (3) the levy percentage factor for that year times the district's school-to-work program for children with a disability revenue under section 124.574.

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

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

[For text of subs 3 to 5, see M.S.1996]

History: 1997 c 7 art 1 s 57,58; 1Sp1997 c 4 art 2 s 23; art 11 s 2

NOTE: The amendment to subdivision 1 by Laws 1997, First Special Session chapter 4, article 2, section 23, is effective for fiscal year 1999. Laws 1997, First Special Session chapter 4, article 2, section 53.

124.322 ALTERNATIVE DELIVERY BASE REVENUE ADJUSTMENT.

[For text of subd 1, see M.S.1996]

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

Subd. 5. **Use of revenue.** Revenue under section 124.3201 shall be used to implement the approved program.

History: 1997 c 7 art 1 s 59,60

124.323 SPECIAL EDUCATION EXCESS COST AID.

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

(a) "Unreimbursed special education cost" means the sum of the following:

- (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 124.3201; plus
- (2) expenditures for tuition bills received under section 120.17 for services eligible for revenue under sections 124.3201, subdivision 2, and 124.3202, subdivision 1; minus

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

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

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, as adjusted according to section 124A.036, subdivision 5, plus the total referendum revenue according to section 124A.03, subdivision 1e. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, as adjusted according to section 124A.036, subdivision 5, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Subd. 2. Excess cost revenue. For 1997 and later fiscal years, a district's special education excess cost revenue equals the greatest of:

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

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

(c) zero.

[For text of subd 3, see M.S.1996]

History: 1997 c 7 art 1 s 61; 1Sp1997 c 4 art 2 s 24,25

NOTE: The amendment to subdivision 1 by Laws 1997, First Special Session chapter 4, article 2, section 24, is effective for fiscal year 1999. Laws 1997, First Special Session chapter 4, article 2, section 53.

124.41 SCHOOL LOANS.

[For text of subd 1, see M.S.1996]

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 124.46. The rules shall be subject to chapter 14.

[For text of subd 3, see M.S.1996]

History: 1997 c 187 art 5 s 16

124.42 DEBT SERVICE LOANS.

[For text of subs 1 to 3, see M.S.1996]

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. The district shall remit payments to the commissioner according to section 124.45. On or before September 30 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

History: 1Sp1997 c 4 art 4 s 12

124.431 CAPITAL LOANS.

[For text of subs 1 and 1a, see M.S.1996]
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Subd. 2. District request for review and comment. A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1 of an odd-numbered year. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall require that predesign packages comparable to those required under section 16B.335 be prepared by the applicant school district. The predesign packages must be sufficient to define the scope, cost, and schedule of the project and must demonstrate that the project has been analyzed according to appropriate space needs standards and also consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

- (1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;
- (2) the district will serve, on average, at least 80 pupils per grade or is eligible for elementary or secondary sparsity revenue;
- (3) no form of cooperation with another district would provide the necessary facilities;
- (4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;
- (5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;
- (6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for elementary or secondary sparsity revenue;
- (7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;
- (8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;
- (9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and
- (10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

- (1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;
- (2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;
- (3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;
- (4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or
- (5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

[For text of subs 3 to 10, see M.S.1996]

Subd. 11. Contract. (a) Each capital loan must be evidenced by a contract between the school district and the state acting through the commissioner. The contract must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in subdivision 8. The commissioner must receive from the school district a certified

resolution of the school board estimating the costs of construction and reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all estimated costs of construction in excess of the amount of the loan. The contract must obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year on the principal amount from time to time unpaid.

(b) The district shall each year, as long as it is indebted to the state, levy for debt service (i) the amount of its maximum effort debt service levy or (ii) the amount of its required debt service levy, whichever is greater, except as the required debt service levy may be reduced by a loan under section 124.42. The district shall remit payments to the commissioner according to section 124.45.

(c) The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor, require the maximum levy to be made as required in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before September 30 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year. The county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

[For text of subs 12 to 14, see M.S.1996]

History: *1Sp1997 c 4 art 4 s 13,14*

124.45 PAYMENT AND APPLICATIONS OF PAYMENT.

Subdivision 1. Payment. (a) On November 20 of each year, each district having an outstanding capital loan or debt service loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount.

(b) On December 15 of each year, the district shall remit to the commissioner an amount equal to the greater of:

(i) the excess amount in the debt redemption fund; or

(ii) the amount by which the maximum effort debt service levy exceeds the required debt service levy for that calendar year.

