

CHAPTER 127A

STATE ADMINISTRATION OF EDUCATION

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127A.01 DEFINITIONS.

For the purpose of this chapter, the terms defined in section 120A.05 have the same meanings.

History: *Ex1959 c 71 art 2 s 1; 1998 c 397 art 4 s 51; art 11 s 3*

COMMISSIONER DUTIES

127A.05 COMMISSIONER OF EDUCATION.

Subdivision 1. **Appointment and duties.** The department shall be under the administrative control of the commissioner of education 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.

Subd. 2. **Review of state laws and rules.** The commissioner shall review all education-related mandates in state law or rule once every four years to determine which mandates fail to adequately promote public education in the state. The commissioner shall report the findings of the review to the education committees of the legislature by February 1 in the year following the completion of the review.

Subd. 3. **General supervision over public schools and educational agencies.** The commissioner of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The commissioner shall develop a plan to attain the adopted goals. The commissioner may recognize educational accrediting agencies for the sole purposes of sections 120A.22, 120A.24, and 120A.26.

Subd. 4. **Administrative rules.** The commissioner may adopt new rules or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. The commissioner may grant a variance to rules adopted by the commissioner 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 rules adopted by the commissioner.

Subd. 5. **Evening schools.** The commissioner shall exercise general supervision over the public evening schools, adult education programs, and summer programs.

Subd. 6. MS 2018 [Repealed, 2019 c 50 art 1 s 130]

History: *Ex1959 c 71 art 2 s 16; 1969 c 1129 art 8 s 16; 1977 c 305 s 41; 1978 c 764 s 8; 1983 c 150 s 1; 1992 c 499 art 8 s 1; 1993 c 224 art 9 s 16,17; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 51; art 11 s 3; 1998 c 398 art 6 s 4-12; 1999 c 241 art 9 s 30,31; 2000 c 489 art 6 s 26; art 10 s 15; 2003 c 130 s 10-12; 1Sp2003 c 9 art 12 s 15; 1Sp2015 c 3 art 7 s 4; 2016 c 189 art 24 s 20; 1Sp2017 c 5 art 12 s 17*

127A.051 MS 2020 [Expired, 2014 c 160 s 6]

127A.052 MS 2020 [Expired, 2014 c 160 s 7]

127A.06 RECOMMENDATIONS; BUDGET.

The commissioner of education shall recommend to the governor and legislature such modification and unification of laws relating to the state system of education as shall make those laws more readily understood and more effective in execution. The commissioner of education shall prepare a biennial education budget which shall be submitted to the governor and legislature, such budget to contain a complete statement of finances pertaining to the maintenance of the state department and to the distribution of state aid.

History: *Ex1959 c 71 art 2 s 14; 1991 c 265 art 11 s 2; 1993 c 224 art 12 s 7; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 51; 1998 c 398 art 6 s 2; 2003 c 130 s 12*

127A.065 CROSS-SUBSIDY REPORT.

By March 30, the commissioner of education shall submit an annual report to the legislative committees having jurisdiction over kindergarten through grade 12 education on the amount each district is cross-subsidizing special education costs with general education revenue.

History: *2007 c 146 art 7 s 1; 2014 c 272 art 4 s 10*

127A.07 SHARED SERVICE AGREEMENTS.

The commissioner may make a shared service agreement with another public agency. The agreement must be of mutual benefit to the state, the department, and the other agency. The term of the agreement must not be more than three years. The commissioner and the other agency need not consult the Legislative Advisory Commission before making the agreement.

Charges by the department and the other agency must be on an actual cost basis, and the receipts are dedicated to the operation of the department or agency receiving them and are appropriated for that purpose.

History: *1Sp1985 c 12 art 7 s 6; 1998 c 397 art 4 s 51*

127A.08 CONFERENCE AND WORKSHOP FEE RECEIPTS; RECEIPTS AND PAYMENTS FROM PUBLIC AND NONPROFIT PRIVATE AGENCIES.

Subdivision 1. **Conference and workshop fees.** The commissioner may establish procedures to set and collect fees to defray costs of conferences and workshops conducted by the department. The commissioner may keep accounts as necessary within the state's accounting system for the deposit of the conference and workshop fee receipts.

Subd. 2. **Appropriation.** The receipts collected under subdivision 1 are appropriated for payment of expenses relating to the workshops and conferences.

Subd. 3. **Carry-over authority.** Unobligated balances under subdivision 1 may be carried over as follows:

- (1) when expenditures for which the receipts have been designated occur in the following fiscal year; or
- (2) to allow retention of minor balances in accounts for conferences that are scheduled annually.

Subd. 4. **Receipts and reimbursements.** The commissioner may accept receipts and payments from public and nonprofit private agencies for related costs for partnership or cooperative endeavors involving education activities that are for the mutual benefit of the state, the department, and the other agency. The

commissioner may keep accounts as necessary within the state's accounting system. The receipts must be deposited in the special revenue fund.

Subd. 5. **Grants and gifts.** The commissioner may apply for and receive grants and gifts administered by agencies of the state and other government or nongovernment sources. Any money received is hereby appropriated and dedicated for the purpose for which it is granted.

The commissioner must annually report to the education policy and finance committees of the legislature by February 15 a list of all grants and gifts received and applied for under this subdivision.

History: 1991 c 265 art 9 s 14; 1998 c 397 art 4 s 51; 2009 c 96 art 7 s 2

127A.09 FEDERAL AID FOR EDUCATION.

Subdivision 1. **Acceptance.** The commissioner may accept and administer federal funds when such funds become available that further public education and are consistent with state policy and the mission of the department. Acceptance of the money is subject to Department of Management and Budget policy and procedure regarding federal funds.

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.

Subd. 3. **Depository.** The commissioner of management and budget is the custodian of all money received from the United States on account of the acceptance and shall disburse the money on requisitioning of the commissioner through the state payment system for purposes consistent with the respective acts of Congress and federal grant.

History: 1993 c 224 art 11 s 1; 1998 c 397 art 4 s 51; 1998 c 398 art 5 s 55; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109

127A.095 IMPLEMENTATION OF ELEMENTARY AND SECONDARY EDUCATION ACT.

Subdivision 1. **Continued implementation.** The Department of Education shall continue to implement the federal Elementary and Secondary Education Act without interruption.

Subd. 2. MS 2015 Supp [Repealed by amendment, 2016 c 189 art 25 s 39]

Subd. 3. MS 2022 [Repealed, 2024 c 115 art 10 s 7]

History: 1Sp2005 c 5 art 2 s 72; 2007 c 146 art 2 s 32; 2009 c 101 art 2 s 109; 2012 c 239 art 1 s 33; 2016 c 189 art 25 s 39

127A.10 STATE OFFICIALS AND SCHOOL BOARD MEMBERS TO BE DISINTERESTED; PENALTY.

If the commissioner of education, an assistant or any employee connected with the commissioner's office, or any member of any school board shall accept or receive any money, gift or any property, or favor from any person, firm, or corporation offering for sale any textbooks, or any agent thereof, or from any person in any way interested in the sale of textbooks, the person accepting or receiving it is guilty of a gross misdemeanor.

History: Ex1959 c 71 art 8 s 23; 1984 c 628 art 3 s 11; 1986 c 444; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 51; 2003 c 130 s 12; 2004 c 228 art 1 s 72; 2005 c 10 art 3 s 6

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

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

History: 1999 c 245 art 4 s 6; 2003 c 130 s 12; 2025 c 21 s 12

127A.12 COMMISSIONER MEMBERSHIP IN CERTAIN ORGANIZATIONS.

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.

History: Ex1959 c 71 art 2 s 4; 1961 c 556 s 1; 1971 c 679 s 1; 1998 c 397 art 4 s 51; 1998 c 398 art 5 s 55

127A.13 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: Ex1959 c 71 art 2 s 5; 1985 c 248 s 70; 1998 c 397 art 4 s 51; 1998 c 398 art 5 s 55

127A.14 MS 2018 [Repealed, 1Sp2019 c 11 art 1 s 26]**DEPARTMENT DUTIES; ASSISTING DISTRICTS****127A.15 LIBRARY INFORMATION SERVICES.**

Subdivision 1. **Providing library information.** The department may provide library information services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information services. The department may also accept money from any public or private source to defray the cost of providing the information services.

Subd. 2. **Appropriation.** The fees charged and money accepted by the department under subdivision 1 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information services.

History: (3018) 1921 c 397 s 4; 1983 c 314 art 11 s 22; 1986 c 471 s 1; 1998 c 397 art 4 s 51

127A.151 STATE SCHOOL LIBRARIAN.

(a) The Department of Education must employ a state school librarian within the State Library Services Division of the department to provide technical assistance to licensed school library media specialists and licensed school librarians. The state school librarian must be or have been a licensed school library media specialist.

(b) The responsibilities of the state school librarian include but are not limited to providing advice and guidance in academic standards development and statewide library data collection from district and charter schools, and related activities. The state school librarian may provide advice and guidance to the Department of Education staff responsible for administering state library aid and monitoring district compliance. The state school librarian must support district and charter schools on issues of intellectual freedom, media and digital literacy, and growing lifelong readers. The state school librarian must share information about available grant funds and resources, work with the Professional Educator Licensing and Standards Board to support licensure acquisition, and support professional development for licensed school library media specialists and licensed school librarians.

