

CHAPTER 127A

STATE ADMINISTRATION OF EDUCATION

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127A.05 COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING.

Subdivision 1 **Appointment and duties.** The department shall be under the administrative control of the commissioner of children, families, and learning which office is established. The governor shall appoint the commissioner under the provisions of section 15 06.

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and rules may provide and be held responsible for the efficient administration and discipline of the department. The commissioner is charged with the execution of powers and duties to promote public education in the state and to safeguard the finances pertaining thereto.

[For text of subds 2 to 5, see M S 1998]

Subd 6 **Survey of districts.** The commissioner of children, families, and learning shall survey the state's school districts and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of the teacher shortage and the substitute teacher shortage, including shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage.

History: 1999 c 241 art 9 s 30,31

127A.09 FEDERAL AID FOR EDUCATION.

[For text of subd 1, see M S 1998]

Subd 2 **State plans.** If the granting federal agency requires a state plan addressing policy for expenditure, the commissioner shall adopt a state plan in conformity with state and federal regulations and guidelines prior to commissioner acceptance.

[For text of subd 3, see M S 1998]

History: 1998 c 398 art 5 s 55

127A.11 MONITOR MEDICAL ASSISTANCE SERVICES FOR DISABLED STUDENTS.

The commissioner of children, families, and learning, in cooperation with the commissioner of human services, shall monitor the costs of health-related, special education services provided by public schools.

History: 1999 c 245 art 4 s 6

127A.16 [Repealed, 1998 c 398 art 6 s 38]

127A.41 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

[For text of subds 1 to 4, see M S 1998]

Subd 5 District appeal of aid reduction; inspection of district schools and accounts and records. Public schools shall at all times be open to the inspection of the commissioner. The accounts and records of any district must be open to inspection by the state auditor or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

[For text of subds 6 to 10, see M S 1998]

History: 1999 c 241 art 9 s 32

127A.42 REDUCTION OF AID FOR VIOLATION OF LAW.

[For text of subd 1, see M S 1998]

Subd 2 Violations of law. The commissioner shall reduce the district's special state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by

(1) employing a teacher who does not hold a valid teaching license or permit in a public school,

(2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests,

(3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending,

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota,

(5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes, or

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in section 363.03.

The reduction must be made in the amount and upon the procedure provided in this section or, in the case of the violation stated in clause (1), upon the procedure provided in section 127A.43.

Subd 3 Assurance of compliance. After consultation with the commissioner of human rights, the commissioner of children, families, and learning shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and specify the information required to be submitted in support of the assurances. The commissioner shall provide copies of the assurances and the supportive information to the commissioner of human rights. If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota Human Rights Act are occurring in the district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 4.

[For text of subd 4, see M S 1998]

Subd 5 Dispute violations; hearing. The board to which such notice is given may, by a majority vote of the whole board, decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids. The board must give the commissioner written notice of the decision. If the commissioner, after further investigation as the commissioner deems necessary, adheres to the previous notice, the commissioner shall notify the school board of its decision.

Subd 6 Violation; aid reduction. The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist. Otherwise state aids payable to the district for the year in which the violation occurred shall be reduced as follows. The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

[For text of subd 7, see M S 1998]

Subd 8 [Repealed, 1999 c 241 art 9 s 54]

[For text of subd 9, see M S 1998]

History: 1998 c 398 art 5 s 55, 1999 c 241 art 9 s 33, 34

127A.44 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

[For text of subd 1, see M S 1998]

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 126C.13,
- (2) career and technical aid authorized in section 124D.453,
- (3) special education aid authorized in sections 125A.75 and 125A.76,
- (4) career and technical program aid for children with a disability authorized in section 124D.454,
- (5) transportation aid authorized in section 123B.92,
- (6) community education programs aid authorized in section 124D.20,
- (7) adult education aid authorized in section 124D.52,
- (8) early childhood family education aid authorized in section 124D.135,
- (9) capital expenditure aid authorized in section 123B.57,
- (10) school district cooperation aid authorized in section 126C.22,
- (11) homestead and agricultural credit aid, disparity credit aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7,
- (12) attached machinery aid authorized in section 273.138, subdivision 3,
- (13) special education excess cost aid authorized in section 125A.79, and
- (14) school readiness aid authorized in section 124D.16.

(b) The commissioner 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 1998]

History: 1999 c 205 art 1 s 70, 1999 c 241 art 1 s 47, art 3 s 4

127A.45 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

[For text of subd 1, see M S 1998]

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 127A 33, apportionments by the county auditor pursuant to section 127A 34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298

(b) The term “cumulative amount guaranteed” means the product of

(1) the cumulative disbursement percentage shown in subdivision 3, times

(2) the sum of

(i) 90 percent of the estimated aid and credit entitlements paid according to subdivision 13, plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12, plus

(iii) the other district receipts, plus

(iv) the final adjustment payment according to subdivision 9

(c) The term “payment date” means the date on which state payments to 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 preceding business day. The commissioner 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.