Any late payments shall be assessed an interest charge using the interest rates specified for the debt service notes and capital loan contracts.

(c) If a payment required under the maximum effort school aid law is not made within 30 days, the commissioner may reduce any subsequent payments due the district under chapters 124 and 124A by the amount due, after providing written notice to the district.

Subd. 2. Application of payments. The commissioner shall apply payments received under the maximum effort school aid law and aids withheld according to subdivision 1, paragraph (b), as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal of its notes, if any; and last, toward principal of its contracts, if any. While more than one note or more than one contract is held, priority of payment of interest shall be given to the one of earliest date, and after interest accrued on all notes is paid, similar priority shall be given in the application of any remaining amount to the payment of principal. In any year when the receipts from a district are not sufficient to pay the interest accrued on any of its notes or contracts, the deficiency shall be added to the principal, and the commissioner shall notify the district and each county auditor concerned of the new amount of principal of the note or contract.

History: *1Sp1997 c 4 art 4 s 15*

124.46 ISSUANCE AND SALE OF BONDS.*[For text of subd 1, see M.S.1996]*

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 chapter 14, including section 14.386). 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.

*[For text of subs 3 and 4, see M.S.1996]***History:** 1997 c 187 art 5 s 17**124.48 INDIAN SCHOLARSHIPS.***[For text of subd 1, see M.S.1996]*

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 June 30, 2001. The committee shall provide advice to the state board in awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

History: 1997 c 192 s 20**124.481 INDIAN POST-SECONDARY PREPARATION GRANTS.**

The state board of education, with the advice of the Minnesota Indian scholarship committee, may make grants to school districts or tribal grant or contract schools to support post-secondary preparation for secondary pupils who are of one-fourth or more Indian ancestry and who, in the opinion of the superintendent, have the capabilities to benefit from higher education. Distribution of the grants must be in accordance with a plan prepared by the state board, with the advice of the Minnesota Indian scholarship committee, that describes the objectives and methods of implementing the grant program, including the manner in which

grants will be distributed in proportion to the geographical distribution of the Indian population of the state.

History: *1Sp1997 c 4 art 2 s 26*

124.574 ACCESS TO MINNESOTA'S SCHOOL-TO-WORK SYSTEM FOR CHILDREN WITH A DISABILITY.

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

[For text of subd 2c, see M.S.1996]

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

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

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

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

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

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

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

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

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

[For text of subd 2e, see M.S.1996]

Subd. 2f. State total school-to-work program-disabled revenue. The state total school-to-work program-disabled revenue for fiscal year 1998 equals \$8,924,000. The state total school-to-work program-disabled revenue for fiscal year 1999 equals \$8,976,000. The state total school-to-work program-disabled revenue for later fiscal years equals:

(1) the state total school-to-work program-disabled revenue for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

[For text of subs 2g and 2h, see M.S.1996]

Subd. 5. Use of aid. 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 school-to-work programs for children with a disability which are approved by the commissioner of children, families, and learning and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10, and the application review process shall be conducted by the office of lifework development in the department.

Subd. 6. Payment of aid. 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 school-to-work programs for children with a disability shall be utilized solely for that purpose.

Subd. 7. Exclusion. A district shall not receive aid pursuant to section 124.3201, 124.321, or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 9. Revenue allocation from cooperative centers and intermediate districts. For purposes of this section and section 124.321, a cooperative center or an intermediate district shall allocate its approved expenditures for school-to-work programs for children with a disability among participating school districts. Aid for school-to-work programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

History: 1997 c 7 art 1 s 62; 1Sp1997 c 4 art 2 s 27,28; art 3 s 13-16

124.6475 SUMMER FOOD SERVICE REPLACEMENT AID.

States funds are available to compensate department-approved summer food program sponsors for reduced federal operating reimbursement rates under Public Law Number 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:

(1) for breakfast service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of breakfasts the district served during the current school year;

(2) for lunch or supper service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of lunches and suppers the district served during the current school year; and

(3) for supplement service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of supplement meals the district served during the current school year.

History: 1Sp1997 c 4 art 6 s 13

124.648 MILK PROGRAM.

[For text of subs 1 and 2, see M.S.1996]

Subd. 3. Program guidelines; duties of the commissioner. (a) The commissioner shall:

(1) encourage all districts to participate in the school milk program for kindergartners;

(2) prepare program guidelines, not subject to chapter 14 until July 1, 1998, which will effectively and efficiently distribute appropriated and donated money to participating districts; and

(3) seek donations and matching funds from appropriate private and public sources.