History: 2024 c 115 art 9 s 2

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

127A.17 UNIFORM SYSTEMS OF RECORDS AND OF ACCOUNTING; COMMISSIONER.

The commissioner of education shall prepare a uniform system of records for public schools and require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions to give such facts as it may deem of public value. All reports required of school districts by the commissioner shall be in conformance with the uniform financial accounting and reporting system. With the cooperation of the state auditor, the commissioner shall establish and carry into effect a uniform system of accounting by public school officers and shall have authority to supervise and examine the accounts and other records of all public schools.

History: Ex1959 c 71 art 2 s 16; 1969 c 1129 art 8 s 16; 1977 c 305 s 41; 1978 c 764 s 8; 1983 c 150 s 1; 1992 c 499 art 8 s 1; 1993 c 224 art 9 s 16,17; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 51; 1998 c 398 art 6 s 4-12; 2003 c 130 s 12

127A.18 MANAGEMENT ASSISTANCE TO SCHOOL DISTRICTS.

The department shall provide management assistance if requested by a district. The assistance may include:

(1) developing data and assumptions for the district to use in setting priorities and goals and in considering management and organizational alternatives; and

(2) analyzing and assessing alternative methods of organization and management, including opportunities for coordination and cooperation with other districts, and assessing the relative costs and benefits of the alternatives.

History: 1Sp1985 c 12 art 8 s 4; 1998 c 397 art 4 s 51

127A.19 FINANCIAL MANAGEMENT ASSISTANCE AND TRAINING TO SCHOOL DISTRICTS AND SCHOOL SITES.

The Department of Education shall make available to school districts and individual school sites assistance and training in financial management. The assistance and training shall be in at least the following areas:

(1) provision of an updated uniform financial and reporting system manual in both hard copy and computerized form which will be applicable to both the school district and to a school site under site-based management;

(2) regularly scheduled training and assistance in accounting and financial operations, and special assistance as requested;

(3) long-term financial planning, including that involved with district reorganization;

(4) district and school level expenditure and revenue budgeting and other fiscal and organizational requirements, including that under site-based management;

(5) assistance with school, district, and regional capital budget planning; and

(6) the development of a model reporting system for school sites for resource use and outcome achievement. The model shall include characteristics about the student population, staffing levels, and achievement results attributable to the instructional and organizational structure of the school site.

History: 1993 c 224 art 7 s 5; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 51; 2003 c 130 s 12

127A.20 EVIDENCE-BASED EDUCATION GRANTS.

Subdivision 1. **Purpose and applicability.** The purpose of this section is to create a process to describe, measure, and report on the effectiveness of any prekindergarten through grade 12 education program funded in whole or in part through funds appropriated by the legislature to the commissioner of education for grants to organizations. The evidence-based evaluation required by this section applies to all grants awarded by the commissioner of education on or after July 1, 2022.

Subd. 2. **Goals.** Each applicant for a grant awarded by the commissioner of education must include in the grant application a statement of the goals of the education program and grant funds. To the extent practicable, the goals must be aligned to the state of Minnesota's comprehensive achievement and civic readiness and the federally required Every Student Succeeds Act accountability systems.

Subd. 3. **Strategies and data.** Each applicant must include in the grant application a description of the strategies that will be used to meet the goals specified in the application. The applicant must also include a plan to collect data to measure the effectiveness of the strategies outlined in the grant application.

Subd. 4. **Reporting.** Within 180 days of the end of the grant period, each grant recipient must compile a report that describes the data that was collected and evaluate the effectiveness of the strategies. The evidence-based report may identify or propose alternative strategies based on the results of the data. The report must be submitted to the commissioner of education and to the chairs and ranking minority members of the legislative committees with jurisdiction over prekindergarten through grade 12 education. The report must be filed with the Legislative Reference Library according to section 3.195.

Subd. 5. **Grant defined.** For purposes of this section, "grant" means money appropriated from the state general fund to the commissioner of education for distribution to the grant recipients.

History: *1Sp2021 c 13 art 11 s 1; 2025 c 20 s 100*

127A.205 EDUCATION GRANTS.

Subdivision 1. **Commissioner duties.** (a) The commissioner of education must not enter into a grant agreement unless the potential grantee meets the requirements of this section. The potential grantee must document to the commissioner that it meets the requirements of this section in the form and manner determined by the commissioner.

(b) The requirements of this section are in addition to the grants management and financial review requirements under sections 16B.97 to 16B.991.

Subd. 2. **Education grant requirements.** (a) A grantee must maintain tax-exempt status under state and federal law.

(b) A grantee that is required to file a Form 990 or Form 990-EZ with the Internal Revenue Service must meet that filing requirement no later than the date authorized under federal law. A grantee must provide to the commissioner its most recently filed Form 990 or Form 990-EZ. If the grantee has not yet been required to file a Form 990 or Form 990-EZ, or is not required to file Form 990 or Form 990-EZ, the grantee must provide to the commissioner its most recent financial statements prepared within the previous 12 months in accordance with generally accepted accounting principles.

(c) A grantee subject to the annual reporting requirements under section 309.53 must file the report with the attorney general on or before the date required under section 309.53.

(d) A grantee must comply with all of the filing and registration requirements with the Office of the Secretary of State. A grantee subject to the annual corporate renewal requirements under section 317A.823 must file the renewal with the secretary of state on or before the date required under section 317A.823.

Subd. 3. **Termination of existing education grants.** (a) The commissioner of education must terminate a grant agreement if the grant recipient no longer meets the requirements under subdivision 2.

(b) Notwithstanding paragraph (a), if a grant recipient informs the commissioner that it no longer meets the requirements under subdivision 2, paragraph (b), (c), or (d), the commissioner may continue the grant agreement if the grant recipient agrees in writing to come into compliance with the requirements of this section.

Subd. 4. **Scope.** This section does not apply to a grant to a school district; a charter school; a Tribal contract school; a cooperative unit under section 123A.24, subdivision 2; or any other political subdivision of the state.

History: *1Sp2025 c 10 art 12 s 3*

127A.21 SANCTIONS; OTHER POWERS.

Subdivision 1. **Establishment of Office of the Inspector General; powers; duties.** The commissioner must establish within the department an Office of the Inspector General. The inspector general shall report directly to the commissioner. The Office of the Inspector General is charged with protecting the integrity of the department and the state by detecting and preventing fraud, waste, and abuse in department programs. The Office of the Inspector General must conduct independent and objective investigations to promote the

integrity of the department's programs and operations. When fraud or other misuse of public funds is detected, the Office of the Inspector General must report it to the appropriate law enforcement entity and collaborate and cooperate with law enforcement to assist in the investigation and any subsequent civil and criminal prosecution.

[See Note.]

Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Department program" means a program funded by the Department of Education that involves the transfer or disbursement of public funds or other resources to a program participant. "Department program" includes state and federal aids or grants received by a school district or charter school or other program participant.

(c) "Inspector general" means the inspector general appointed under chapter 15E.

(d) "Program participant" means any entity or person, including associated persons, that receives, disburses, or has custody of funds or other resources transferred or disbursed under a department program.

[See Note.]

Subd. 2. **Hiring; reporting; procedures.** (a) The commissioner, or the commissioner's designee, must hire an inspector general to lead the Office of the Inspector General. The inspector general must hire a deputy inspector general and, at the discretion of the inspector general, sufficient assistant inspectors general to carry out the duties of the office. The inspector general, deputy inspector general, and any assistant inspectors general serve in the classified service.

(b) In a form and manner determined by the inspector general, the Office of the Inspector General must develop a public platform for the public to report instances of potential fraud, waste, or abuse of public funds administered by the department. Nothing in this paragraph shall be construed to give a member of the public standing to sue based on allegations of fraud, waste, or abuse.

(c) The inspector general shall establish procedures for conducting investigations. Procedures adopted under this subdivision are not subject to chapter 14, including section 14.386.

[See Note.]

Subd. 3. **Subpoenas.** (a) For the purpose of an investigation, the inspector general or a designee may administer oaths and affirmations, subpoena witnesses, compel attendance, take evidence, and issue subpoenas duces tecum to require the production of books, papers, correspondence, memoranda, agreements, financial records, or other documents or records relevant to the investigation.

(b) A subpoena issued pursuant to this subdivision must state that the subpoena recipient may not disclose the fact that the subpoena was issued or the fact that the requested records have been given to the inspector general, or their staff, except:

- (1) in so far as the disclosure is necessary to find and disclose the records;
- (2) pursuant to court order; or
- (3) to legal counsel for the purposes of responding to the subpoena.

(c) The fees for service of a subpoena must be paid in the same manner as prescribed by law for a service of process issued by a district court.

(d) The subpoena issued under this subdivision shall be enforceable through the district court in the district where the subpoena is issued.

[See Note.]

Subd. 4. **Access to records.** (a) For purposes of an investigation, and regardless of the data's classification under chapter 13, the Office of the Inspector General shall have access to all relevant books, accounts, documents, data, and property related to department programs that are maintained by a program participant, charter school, or government entity as defined by section 13.02.

(b) Notwithstanding paragraph (a), the Office of the Inspector General must issue a subpoena under subdivision 3 in order to access routing and account numbers to which Department of Education funds have been disbursed.

(c) Records requested by the Office of the Inspector General under this subdivision shall be provided in a format, place, and time frame reasonably requested by the Office of the Inspector General.