Subd 3 Payment dates and percentages. The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district’s other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15	4 6
Payment 2	July 30	6 9
Payment 3	August 15 the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273 1392, or (b) the amount needed to provide 15 2 percent	
Payment 4	August 30	17 4
Payment 5	September 15	19 6
Payment 6	September 30	21 8
Payment 7	October 15 the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 24 percent	
Payment 8	October 30 the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 27 3 percent	
Payment 9	November 15	33 3
Payment 10	November 30	39 3
Payment 11	December 15	42 3
Payment 12	December 30	45 3
Payment 13	January 15	49 5
Payment 14	January 30	53 8
Payment 15	February 15	58 3
Payment 16	February 28	62 8
Payment 17	March 15	67 6

Payment 18	March 30	72 3
Payment 19	April 15	75 3
Payment 20	April 30	81 3
Payment 21	May 15	84 3
Payment 22	May 30	92 3
Payment 23	June 20	100 0

Subd 4 **Appeal.** (a) The commissioner, in consultation with the commissioner of finance, may revise the payment dates and percentages in subdivision 3 for a district if it is determined that

(1) there is an emergency, or

(2) there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness, or

(3) the district is facing a serious cash flow problem because of an abatement that exceeds \$100 times the resident pupil units of the district

(b) The commissioner shall establish a process and criteria for districts to appeal the payment dates and percentages established in subdivision 3

Subd 5 [Repealed, 1999 c 241 art 6 s 15]

[For text of subds 6 to 12, see M S 1998]

Subd 12a **Forward shifted aid payments.** Nineteen percent of the state aid in fiscal year 1999, and 31 percent of the state aid in fiscal years 2000 and later received under section 124D 86 must be paid by the state to the recipient school district on July 15 of that year. The recipient school district must recognize this aid in the same fiscal year as the levy is recognized

Subd 13 **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124B, 124D, 125A, 125B, 126C, 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 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement

[For text of subds 14 to 16, see M S 1998]

History: 1999 c 241 art 2 s 49,50, art 6 s 10-12

127A.47 PAYMENTS TO RESIDENT AND NONRESIDENT DISTRICTS:

Subdivision 1 **Aid to serving district.** (a) Unless otherwise specifically provided by law, general education aid must be paid according to this subdivision

(b) Except as provided in paragraph (c), general education aid must be paid to the serving district

(c) If the resident district pays tuition for a pupil under section 123A 18, 123A 22, 123A 30, 123A 32, 123A 44, 123A 488, 123B 88, subdivision 4, 124D 04, 124D 05, 125A 03 to 125A 24, 125A 51, or 125A 65, general education aid, excluding basic skills revenue under section 126C 10, subdivision 4, must be paid to the resident district

Subd 2 **Reporting; revenue for homeless.** For all school purposes, unless otherwise specifically provided by law, a homeless pupil is a resident of the school district that enrolls the pupil

[For text of subds 3 to 6, see M S 1998]

Subd 7 **Alternative attendance programs.** The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A 05 to 123A 08, 124D 03, 124D 06, 124D 07, 124D 08, and 124D 68. The adjustments must be made according to this subdivision

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district

(d) The district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 125A 02, or a pupil, as defined in section 125A 51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education revenue and special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services

(e) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 125A 02 or 125A 51

Subd 8 Charter schools. (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D 10. The adjustments must be made according to this subdivision

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D 10, subdivision 16, is located must be increased by an amount equal to the product of (1) the sum of an amount equal to the product of the formula allowance according to section 126C 10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district, times (2) the pupil units attributable to the pupil

History: 1999 c 241 art 1 s 48–50, art 2 s 51

127A.49 AID ADJUSTMENTS.