(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.

(c) It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the preserving 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.

[For text of subd 4, see M.S.1996]

History: 1997 c 187 art 4 s 4

124.825 HISTORIC BUILDING REVENUE.

Subdivision 1. Eligibility. A district that maintains a school building listed on the National Register of Historic Places is eligible for historic building revenue.

Subd. 2. Revenue. A district's historic building revenue is equal to \$100 times the number of actual pupil units served in the school building.

Subd. 3. Levy. To obtain historic building revenue, a district may levy an amount, not to exceed the district's revenue, equal to the district's revenue authority for that year times the lesser of one or the ratio of the adjusted net tax capacity divided by its actual pupil units for that school year to \$10,000.

Subd. 4. Aid. A district's historic building aid is equal to the difference between the district's revenue minus the levy. If a district does not levy the entire amount permitted, the district's aid must be reduced in proportion to the amount levied.

History: 1Sp1997 c 4 art 4 s 16

124.83 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. Health and safety program. To receive health and safety revenue for any fiscal year a district must submit to the commissioner of children, families, and learning an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

Subd. 2. Contents of program. A district must adopt a health and safety program. The program must include plans, where applicable, for hazardous substance removal, fire and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, the district may use a summary of that plan, which includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.

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

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, recordkeeping, hazard assessment, and program management as defined in section 124.829.

(e) A plan to test for and mitigate radon produced hazards.

(f) A plan to monitor and improve indoor air quality.

[For text of subds 3 to 8, see M.S.1996]

History: *1Sp1997 c 4 art 4 s 17,18*

124.86 STATE REVENUE FOR AMERICAN INDIAN TRIBAL CONTRACT OR GRANT SCHOOLS.

[For text of subd 1, see M.S.1996]

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

(1) multiplying the formula allowance under section 124A.22, subdivision 2, less \$170, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership, excluding section 124.17, subdivision 2f, and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

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

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

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

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

[For text of subds 3 and 4, see M.S.1996]

Subd. 5. **Tribal contract pupil units.** Pupil units for pupils enrolled in tribal contract schools shall be used only for the purpose of computing tribal contract aid according to this section.

History: *1Sp1997 c 4 art 2 s 29,30*

124.91 CAPITAL LEVIES.

Subdivision 1. **To lease building or land.** (a) When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 124A.22, subdivision 10, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An ap-

plication for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) The total levy under this subdivision for a district for any year must not exceed \$100 times the actual pupil units for the fiscal year to which the levy is attributable.

[For text of subs 2 and 4, see M.S.1996]

Subd. 5. Interactive television. (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of children, families, and learning for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000. Eligible interactive television expenditures include the construction, maintenance, and lease costs of an interactive television system for instructional purposes. An eligible school district that has completed the construction of its interactive television system may also purchase computer hardware and software used primarily for instructional purposes and access to the Internet provided that its total expenditures for interactive television maintenance and lease costs and for computer hardware and software under this subdivision do not exceed its interactive television revenue for fiscal year 1998. The approval by the commissioner of children, families, and learning and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years.

This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

(f) Effective for fiscal year 2000, the revenue under this section shall be 75 percent of the amount determined in paragraph (a); for fiscal year 2001, 50 percent of the amount in paragraph (a); and for fiscal year 2002, 25 percent of the amount in paragraph (a).

(g) This section expires effective for revenue for fiscal year 2003, or when leases in existence on the effective date of Laws 1997, First Special Session chapter 4, expire.

[For text of subs 6 and 7, see M.S.1996]

History: 1997 c 7 art 1 s 63; 1Sp1997 c 4 art 4 s 19; art 9 s 1

124.912 MISCELLANEOUS LEVIES.

Subdivision 1. **Statutory obligations.** A school district may levy:

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

(2) the amounts necessary to pay the district's obligations under section 268.052, subdivision 1, and the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08 for the fiscal year the levy is certified;

(3) the amounts necessary to pay the district's obligations under section 127.05;

(4) the amounts authorized by section 122.531;

(5) the amounts necessary to pay the district's obligations under section 122.533; and

(6) for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

Subd. 2. **Desegregation.** Each year, special school district No. 1, Minneapolis, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; independent school district No. 625, St. Paul, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of \$660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district.

Subd. 3. **Rule compliance.** Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed a net tax rate of 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. A district that levies according to subdivision 2 may not levy according to this subdivision.