(d) The department may enter into specific agreements with other state agencies related to records requests by the Office of the Inspector General.

[See Note.]

Subd. 5. **Sanctions; appeal.** (a) This subdivision does not authorize any sanction that reduces, pauses, or otherwise interrupts state or federal aid to a school district, charter school, cooperative unit as defined by section 123A.24, subdivision 2, or any library, library system, or library district defined in section 134.001.

(b) The inspector general may recommend and the commissioner may impose appropriate sanctions if:

(1) there has been a criminal, civil, or administrative adjudication of fraud or misuse against the program participant in Minnesota or in another state or jurisdiction; or

(2) the inspector general has found that a program participant has a demonstrated pattern of noncompliance with an investigation.

(c) If the commissioner determines, by a preponderance of the evidence, based on an investigation conducted by the inspector general, that a program participant committed fraud or misuse, the commissioner may, after reviewing all facts and evidence and when acting judiciously on a case-by-case basis, impose appropriate sanctions on the program participant.

(d) Unless prohibited by law, the commissioner has the authority to take action based on findings or recommendations by the inspector general, including imposing appropriate sanctions, temporarily or otherwise, on a program participant. Sanctions may include ending program participation, stopping disbursement of funds or resources, monetary recovery, and termination of department contracts with the participant for any current or future department program or contract. A sanction may be imposed for up to the longest period permitted by state or federal law. Sanctions authorized under this subdivision are in addition to other remedies and penalties available under law.

(e) If the commissioner imposes sanctions on a program participant under this subdivision, the commissioner must notify the participant in writing within seven business days of imposing the sanction, unless requested in writing by a law enforcement agency to temporarily delay issuing the notice to prevent disruption of an ongoing law enforcement agency investigation. A notice of sanction must state:

(1) the sanction being imposed;

- (2) the general allegations that form the basis for the sanction;
- (3) the duration of the sanction;
- (4) the department programs to which the sanction applies; and
- (5) how the program participant may appeal the sanction pursuant to paragraph (f).

(f) A program participant sanctioned under this subdivision may, within 30 days after the date the notice of sanction was mailed to the participant, appeal the determination by requesting in writing that the commissioner initiate a contested case proceeding under chapter 14. The scope of any contested case hearing is limited to the sanction imposed under this subdivision. An appeal request must specify with particularity each disputed item, the reason for the dispute, and must include the name and contact information of the person or entity that may be contacted regarding the appeal.

(g) The commissioner shall lift sanctions imposed under this subdivision if the inspector general notifies the commissioner that the inspector general determines there is insufficient evidence of fraud or misuse by the program participant. The commissioner must notify the participant in writing within seven business days of lifting the sanction.

Subd. 6. **Data practices.** (a) It is not a violation of rights conferred by chapter 13 or any other statute related to the confidentiality of government data for a government entity as defined in section 13.02 to provide data or information under this section.

(b) The inspector general is subject to the Government Data Practices Act, chapter 13, and shall protect from unlawful disclosure data classified as not public. Data collected, created, received, or maintained by the inspector general relating to an audit, investigation, proceeding, or inquiry are subject to section 13.39.

[See Note.]

Subd. 7. **Retaliation, interference prohibited.** (a) An employee or other individual who discloses information to the Office of the Inspector General about fraud, waste, or abuse in department programs is protected under section 181.932, governing disclosure of information by employees.

(b) No state employee may interfere with or obstruct an investigation authorized by this section.

[See Note.]

Subd. 8. **Limits on receiving public funds; prohibition.** (a) This subdivision does not authorize any action that reduces, pauses, or otherwise interrupts state or federal aid to a school district; charter school; cooperative unit as defined in section 123A.24, subdivision 2; or any library, library system, or library district defined in section 134.001.

(b) For purposes of this subdivision, "program participant" includes individuals or persons who have an ownership interest in, control of, or the ability to control a program participant in a department program.

(c) If a program participant is excluded from a department program, the commissioner may:

(1) prohibit the excluded program participant from enrolling in, receiving grant money from, or registering in any other program administered by the commissioner; and

(2) disenroll or disqualify the excluded program participant from any other program administered by the commissioner.

(d) If a program participant enrolled, licensed, or receiving funds under any contract or program administered by a Minnesota state agency or federal agency is excluded from that program, the inspector general shall notify the commissioner, who may:

(1) prohibit the excluded program participant from enrolling in, becoming licensed, receiving grant money from, or registering in any other program administered by the commissioner; and

(2) disenroll or disqualify the excluded program participant from any other program administered by the commissioner.

(e) The duration of a prohibition, disenrollment, revocation, suspension, or disqualification under paragraph (c) must last for the longest applicable sanction or disqualifying period in effect for the program participant permitted by state or federal law. The duration of a prohibition, disenrollment, revocation, suspension, or disqualification under paragraph (d) may last up until the longest applicable sanction or disqualifying period in effect for the program participant as permitted by state or federal law.

Subd. 9. **Notice.** Within five days of taking an action against a program participant under subdivision 8, paragraph (c) or (d), the commissioner must send notice of the action to the program participant. The notice must state the:

(1) basis for the action;

(2) effective date of the action;

(3) right to appeal the action; and

(4) requirements and procedures for reinstatement.

Subd. 10. **Appeal.** (a) Upon receipt of a notice under subdivision 9, a program participant may request a contested case hearing, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notification was mailed to the program participant.

(b) The appeal request must specify:

(1) each disputed item and the reason for the dispute;

(2) the authority in statute or rule upon which the program participant relies for each disputed item;

(3) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(4) other information required by the commissioner.

(c) Unless a timely and proper appeal is received by the commissioner, the action of the commissioner shall be considered final and binding on the effective date of the action as stated in the notice under subdivision 9, clause (2).

Subd. 11. **Withholding of payments.** (a) This subdivision does not authorize withholding of payments that reduces, pauses, or otherwise interrupts state or federal aid to a school district; charter school; cooperative unit as defined in section 123A.24, subdivision 2; or any library, library system, or library district defined in section 134.001.

(b) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a program participant in any program administered by the commissioner, to the extent permitted under federal law, if the inspector general determines there is a credible allegation of fraud or misuse in a pending investigation by the inspector general regarding a program administered by the department, a Minnesota state agency, or a federal agency.

(c) Allegations are considered credible when they have indicia of reliability and the inspector general has reviewed the evidence and acts on a case-by-case basis. A credible allegation of fraud is an allegation that has been verified by the commissioner from any source, including but not limited to:

- (1) fraud hotline complaints;
- (2) claims data mining; and
- (3) patterns identified through provider audits, civil false claims cases, and investigations.

(d) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

- (1) state that payments are being withheld according to this paragraph;
- (2) set forth the general allegations as to the reasons for the withholding action, but need not disclose any specific information concerning an ongoing investigation;
- (3) state that the withholding is for a temporary period and cite the circumstances under which withholding will be terminated; and
- (4) inform the program participant of the right to submit written evidence for consideration by the commissioner.

(e) The withholding of payments shall not continue after the inspector general notifies the commissioner that there is insufficient evidence of fraud by the program participant or after legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 5 of the intention to take an additional action related to the program participant's participation in a program administered by the commissioner. If the inspector general determines there is insufficient evidence of fraud by the program participant or after legal proceedings relating to the alleged fraud are completed, the inspector general shall notify the commissioner within ten days of the determination.

(f) The withholding of payments is a temporary action and shall not be subject to appeal under this subdivision or chapter 14.

History: 2023 c 55 art 12 s 12; 2024 c 115 art 10 s 2; 2025 c 20 s 101; 2026 c 92 art 2 s 3-8,17

NOTE: Subdivisions 1, 2, 3, 4, 6, and 7 are repealed by Laws 2026, chapter 92, article 2, section 17, effective the day after the inspector general appointed under Minnesota Statutes, chapter 15E, notifies the revisor of statutes that the Office of the Inspector General under Minnesota Statutes, chapter 15E, has assumed responsibility for identifying and investigating fraud, misuse, and other unlawful use of public funds in the Department of Education. Laws 2026, chapter 92, article 2, section 17, the effective date.

NOTE: Subdivision 1a, paragraph (c), as added by Laws 2026, chapter 92, article 2, section 3, is effective the day after the inspector general appointed under Minnesota Statutes, chapter 15E, notifies the revisor of statutes that the Office of the Inspector General under Minnesota Statutes, chapter 15E, has

assumed responsibility for identifying and investigating fraud, misuse, and other unlawful use of public funds in the Department of Education. Laws 2026, chapter 92, article 2, section 3, the effective date.

127A.215 COMPREHENSIVE SCHOOL MENTAL HEALTH SERVICES LEAD.

Subdivision 1. **Lead position established.** The department must employ a comprehensive school mental health services lead to serve as a source of information and support for schools in addressing the mental health needs of students, teachers, and school staff and developing comprehensive school mental health systems in school districts and charter schools.

Subd. 2. **Assistance to districts.** (a) The lead must, upon request, assist schools in assessing the quality of their comprehensive school mental health systems and developing improvement plans to implement evidence-based mental health resources, tools, and practices in school districts and charter schools throughout Minnesota.

(b) The lead must establish a clearinghouse and provide information and resources for school districts, charter schools, teachers, school staff, and families to support students', teachers', and school staff's mental health needs.