[For text of subd 1, see M S 1998]

Subd 2 Abatements. Whenever by virtue of chapter 278, sections 270 07, 375 192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of children, families, and learning the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C 46. The amount of the abatement adjustment must be the product of

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of

(i) the sum of the amounts of the district's certified levy in the preceding year according to the following

(A) section 126C 13 if the district received general education aid according to that section for the second preceding year,

(B) section 123B 57, if the district received health and safety aid according to that section for the second preceding year,

(C) sections 124D 20, 124D 21, and 124D 56, if the district received aid for community education programs according to any of those sections for the second preceding year,

(D) section 124D 135, subdivision 3, if the district received early childhood family education aid according to section 124D 135 for the second preceding year, and

(E) section 126C 17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year, to

(ii) the total amount of the district's certified levy in the preceding December, plus or minus auditor's adjustments

Subd 3 Excess tax increment. (a) If a return of excess tax increment is made to a district pursuant to section 469 176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision

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

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of

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

(A) section 126C 13, if the district received general education aid according to that section for the second preceding year,

(B) section 123B 57, if the district received health and safety aid according to that section for the second preceding year,

(C) sections 124D 20, 124D 21, and 124D 56, if the district received aid for community education programs according to any of those sections for the second preceding year,

(D) section 124D 135, subdivision 3, if the district received early childhood family education aid according to section 124D 135 for the second preceding year, and

(E) section 126C 17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year, to

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

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

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a)

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

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

History: 1999 c 241 art 1 s 51,52

127A.51 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15

For purposes of this section, adjusted general revenue means the sum of basic revenue under section 126C 10, subdivision 2, supplemental revenue under section 126C 10, subdi-

visions 9 and 12, transition revenue under section 126C 10, subdivision 20, and referendum revenue under section 126C 17

History: 1999 c 241 art 1 s 53

127A.60 Subdivision 1 [Repealed, 1998 c 398 art 5 s 56]

Subd 2 [Repealed, 1998 c 398 art 5 s 56, 1999 c 241 art 9 s 54]

Subd 3 [Repealed, 1998 c 398 art 5 s 56, 1999 c 241 art 9 s 54]

Subd 4 [Repealed, 1998 c 398 art 5 s 56, 1999 c 241 art 9 s 54]

NOTE Subdivision 1 was also amended by Laws 1999 chapter 241 article 9 section 35 to read as follows:

Subdivision 1 **Department** A state department of children families, and learning is hereby created "

127A.61 [Repealed, 1999 c 241 art 9 s 54]

127A.62 COMMISSIONER MEMBERSHIP IN CERTAIN ORGANIZATIONS.

Subdivision 1 **Council of chief school officers.** The commissioner may become a member of the council of chief state school officers, an association of state departments of education, and pay membership dues and contribute to the association for services rendered to the state department on the basis of actual and necessary expenses incurred by the council in preparing these services

Subd 2 [Repealed, 1999 c 241 art 9 s 54]

History: 1998 c 398 art 5 s 55

127A.63 CONTRACTS WITH FEDERAL GOVERNMENT.

Subdivision 1 **Rules governing.** The commissioner shall prescribe rules under which contracts, agreements, or arrangements may be made with agencies of the federal government for funds, services, commodities, or equipment to be made available to the public tax-supported schools, school systems and educational institutions under the supervision or control of the commissioner

Subd 2 **Rules prescribed by commissioner.** All contracts, agreements or arrangements made by public tax-supported schools, school systems or educational institutions under the supervision or control of the commissioner involving funds, services, commodities, or equipment which may be provided by agencies of the federal government shall be entered into in accordance with rules prescribed by the commissioner and in no other manner

History: 1998 c 398 art 5 s 55

127A.64 [Repealed, 1999 c 241 art 9 s 54]

127A.66 Subdivision 1 [Repealed, 1998 c 398 art 6 s 38, 1999 c 241 art 9 s 54]

Subd 2 [Repealed, 1998 c 398 art 6 s 38]

Subd 3 [Repealed, 1998 c 398 art 6 s 38]

NOTE Subdivision 2 was also amended by Laws 1999 chapter 241, article 9 section 36 to read as follows:

Subd 2 **Administrative rules** The commissioner may adopt new rules and amend them or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any of the commissioner's existing rules. Notwithstanding the provisions of section 14.05 subdivision 4 the commissioner may grant a variance to the commissioner's rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to the commissioner's rules.

127A.67 COMMISSIONER PURCHASE OF ANNUITY FOR EMPLOYEES.

Subdivision 1 **Purchase of annuity contract; allocation of portion of employee compensation.** At the request of an employee, the commissioner of children, families, and learning may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire premium due or to become due under such contract. The allocation shall be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current federal Internal Revenue

Code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and the employee's rights thereunder shall be nonforfeitable except for failure to pay premiums.

Subd 2 Annuity account; appropriation. All amounts so allocated shall be deposited in an annuity account which is hereby established in the state treasury. There is annually appropriated from the annuity account in the state treasury to the commissioner of children, families, and learning all moneys deposited therein for the payment of annuity premiums when due or for other application in accordance with the salary agreement entered into between the employee and the commissioner of children, families, and learning. The moneys in the annuity account in the state treasury are not subject to the budget, allotment, and incumbency system provided for in chapter 16A and any act amendatory thereof.

History: 1998 c 398 art 5 s 55