Subd. 6. **Crime related costs.** For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1.50 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f), in the elementary schools; or (3) to pay the costs for a gang resistance education training curriculum in the middle schools. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations.

[For text of subs 7 and 9, see M.S.1996]

History: 1997 c 66 s 79; 1Sp1997 c 4 art 1 s 26–28; art 2 s 31

NOTE: Subdivisions 2 and 3 are repealed by Laws 1997, First Special Session chapter 4, article 1, section 63, effective for revenue for fiscal year 1999.

124.916 BENEFITS LEVIES.

Subdivision 1. **Health insurance.** (a) A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this subdivision.

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

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

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

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

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

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

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

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

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

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

Subd. 2. Retired employee health benefits. For taxes payable in 1996, 1997, 1998, and 1999 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Subd. 3. Retirement levies. (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A, may levy an amount per

pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976–1977.

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

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

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1.

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

(6) In addition to the levy authorized under paragraph (5), special school district No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the contributions under section 423A.02, subdivision 3, and may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Independent school district No. 625, St. Paul, may levy payable in 1997 or later an amount equal to the supplemental contributions under section 423A.02, subdivision 3.

[For text of subd 4, see M.S.1996]

History: 1Sp1997 c 4 art 1 s 29–31

124.918 LEVY PROCEDURE.

Subdivision 1. Certify levy limits. (a) By September 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

(b) As part of the commissioner's certification under paragraph (a), the commissioner shall certify the amount by which a district's levy for its general fund was reduced under subdivision 8.

[For text of subs 2 to 5, see M.S.1996]

Subd. 6. Adjustments for law changes. Whenever a change enacted in law changes the levy authority for a school district or an intermediate school district for a fiscal year after the

levy for that fiscal year has been certified by the district under section 275.07, the department of children, families, and learning shall adjust the next levy certified by the district by the amount of the change in levy authority for that fiscal year resulting from the change. Notwithstanding section 121.904, the entire amount of the levy adjustment must be recognized as revenue in the fiscal year the levy is certified, if sufficient levy resources are available under generally accepted accounting principles in the district fund where the adjustment is to occur. School districts that do not have sufficient levy resources available in the fund where the adjustment is to occur shall recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall be recognized as revenue in the fiscal year after the levy is certified.

[For text of subd 7, see M.S.1996]

Subd. 8. Taconite payment and other reductions. (1) Reductions in levies pursuant to section 124.918, subdivision 1, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this chapter and chapter 124A by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of a net tax rate of 6.82 percent times the adjusted net tax capacity for taxes payable in 1990 and thereafter of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 124.912, subdivision 1, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 124.83 and 124.91, subdivision 6, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values; and not deducted from general education aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's general education aid pursuant to section 124A.035, subdivision 5, which is in excess of the general education aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St.

Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

History: 1997 c 7 art 1 s 64; 1997 c 251 s 18; 1Sp1997 c 4 art 1 s 32

124.95 DEBT SERVICE EQUALIZATION PROGRAM.

[For text of subd 1, see M.S.1996]

Subd. 2. **Eligibility.** (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) if grades 9 through 12 are to be served by the facility, and an average of at least 66 pupils per grade in these grades are served; or

(ii) is eligible for elementary or secondary sparsity revenue.

(c) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall also be considered to have been met if the construction project under review serves students in kindergarten to grade 8. Only the debt service levy for that portion of the facility serving students in prekindergarten to grade 8, as determined by the commissioner, shall be eligible for debt service equalization under this paragraph.

(d) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(e) For the purpose of this subdivision the department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility.

(f) Notwithstanding paragraphs (a) to (e), debt service for repayment of principal and interest on bonds issued after July 1, 1997, does not qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.

[For text of subs 2a to 6, see M.S.1996]

History: 1Sp1997 c 4 art 4 s 20

NOTE: The amendment to subdivision 2 by Laws 1997, First Special Session chapter 4, article 4, section 20, is effective for bonds outstanding on July 1, 1997, that meet the criteria, and is effective for revenue for fiscal year 1999. Laws 1997, First Special Session chapter 4, article 4, section 37.

124.961 DEBT SERVICE APPROPRIATION.

(a) \$35,480,000 in fiscal year 1998, \$38,159,000 in fiscal year 1999, and \$38,390,000 in fiscal year 2000 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 124.95. The 2000 appropriation includes \$3,842,000 for 1999 and \$34,548,000 for 2000.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

History: 1Sp1997 c 4 art 4 s 21