(c) The lead must work with school districts and charter schools to improve mental health infrastructure support by:

(1) developing guidance and sharing resources on improving the quality of comprehensive school mental health systems;

(2) developing and sharing resources on evidence-based strategies, behavioral interventions, and practices or techniques for addressing mental health needs, including implementing a comprehensive approach to suicide prevention;

(3) facilitating coordination and cooperation to enable school districts and charter schools to share strategies, challenges, and successes associated with supporting the mental health needs of students, teachers, and staff;

(4) providing advice, upon request, to schools on implementing trauma-informed and culturally responsive school-based programs that provide prevention or intervention services to students, teachers, and staff;

(5) aligning resources among the different state agencies, including the Department of Education, Department of Human Services, and Department of Health, to ensure school mental health systems can efficiently access state resources; and

(6) maintaining a comprehensive list of resources on the Department of Education website that schools may use to address students', teachers', and staff's mental health needs, including grant opportunities; community-based prevention and intervention services; model policies; written publications that schools may distribute to students, teachers, and staff; professional development opportunities; best practices; and other resources for mental health education under section 120B.21.

(d) The lead may report to the legislature as necessary regarding students', teachers', and school staff's mental health needs; challenges in developing comprehensive school mental health services; successful strategies and outcomes; and recommendations for integrating mental health services and supports in schools.

Subd. 3. **Coordination with other agencies.** The comprehensive school mental health services lead must consult with the Regional Centers of Excellence, the Department of Health, the Department of Human Services, the Minnesota School Safety Center, and other federal, state, and local agencies as necessary to

identify or develop information, training, and resources to help school districts and charter schools support students', teachers', and school staff's mental health needs.

History: 2023 c 55 art 12 s 13

PERMANENT SCHOOL FUND

127A.30 LEGISLATIVE PERMANENT SCHOOL FUND COMMISSION.

Subdivision 1. **Commission established; membership.** (a) The Legislative Permanent School Fund Commission of 12 members is established to advise the Department of Natural Resources and the school trust lands director on the management of permanent school fund land, which is held in trust for the school districts of the state and to review legislation affecting permanent school fund land. The commission consists of the following persons:

(1) six members of the senate, including three majority party members appointed by the majority leader and three minority party members appointed by the minority leader; and

(2) six members of the house of representatives, including three majority party members appointed by the speaker of the house and three minority party members appointed by the minority leader.

(b) Appointed legislative members serve at the pleasure of the appointing authority and continue to serve until their successors are appointed.

(c) The first meeting of the commission shall be convened by the chair of the Legislative Coordinating Commission. Members shall elect a chair, vice-chair, secretary, and other officers as determined by the commission. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

Subd. 2. **Duties.** The commission shall review current statutes on management of school trust fund lands at least annually and shall recommend necessary changes in statutes, policy, and implementation in order to ensure provident utilization of the permanent school fund lands. By January 15 of each year, the commission shall submit a report to the legislature with recommendations for the management of school trust lands to secure long-term economic return for the permanent school fund, consistent with sections 92.122 and 127A.31. The commission's annual report may include recommendations to:

(1) manage the school trust lands efficiently;

(2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;

(3) manage the sale, exchange, and commercial leasing of school trust lands to maximize the revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands;

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles; and

(5) manage the asset allocation of the permanent school fund.

Subd. 3. MS 2011 Supp [Repealed by amendment, 2012 c 249 s 7]

History: 1982 c 548 art 4 s 2; 1986 c 444; 1993 c 4 s 16; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 5,51; art 11 s 3; 1998 c 398 art 6 s 22; 2003 c 130 s 12; 2008 c 357 s 36; 2012 c 249 s 7,12; 2012 c 298 s 7; 1Sp2019 c 4 art 3 s 118

127A.31 GOAL OF THE PERMANENT SCHOOL FUND.

The legislature intends that it is the goal of the permanent school fund to secure the maximum long-term economic return from the school trust lands consistent with the fiduciary responsibilities imposed by the trust relationship established in the Minnesota Constitution, with sound natural resource conservation and management principles, and with other specific policy provided in state law.

History: 1985 c 116 s 2; 1998 c 397 art 4 s 51

127A.32 SCHOOL ENDOWMENT FUND; DESIGNATION.

For the purpose of aid to public schools, a school endowment fund is established.

The school endowment fund shall consist of the distributable amounts from the permanent school fund. The commissioner may accept for and on behalf of the permanent school fund a donation of cash, marketable securities, or other personal property. A noncash donation, other than a donation of marketable securities, must be disposed of for cash as soon as the commissioner can obtain fair market value for the donation. Marketable securities may be disposed of at the discretion of the State Board of Investment consistent with sections 11A.16 and 11A.24. A cash donation and the cash receipts from a donation disposed of for cash must be credited immediately to the permanent school fund. Earnings from marketable securities are earnings of the permanent school fund.

History: Ex1959 c 71 art 5 s 8; 1969 c 399 s 13; 1989 c 51 s 2; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 6,51; 2026 c 114 s 5

NOTE: The amendment to this section by Laws 2026, chapter 114, section 5, is effective July 1, 2027, for aid payable in fiscal year 2028 if the constitutional amendment proposed in Laws 2026, chapter 114, section 1, is adopted by the voters. Laws 2026, chapter 114, section 6.

127A.33 SCHOOL ENDOWMENT FUND; APPORTIONMENT.

The commissioner shall apportion the school endowment fund semiannually on the first Monday in March and September in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to each district's adjusted average daily membership during the preceding year. The apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

History: Ex1959 c 71 art 5 s 9; Ex1971 c 31 art 20 s 15; 1978 c 706 s 29; 1Sp1985 c 12 art 1 s 3; 1993 c 224 art 13 s 31; 1996 c 412 art 1 s 5; 1998 c 397 art 4 s 7,51; 1Sp2011 c 11 art 1 s 26

127A.34 COUNTY AUDITOR AND COMMISSIONER DUTIES.

Subdivision 1. **Copy to commissioner of management and budget; appropriation.** The commissioner shall furnish a copy of the apportionment of the school endowment fund to the commissioner of management and budget, who thereupon shall issue payments from the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Subd. 2. **Apportionments to districts.** The county auditor each year shall apportion to the districts within the county the amount received from power line taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund. The apportionments must be made in proportion to each district's net tax capacity within the county in the prior year. The apportionments must be made and amounts distributed to the districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a district from the county school fund must be included in the first half distribution of property taxes to the district. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

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

History: *Ex1959 c 71 art 5 s 10; 1969 c 16 s 1,2; Ex1971 c 31 art 20 s 16; 1973 c 492 s 14; 1Sp1985 c 12 art 1 s 4; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1990 c 562 art 10 s 1; 1990 c 604 art 3 s 3; 1993 c 224 art 13 s 32; 1998 c 397 art 4 s 8,9,51; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 22*

127A.351 POLICY AND PURPOSE.

(a) The purpose of sections 127A.351 to 127A.353 is to establish a school trust lands director position to recommend management policies for Minnesota's school trust lands in accordance with the provisions of the Minnesota Constitution, article XI, section 8.

(b) As trustee, the state must manage the lands and revenues generated from the lands consistent with the best interests of the trust beneficiaries as defined in the Minnesota Constitution, article XI, section 8. When it is in the best interest of the school trust lands, ecological benefits shall be taken into consideration.

(c) The trustee must be concerned with both income for the current beneficiaries and the preservation of trust assets for future beneficiaries, which requires a balancing of short-term and long-term interests so that long-term benefits are not lost in an effort to maximize short-term gains.

(d) Sections 127A.351 to 127A.353 shall be liberally construed to enable the school trust lands director and the commissioner of natural resources to faithfully fulfill the state's obligations to the trust beneficiaries.

History: *2012 c 249 s 8,12*

127A.352 POLICY RECOMMENDATIONS; DUTIES.

Subdivision 1. **Recommendations.** The Legislative Permanent School Fund Commission shall recommend policies for the school trust lands director and the commissioner of natural resources that are consistent with the Minnesota Constitution, state law, and the goals established under section 84.027, subdivision 18.

Subd. 2. **Duties.** The commissioner of natural resources and the school trust lands director shall recommend to the governor and the Legislative Permanent School Fund Commission any necessary or desirable changes in statutes relating to the trust or their trust responsibilities consistent with the policies under section 127A.351.

Subd. 3. **Notice to commission and governor.** If the school trust lands director has an irreconcilable disagreement with the commissioner of natural resources pertaining to the fiduciary responsibilities consistent

with the school trust lands, it is the duty of the director to report the subject of the disagreement to the Legislative Permanent School Fund Commission and the governor.

History: 2012 c 249 s 9,12

127A.353 SCHOOL TRUST LANDS DIRECTOR.

Subdivision 1. **Appointment.** The school trust lands director shall be appointed by the governor. The commissioner of natural resources shall provide human resources, payroll, accounting, procurement, and other similar administrative services to the school trust lands director. The director's appointment is subject to the advice and consent of the senate.

Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Subd. 3. **Compensation.** Compensation of the school trust lands director shall be established under chapter 15A.

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

(1) act in a fiduciary capacity for trust beneficiaries in accordance with the principles under section 127A.351;

(2) evaluate the school trust land asset position;

(3) determine the estimated current and potential market value of school trust lands;

(4) advise and provide recommendations to the governor on school trust land management policies and other policies that may affect the goal of the permanent school fund under section 127A.31;

(5) advise and provide recommendations to the Executive Council and Land Exchange Board on all matters regarding school trust lands presented to either body;

(6) advise and provide recommendations to the commissioner of natural resources on managing school trust lands, including but not limited to advice and recommendations on:

(i) Department of Natural Resources school trust land management plans;

(ii) leases of school trust lands;

(iii) royalty agreements on school trust lands;

(iv) land sales and exchanges;

(v) cost certification; and

(vi) revenue generating options;

(7) serve as temporary trustee of school trust lands for school trust lands subject to proposed or active eminent domain proceedings;

(8) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision 5;

(9) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director that includes proposed legislative changes that will improve the asset allocation of the school trust lands;

(10) develop and implement a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years, with goals to:

(i) retain core real estate assets;

(ii) increase the value of the real estate assets and the cash flow from those assets;

(iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;

(iv) establish priorities for management actions;

(v) balance revenue enhancement and resource stewardship; and

(vi) advance strategies on school trust lands to capitalize on ecosystem services markets; and

(11) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.

(b) In carrying out the duties under paragraph (a), the school trust lands director may:

(1) direct and control money appropriated to the director;

(2) establish job descriptions and employ staff within the limitations of money appropriated to the director;

(3) enter into interdepartmental agreements with any other state agency;

(4) enter into joint powers agreements under chapter 471;

(5) evaluate and initiate real estate development projects on school trust lands in conjunction with the commissioner of natural resources and with the advice of the Legislative Permanent School Fund Commission to generate long-term economic return to the permanent school fund; and

(6) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

History: 2012 c 249 s 10,12; 1Sp2015 c 3 art 12 s 2; 1Sp2015 c 4 art 4 s 123; 2016 c 189 art 27 s 14; 1Sp2019 c 4 art 3 s 107; 1Sp2021 c 6 art 2 s 102; 2023 c 55 art 1 s 27,28

STATE AID PAYMENT AND ADJUSTMENT

127A.40 MANNER OF PAYMENT OF STATE AIDS.

It shall be the duty of the commissioner to deliver to the commissioner of management and budget a certificate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt

of such certificate, it shall be the duty of the commissioner of management and budget to issue a payment to the district for the amount shown by each certificate to be due to the district. The commissioner of management and budget shall transmit such payments to the district together with a copy of the certificate prepared by the commissioner.

History: *Ex1959 c 71 art 5 s 12; 1965 c 537 s 1; 1969 c 16 s 3; 1969 c 399 s 14; 1973 c 492 s 14; 1978 c 616 s 7; 1986 c 444; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 10,51; 2003 c 112 art 2 s 20; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 23*

127A.41 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

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

Subd. 2. **Errors in distribution.** On determining that the amount of state aid distributed to a school district is in error, the commissioner is authorized to adjust the amount of aid consistent with this subdivision. On determining that the amount of aid is in excess of the school district's entitlement, the commissioner is authorized to recover the amount of the excess by any appropriate means. Notwithstanding the fiscal years designated by the appropriation, the excess may be recovered by reducing future aid payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the district must adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the fiscal years designated by the appropriation, on determining that the amount of an aid paid is less than the school district's entitlement, the commissioner is authorized to increase such aid from the current appropriation. If the aid program has been discontinued and has no appropriation, the appropriation for general education shall be used for recovery or payment of the aid decrease or increase. Any excess of aid recovery over aid payment shall be canceled to the state general fund.

Subd. 3. **Audits.** The commissioner shall establish procedures for conducting and shall conduct audits of district records and files for the purpose of verifying district pupil counts, levy limitations, and aid entitlements. The commissioner shall establish procedures for selecting and shall select districts to be audited. Disparities, if any, between pupil counts, levy limitations, or aid entitlements determined by audit of district records and files and data reported by districts in reports, claims and other documents shall be reviewed by the commissioner who shall order increases or decreases accordingly. Whenever possible, the commissioner shall audit at least 25 districts each year pursuant to this subdivision. Procedures adopted under this subdivision are not subject to chapter 14, including section 14.386, and may differ from the procedures under section 127A.42.

Subd. 4. **Fewer than 25 districts audited.** If the commissioner audits fewer than 25 districts in a fiscal year pursuant to subdivision 3, the commissioner shall report the reasons for the number audited to the following legislative committees: house of representatives education, house of representatives appropriations, senate education, and senate finance.

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 to-and-from school transportation category for each pupil as defined in section 123B.92, subdivision 1.

Subd. 6. MS 2002 [Repealed, 1Sp2003 c 9 art 5 s 37]

Subd. 7. Schedule adjustments. (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by districts. Districts are encouraged to consider both cost and energy saving measures.

(b) Any district operating a program pursuant to sections 124D.12 to 124D.127 or 124D.128, or operating a commissioner-designated area learning center program under section 123A.09, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year.

Subd. 8. Appropriation transfers. (a) If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 124E, 125A, 126C, and 134, excluding appropriations under sections 124D.20, 124D.22, 124D.52, 124D.531, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of management and budget shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

(b) Transfers for aids paid under section 127A.45, subdivisions 12 and 13, shall be made during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under section 127A.45, subdivisions 11 and 12a, shall be made during the fiscal year of the appropriation.

Subd. 9. Appropriation transfers for community education programs. If a direct appropriation from the general fund to the Department of Education for an education aid or grant authorized under section 124D.20, 124D.22, 124D.52, 124D.531, 124D.55, or 124D.56 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of management and budget shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Subd. 10. Health and safety aid transfer. The commissioner, with the approval of the commissioner of management and budget, annually may transfer an amount from the appropriation for health and safety aid to the appropriation for debt service aid for the same fiscal year. The amount of the transfer equals the

amount necessary to fund any shortage in the debt service aid appropriation created by a data correction that occurs between November 1 and June 30 of the preceding fiscal year.

History: 1961 c 562 s 14; 1969 c 399 s 15,16; 1973 c 492 s 7; 1975 c 432 s 20; 1977 c 447 art 1 s 3; art 2 s 1; 1979 c 334 art 6 s 19; 1981 c 358 art 7 s 23-26; 1982 c 548 art 7 s 4; 1983 c 314 art 7 s 22; 1Sp1985 c 12 art 7 s 18; art 10 s 2; 1986 c 444; 1987 c 384 art 2 s 1; 1987 c 398 art 7 s 24; 1988 c 486 s 20; 1991 c 130 s 8; 1991 c 265 art 11 s 8; 1993 c 224 art 13 s 33,34; art 14 s 16; 1994 c 465 art 2 s 1; 1Sp1995 c 3 art 5 s 1; art 16 s 13; 1998 c 386 art 2 s 39; 1998 c 397 art 4 s 11-17,51; art 11 s 3; 1998 c 398 art 1 s 4,5; 1999 c 241 art 9 s 32; 2000 c 254 s 47; 2000 c 489 art 10 s 16,17; 1Sp2001 c 6 art 1 s 39; art 5 s 4; art 8 s 5; 2003 c 130 s 12; 2004 c 294 art 5 s 15; 1Sp2005 c 5 art 11 s 4; 2006 c 263 art 4 s 3; 2009 c 101 art 2 s 109; 2014 c 272 art 9 s 4; 1Sp2015 c 3 art 4 s 10; 2017 c 40 art 1 s 16; 1Sp2017 c 5 art 1 s 15; 2025 c 20 s 102,103

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

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

Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's 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;
- (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 sections 363A.08 to 363A.19 and 363A.28, subdivision 10; or
- (7) using funds contrary to the statutory purpose of the funds.

The reduction or withholding 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.** (a) After consultation with the commissioner of human rights, the commissioner of education shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of education assurances of compliance with state and federal laws prohibiting discrimination. The assurances must be provided in a form and manner prescribed by the commissioner.

(b) If it appears that one or more violations of the Minnesota Human Rights Act are occurring in a district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of education may then proceed pursuant to subdivision 4.

Subd. 4. **Notice to board.** When it appears that a violation is occurring in a district, the commissioner shall notify the board of that district in writing. The notice must specify the violations, set a reasonable time within which the district must correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced or withheld. The time allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

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 or withhold 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. If the commissioner, after further investigation as the commissioner deems necessary, adheres to the previous notice, the board shall be entitled to a hearing by the commissioner under this subdivision and notwithstanding chapter 14. The commissioner must set a hearing time and place and the board of the district must be given notice by mail. The hearings must be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. A stenographic record must be made of all testimony given and other proceedings during the hearing. If practicable, rules governing admission of evidence in courts shall apply to the hearing. The final decision of the commissioner must be in writing and the controlling facts upon which the decision is made must be stated in sufficient detail to apprise the parties and the reviewing court of the basis and reason for the decision. The decision must be confined to whether any of the specified violations existed at the date of the commissioner's first notice, whether the violations were corrected within the time permitted, whether the violations require withholding or reduction of the state aids under this section, and in what amount.

Subd. 6. **Violation; aid reduction or withholding.** The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the commissioner decides after hearing no violation specified in the commissioner's notice existed at the time of the notice, or that the violations were corrected within the time permitted. Otherwise state aids payable to the district for the year in which the violation occurred may be reduced or withheld 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 up to 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

Subd. 7. **Reduction in aids payable.** Reductions in aid under this section and sections 127A.41 and 127A.43 must be from general education aid. If there is not sufficient general education aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from other aids that are payable to the district for that year. If there is not a sufficient amount of state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year.

Subd. 8. MS 1998 [Repealed, 1999 c 241 art 9 s 54]

Subd. 8a. **Appeal.** A final decision of the commissioner under this section may be appealed in accordance with section 480A.06, subdivision 3.

Subd. 9. **Notice to district.** Any notice given to the board of a district will be deemed given when a copy thereof is mailed, registered, to the superintendent of the district, if there is a superintendent, and to the clerk of the board of the district. If it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, then the time for correction will be accordingly extended by the commissioner so that a reasonable time will be allowed from actual receipt of notice for correction. If notice is sent by the commissioner with respect to a violation which is continued by the district in a succeeding year, no separate notice for that violation for the succeeding year will be required. Proceedings initiated by such notice shall include any continuing violation notwithstanding that a part thereof occurs in a year different from the year in which it started. The commissioner may require reasonable proof of the time that a violation ceased for the determination of the amount of aids to be reduced or withheld. Costs and disbursements of the review by the court of appeals, exclusive of those incurred in the administrative proceedings, may be taxed against the losing party and in the event taxed against the state must be paid from the appropriations made to the department for the payment of state aids.

History: *Ex1959 c 71 art 5 s 15; 1963 c 203 s 1; 1965 c 51 s 18; 1973 c 492 s 14; 1975 c 59 s 3; 1975 c 162 s 29; 1975 c 173 s 1-3; 1976 c 2 s 61,172; 1978 c 706 s 30; 1978 c 764 s 38,39; 1982 c 424 s 130; 1983 c 247 s 58; 1983 c 314 art 7 s 23; 1985 c 248 s 70; 1986 c 444; 1988 c 486 s 21,22; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 18-24,51; art 11 s 3; 1998 c 398 art 5 s 55; 1999 c 241 art 9 s 33,34; 2000 c 489 art 3 s 15; 1Sp2001 c 6 art 5 s 5; 2003 c 130 s 12; 2009 c 101 art 2 s 109; 1Sp2011 c 11 art 5 s 4*

127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID REDUCTION.

When a district employs one or more teachers who do not hold a valid teaching license, state aid shall be reduced in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for the year in which the employment occurred.

History: *Ex1959 c 71 art 5 s 19; 1969 c 379 s 1; 1974 c 326 s 12; 1975 c 321 s 2; 1977 c 447 art 1 s 7; 1978 c 764 s 44; 1979 c 162 s 1; 1979 c 334 art 1 s 6; 1980 c 609 art 1 s 5; 1982 c 548 art 4 s 9,10; 1983 c 314 art 7 s 24; art 9 s 12; 1984 c 463 art 1 s 2; 1Sp1985 c 12 art 7 s 19; art 8 s 17; 1988 c 486 s 28-30; 1989 c 329 art 1 s 2,3; 1990 c 426 art 2 s 1; 1990 c 562 art 3 s 2; 1991 c 130 s 37; 1991 c 265 art 7 s 10-12; 1992 c 464 art 1 s 20; 1992 c 499 art 4 s 5; art 12 s 10; 1993 c 224 art 1 s 3; art 7 s 8; art 9 s 30; art 12 s 18; 1994 c 647 art 9 s 8,9; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 7 s 30,164; art 11 s 3; 1Sp2011 c 11 art 5 s 5*

127A.44 MS 2000 [Repealed, 1Sp2001 c 6 art 1 s 55 subd 1]

127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

(a) Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b), shall not include any

amount levied pursuant to section 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section.

(b) The commissioner shall schedule the timing of the adjustments under paragraph (a) as close to the end of the fiscal year as possible.

The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

History: *1Sp2003 c 9 art 5 s 11; 2007 c 146 art 1 s 15; 1Sp2010 c 1 art 3 s 5; 1Sp2011 c 11 art 5 s 6; 2012 c 187 art 1 s 19; 2015 c 21 art 1 s 23*

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

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

Subd. 2. **Definitions.** (a) "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) "Cumulative amount guaranteed" means the product of

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

(2) the sum of

(i) the current year aid payment percentage 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.

(c) "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.

(d) The current year aid payment percentage equals 90.

Subd. 3. **Payment dates and percentages.** (a) The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (1) the district's other district receipts through the current payment, and (2) 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:	5.5

Payment 2	July 30:	8.0
Payment 3	August 15:	17.5
Payment 4	August 30:	20.0
Payment 5	September 15:	22.5
Payment 6	September 30:	25.0
Payment 7	October 15:	27.0
Payment 8	October 30:	30.0
Payment 9	November 15:	32.5
Payment 10	November 30:	36.5
Payment 11	December 15:	42.0
Payment 12	December 30:	45.0
Payment 13	January 15:	50.0
Payment 14	January 30:	54.0
Payment 15	February 15:	58.0
Payment 16	February 28:	63.0
Payment 17	March 15:	68.0
Payment 18	March 30:	74.0
Payment 19	April 15:	78.0
Payment 20	April 30:	85.0
Payment 21	May 15:	90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

(b) In addition to the amounts paid under paragraph (a), the commissioner shall pay to a school district or charter school on the dates indicated an amount computed as follows:

Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

- Payment 6 September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 8 October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

(c) Notwithstanding paragraph (b), if the current year aid payment percentage under subdivision 2, paragraph (d), is less than 90, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

- Payment 1 July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements
- Payment 8 October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements

(d) Notwithstanding paragraph (b), if a charter school is an eligible special education charter school under section 124E.21, subdivision 2, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

- Payment 1 July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements
- Payment 8 October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements

Subd. 4. **Appeal.** (a) The commissioner, in consultation with the commissioner of management and budget, 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. MS 1998 [Repealed, 1999 c 241 art 6 s 15]

Subd. 6. **Cash flow waiver.** For any district exceeding its expenditure limitations under section 123B.83, and if requested by the district, the commissioner of education, in consultation with the commissioner of management and budget, and a school district may negotiate a cash flow payment schedule under subdivision 3 corresponding to the district's cash flow needs so as to minimize the district's short-term borrowing needs.

Subd. 6a. **Cash flow adjustment.** The board of directors of any eligible special education charter school under section 124E.21, subdivision 2, may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments

to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

Subd. 7. **Payment limit.** Subdivision 3 does not authorize the commissioner to pay to a district's operating funds an amount of state general fund cash that exceeds the sum of:

- (a) its estimated aid and credit payments for the current year according to subdivision 13;
- (b) its actual aid payments according to subdivisions 11 and 12; and
- (c) the final adjustment payment for the prior year.

Subd. 7a. MS 2006 [Repealed, 2008 c 363 art 2 s 52]

Subd. 7b. **Advance final payment.** (a) Notwithstanding subdivisions 3 and 7, if the current year aid payment percentage, under subdivision 2, is less than 90, then a school district or charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district or charter school. The amount paid under this subdivision must not exceed the lesser of:

(1) the difference between 90 percent and the current year payment percentage in subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or charter school's general education aid plus the aid adjustment in section 127A.50 for the current fiscal year; or

(2) the amount by which the district's or charter school's net negative unreserved general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the district or charter school's expenditures for that fiscal year.

(b) The state total advance final payment under this subdivision for any year must not exceed \$7,500,000. If the amount request exceeds \$7,500,000, the advance final payment for each eligible district must be reduced proportionately.

Subd. 8. **Commissioner's assumptions.** For purposes of determining the amount of state general fund cash to be paid to districts pursuant to subdivision 3, the commissioner shall:

(1) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.11 are made in the following manner:

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

(2) assume that the payments to districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.111 are made in the following manner:

- (i) 50 percent within seven business days of the October 15 due date;
- (ii) 100 percent within 14 business days of the October 15 due date; and
- (iii) 100 percent within ten business days of the November 15 due date; and

(3) assume that the payments to school districts by county auditors pursuant to section 127A.34, subdivision 2, are made at the end of the months indicated in that subdivision.

Subd. 9. Final adjustment payment. (a) For all aids and credits paid according to subdivision 13, the final adjustment payment must include the amounts necessary to pay the district's full aid entitlement for the prior year based on actual data. This payment must be used to correct all estimates used for the payment schedule in subdivision 3. The payment must be made as specified in subdivision 3. In the event actual data are not available, the final adjustment payment may be computed based on estimated data. A corrected final adjustment payment must be made when actual data are available.

(b) Notwithstanding paragraph (a) and subdivision 3, for a charter school that ceases operation before the end of a school year, a final adjustment payment for aid programs funded with an open appropriation may be made after audit of the prior fiscal year and current fiscal year pupil counts.

Subd. 10. Payments to school nonoperating funds. Each fiscal year state general fund payments for a district nonoperating fund must be made at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in six equal monthly installments from July through December. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid and state-paid tax credits 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.

Subd. 11. Payment percentage for reimbursement aids. One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity aid according to section 125B.26, special education special pupil aid according to section 125A.75, subdivision 3, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid according to section 126C.01, subdivision 7.

Subd. 12. Payment percentage for certain aids. One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for enrollment options transportation according to sections 124D.03, subdivision 8, and 124D.09, subdivision 22, and chapter 124E, and support services aid, for persons who are deaf, deafblind, and hard-of-hearing according to section 124D.57.

Subd. 12a. Forward shifted aid payments. One hundred percent of the state aid in fiscal years 2003 and later received under section 124D.87 must be paid by the state to the recipient school district on August 30 of that year. The recipient school district must recognize this aid in the previous fiscal year.

Subd. 13. Aid payment percentage. Except as provided in subdivisions 11, 12, 12a, 14, and 14a, each fiscal year, all education aids and credits in this chapter; chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, and 134; and sections 142D.06, 142D.093, 142D.11, and 273.1392 shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education aid under section 125A.76 for fiscal year 2014 and later equals 97.4 percent of the district's entitlement for the current fiscal year. 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.

Subd. 14. Nonpublic aids. The state shall pay aid according to sections 123B.40 to 123B.48 for pupils attending nonpublic schools as follows:

(1) an advance payment by November 30 equal to the current year aid payment percentage 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 123B.92 by October 31.

Subd. 14a. **State nutrition programs.** Notwithstanding subdivisions 3 and 13, the state shall pay 100 percent of the aid for the current year according to sections 124D.111, 124D.1158, and 124D.118 based on submitted monthly vouchers showing meals and milk served.

Subd. 15. **Education aids cash flow account.** (a) An education aids cash flow account is established in the state treasury for the purpose of ensuring the timely payment of state aids or credits to districts as provided in this section. In the event the account balance in any appropriation from the general fund to the department for education aids or credits is insufficient to make the next scheduled payment or payments, the commissioner is authorized to transfer funds from the education aids cash flow account to the accounts that are insufficient.

(b) For purposes of this subdivision, an account may have an insufficient balance only as a result of some districts being overpaid based on revised estimates for the relevant annual aid or credit entitlements. When the overpayment amounts are recovered from the pertinent districts, the commissioner shall transfer those amounts to the education aids cash flow account. The commissioner shall determine when it is not feasible to recover the overpayments in a timely manner from the district's future aid payments and notify the district of the amount that is to be refunded to the state. Districts are encouraged to make such refunds promptly. The commissioner may approve a schedule for making a refund when a district demonstrates that its cash flow is inadequate to promptly make the refund in full.

(c) There is annually appropriated from the general fund to the education aids cash flow account the additional amount necessary to ensure the timely payment of state aids or credits to districts as provided in this section. For any fiscal year, the appropriation authorized in this subdivision must not exceed an amount equal to two-tenths of one percent of the total general fund appropriations in that year for education aids and credits. At the close of each fiscal year, the amount of actual transfers plus anticipated transfers required in paragraph (b) must equal the authorized amounts transferred in paragraph (a) so that the net effect on total general fund spending for education aids and credits is zero.

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amount under section 124D.041 shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized, state education aid payments shall be made only to the school district, charter school, or other education organization earning state aid revenues as a result of providing education services.

History: 1983 c 342 art 7 s 3; 1984 c 463 art 9 s 4-6; 1984 c 655 art 1 s 25; 1Sp1985 c 12 art 10 s 3-7; 1Sp1986 c 1 art 4 s 8; art 5 s 6,7; art 9 s 3; 1987 c 268 art 9 s 4; 1987 c 384 art 2 s 29,30; 1987 c 398 art 6 s 2; art 7 s 25; 1988 c 486 s 31,32; 1989 c 329 art 8 s 2,3; 1990 c 562 art 1 s 2; art 3 s 13; art 6 s 20; art 8 s 26; 1990 c 604 art 3 s 4; 1991 c 130 s 10-14; 1991 c 199 art 2 s 9; 1991 c 265 art 2 s 3; art 5 s 5; 1992 c 499 art 1 s 7,8; 1993 c 224 art 6 s 8; art 7 s 9; art 8 s 1; art 14 s 9; 1994 c 465 art 2 s 12; 1994 c 647 art 1 s 7-10; 1Sp1995 c 3 art 1 s 12-14; art 16 s 13; 1996 c 412 art 1 s 9,10; 1997 c 231 art 9 s 3,4; 1Sp1997

c 4 art 1 s 15-18; art 3 s 12; 1998 c 397 art 4 s 27-37,51; art 11 s 3; 1998 c 398 art 1 s 9; 1999 c 241 art 2 s 49,50; art 6 s 10-12; 2000 c 254 s 48; 2000 c 489 art 2 s 25; 1Sp2001 c 6 art 2 s 58; art 5 s 6-8; 2002 c 374 art 1 s 2-9; 2003 c 130 s 12; 1Sp2003 c 9 art 5 s 14-21; art 12 s 16; 1Sp2003 c 18 art 5 s 2; 2004 c 228 art 3 s 2; 1Sp2005 c 5 art 1 s 40; art 3 s 13; art 5 s 5-8; art 11 s 5; 2006 c 263 art 1 s 16; art 4 s 4; 2008 c 363 art 2 s 31; 2009 c 101 art 2 s 109; 2010 c 395 s 2; 1Sp2010 c 1 art 3 s 6-9; 2011 c 76 art 1 s 19; 1Sp2011 c 11 art 1 s 27; art 5 s 7-9; 2012 c 239 art 1 s 27; 2013 c 62 s 3; 2013 c 116 art 7 s 4,5; 2014 c 312 art 15 s 21,22; 1Sp2015 c 3 art 4 s 10; art 5 s 27; 2016 c 158 art 1 s 49; 2016 c 189 art 28 s 8; 1Sp2017 c 5 art 1 s 16; 1Sp2019 c 11 art 1 s 21,22; 2024 c 115 art 9 s 3-5; 1Sp2025 c 10 art 10 s 2

127A.46 MS 2010 [Repealed, 1Sp2011 c 11 art 5 s 13]

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. For a student enrolled under section 124D.08, subdivision 2a, that is enrolled in other than an independent or special school district or charter school, the general education revenue shall be paid to the resident district.

Subd. 2. MS 2011 Supp [Repealed, 2012 c 239 art 1 s 34]

Subd. 3. **Revenue for children of divorced or legally separated parents or parents residing separately.** (a) In those instances when the divorced or legally separated parents or parents residing separately share joint physical custody of the child and the divorced or legally separated parents or parents residing separately reside in different school districts, for all school purposes, unless otherwise specifically provided by law, the child must be considered a resident of the school district, as indicated by the child's parents.

(b) When the child of divorced or legally separated parents or parents residing separately under paragraph (a) resides with each parent on alternate weeks, the parents shall be responsible for the transportation of the child to the border of the resident school district during those weeks when the child resides in the nonresident school district.

Subd. 4. **District without schools.** Except as otherwise provided in law, any district not maintaining classified elementary or secondary schools must pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and must receive general education aid on the same basis as other districts. The aid must be computed as if the pupils were enrolled in the district of residence.

Subd. 5. **Notification of resident district.** A district educating a pupil who is a resident of another district must notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated.

Subd. 6. **State agency and court placements.** If a state agency or a court of the state desires to place a child in a district that is not the child's district of residence or to place a pupil who is a parent under section 120A.22, subdivision 3, in a school district which is not the school district in which the pupil's biological or adoptive parent or designated guardian resides, that agency or court must, before placement, allow the

district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of the placement decision before the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court must notify the district of residence, the district of attendance and the commissioner of an emergency placement within 15 days of the placement.

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

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for 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, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2020, special education aid paid to a resident district must be reduced by an amount equal to 85 percent of the unreimbursed cost of providing special education and services. For fiscal year 2021 and later, special education aid paid to a resident district must be reduced by an amount equal to 80 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) 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 the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under chapter 124E. 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 124E.15 is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, plus the transportation sparsity allowance for the district; times (ii) the adjusted pupil units attributable to the pupil; plus

(2) the product of \$223 and the extended time pupil units attributable to the pupil.

History: 1981 c 358 art 1 s 28; 1982 c 548 art 1 s 11; 1983 c 314 art 1 s 22; 1987 c 398 art 8 s 10; 1988 c 486 s 56,57; 1988 c 718 art 7 s 32,33; 1989 c 329 art 7 s 5; 1990 c 562 art 3 s 7; 1991 c 130 s 21; 1991 c 199 art 2 s 12; 1991 c 265 art 3 s 38; 1993 c 224 art 3 s 29; 1Sp1995 c 3 art 16 s 13; 1996 c 305 art 1 s 138; 1996 c 412 art 1 s 22; 1997 c 7 art 1 s 65; 1998 c 397 art 4 s 50,51; art 11 s 3; 1998 c 398 art 1 s 26,27; art 2 s 30-32; 1999 c 241 art 1 s 48-50; art 2 s 51; 1Sp2003 c 9 art 5 s 22,23; 2004 c 294 art 1 s 8; 1Sp2005 c 5 art 2 s 73; art 3 s 14; 2007 c 146 art 1 s 16,25; art 3 s 21; 2009 c 96 art 1 s 18; art 3 s 20; 2012 c 239 art 1 s 28; 2013 c 116 art 1 s 54,55; 2014 c 312 art 15 s 23; 1Sp2015 c 3 art 4 s 10; art 5 s 28; 2016 c 189 art 29 s 14; 1Sp2019 c 11 art 4 s 9; 1Sp2025 c 10 art 1 s 22

127A.48 ADJUSTMENT OF NET TAX CAPACITY.

Subdivision 1. MS 2012 [Renumbered 273.1325, subdivision 1]

Subd. 2. MS 2012 [Renumbered 273.1325, subd 2]

Subd. 3. MS 2012 [Renumbered 273.1325, subd 3]

Subd. 4. MS 2012 [Renumbered 273.1325, subd 4]

Subd. 5. MS 2012 [Renumbered 273.1325, subd 5]

Subd. 6. MS 2012 [Renumbered 273.1325, subd 6]

Subd. 7. **Adjusted net tax capacity; growth limit.** In the calculation of adjusted net tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted net tax capacity of taxable property for any district over the adjusted net tax capacity established and filed with the commissioner for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted net tax capacity established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted net tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted net tax capacity established and filed with the commissioner for the immediately preceding year.

Subd. 8. **Decrease in iron ore net tax capacity.** If in any year the net tax capacity of iron ore property, as defined in section 273.13, subdivision 31, in any district is less than the net tax capacity of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted net tax capacity of the preceding year taking into account only the decrease in net tax capacity of iron ore property as defined in section 273.13, subdivision 31. If subdivision 7, clause (1), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted net tax capacity as limited therein. In all other respects, the provisions of clause (1) shall apply.

Subd. 9. MS 2014 [Repealed, 2016 c 158 art 1 s 215]

Subd. 10. **Adjusted net tax capacity; appeals.** If a district, within 30 days after receipt of a copy of a report filed with the commissioner made pursuant to subdivisions 1 to 6 or 8, is of the opinion that the commissioner of revenue has made an error in the determination of the district's market value, it may appeal from the report or portion thereof relating to the district to the commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner of revenue shall advise the district of the determination within 30 days. If the district wishes to appeal the determination of the commissioner of revenue, it must file a notice of appeal with the Tax Court, as provided in subdivisions 11 to 16 within ten days of the notice of determination from the commissioner of revenue.

Subd. 11. **Notice of appeal.** The district must file with the court administrator of the Tax Court a notice of appeal from the determination of the commissioner of revenue fixing the market value of the district, and such notice must show the basis of the alleged error. A copy of the notice of appeal must be served upon the commissioner of revenue, and proof of service must be filed with the court administrator.

Subd. 12. **Hearing.** Upon receipt of the notice of appeal the Tax Court must review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the commissioner of revenue of the market value of the property in the school district. If the court finds it probable that such an error has been made, it must notice the matter for hearing; otherwise, it must dismiss the appeal and notify the parties thereof. Hearings must be set and held in the same manner as other hearings of the Tax Court are set and heard, except that an appeal filed under subdivision 10 must take precedence over other appeals pending before the court. The attorney general shall represent the commissioner of revenue. The Administrative Procedure Act, sections 14.09 to 14.28, 14.38, 14.44 to 14.45, and 14.57 to 14.69, shall apply to hearings insofar as it is applicable.

Subd. 13. **Tax Court determination.** The Tax Court shall hear, consider, and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing, the court must: (1) file findings of fact, or (2) refer the issues to the commissioner of revenue with instructions and recommendations for a determination and correction of the market value of the appealing district. The decision of the Tax Court, if it decides the matter de novo, shall have the same force and effect as a determination by the commissioner of revenue in the first instance under this section, and the commissioner of revenue must be notified thereof. If the matter is rereferred to the commissioner of revenue,

a redetermination by the commissioner of revenue in accordance with the recommendations of the Tax Court must likewise have the same force and effect as a determination by it in the first instance under this section.

Subd. 14. **Hearing examiner.** In addition to the powers and duties of the Tax Court as prescribed by chapter 271, any hearing ordered pursuant to this section may be heard by a hearing examiner in lieu of one or more judges of the Tax Court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more judges of the Tax Court. The hearing examiner shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The Tax Court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

Subd. 15. **Limitation of appeals.** A decision of the Tax Court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the supreme court.

Subd. 16. **Aids pending appeals.** During the pendency of any appeal from the commissioner of revenue evaluation, state aids to the appealing district must be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

History: *Ex1971 c 31 art 20 s 3; 1973 c 582 s 3; 1973 c 683 s 5-10,27; 1974 c 521 s 22,23; 1975 c 432 s 25-33; 1976 c 134 s 78; 1976 c 239 s 35; 1976 c 271 s 44-46; 1977 c 307 s 29; 1977 c 423 art 3 s 1,2; art 4 s 1; 1977 c 447 art 1 s 8-15,17; 1978 c 706 s 32; 1978 c 733 s 20,21; 1978 c 764 s 46-51; 1978 c 767 s 1; 1979 c 334 art 1 s 7-11; art 3 s 4,5; 1980 c 429 s 1; 1980 c 443 s 1; 1980 c 509 s 33; 1980 c 607 art 4 s 1; art 7 s 8; 1980 c 609 art 1 s 7; 1981 c 358 art 1 s 18,19,48; 1982 c 424 s 130; 1984 c 502 art 11 s 1; 1Sp1985 c 14 art 3 s 1; art 4 s 18; 1986 c 444; 1Sp1986 c 1 art 4 s 9; 1Sp1986 c 3 art 1 s 82; 1987 c 268 art 6 s 3; art 7 s 3-10; 1987 c 384 art 2 s 1; 1988 c 719 art 5 s 2,84; 1989 c 329 art 13 s 1; art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 9 s 1; 1992 c 511 art 2 s 5; 1992 c 556 s 1; 1993 c 224 art 1 s 4; 1994 c 416 art 1 s 4; 1995 c 233 art 2 s 56; 1995 c 264 art 5 s 1; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 4 s 39-47,51; art 11 s 3; 2003 c 130 s 12; 2008 c 154 art 2 s 2; 2013 c 143 art 14 s 15,110*

127A.49 AID ADJUSTMENTS.

Subdivision 1. **Omissions.** No adjustments to any aid payments made pursuant to this chapter or chapters 120B, 122A, 123A, 123B, 124D, 124E, 125A, and 126C resulting from omissions in district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year, unless otherwise specifically provided by law.

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value 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 must, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner must pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount must 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 third preceding year according to the following:

(A) section 123B.595, if the district received long-term facilities maintenance aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 142D.11, subdivision 3, if the district received early childhood family education aid according to section 142D.11 for the second preceding year;

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

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section 126C.10, subdivision 2e, paragraph (b), if the district received local optional aid according to section 126C.10, subdivision 2e, paragraph (c), in the second preceding year; and

(L) section 122A.415, subdivision 5, if the district received alternative teacher compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a), in the second preceding year; to

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

Subd. 3. Excess tax increment. (a) The county auditor must, prior to February 1 of each year, certify to the commissioner of education the amount of any excess tax increment that accrued to the district during the preceding year. If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, 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 in the preceding year, times

(2) the ratio of:

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

(A) section 123B.595, if the district received long-term facilities maintenance aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 142D.11, subdivision 3, if the district received early childhood family education aid according to section 142D.11 for the second preceding year;

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

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section 126C.10, subdivision 2e, if the district received local optional aid according to section 126C.10, subdivision 2e, in the second preceding year; and

(L) section 122A.415, subdivision 5, if the district received alternative teacher compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding 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: 1977 c 447 art 6 s 2; 1978 c 764 s 54; 1980 c 609 art 4 s 7; 1981 c 358 art 1 s 30; 1983 c 314 art 1 s 22; art 6 s 11; 1984 c 463 art 6 s 1; art 7 s 12; 1986 c 465 art 2 s 1; 1987 c 291 s 202; 1988 c 718 art 6 s 7,8; 1988 c 719 art 5 s 84; 1989 c 222 s 12,13; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1991 c 130 s 16,17,37; 1992 c 499 art 12 s 11,12,29; 1994 c 465 art 2 s 1; 1994 c 647 art 8 s 5; 1Sp1995 c 3 art 8 s 2,3; art 16 s 13; 1998 c 397 art 4 s 48,51; art 11 s 3; 1999 c 241 art 1 s 51,52; 1Sp2003 c 9 art 5 s 24,25; 1Sp2005 c 5 art 1 s 41,42; 2007 c 146 art 1 s 17,18; 2008 c 363 art 2 s 32,33; 2014 c 312 art 18 s 15,16; 2015 c 21 art 1 s 24,25; 1Sp2015 c 3 art 4 s 10; art 7 s 5; 2019 c 50 art 1 s 35; 1Sp2019 c 11 art 1 s 23; 1Sp2021 c 13 art 1 s 7; 2024 c 80 art 4 s 26; 2024 c 115 art 16 s 42; 1Sp2025 c 10 art 12 s 4

127A.50 AID ADJUSTMENTS DUE TO CHANGES IN EMPLOYER RETIREMENT CONTRIBUTION RATES.

Subdivision 1. MS 2012 [Repealed, 2013 c 116 art 1 s 59]

Subd. 2. **Appropriation.** 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 education.

Subd. 3. MS 2024 [Repealed, 2025 c 20 s 294]

Subd. 4. **Effect of reorganizations.** The commissioner of education 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. MS 2012 [Repealed, 2013 c 116 art 1 s 59]

History: 1997 c 233 art 1 s 14; 1998 c 397 art 4 s 51; art 11 s 3; 1Sp2001 c 6 art 1 s 40; 2003 c 130 s 12; 2006 c 277 art 3 s 1

127A.51 STATEWIDE AVERAGE REVENUE.

(a) By December 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

(b) If the disparity in adjusted general revenue as measured by the ratio of the 95th 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 February 1.

(c) For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; local optional revenue under section 126C.10, subdivision 2e; and equity revenue under section 126C.10, subdivision 24.

History: 1987 c 398 art 1 s 24; 1988 c 486 s 69; 1991 c 265 art 1 s 26; 1998 c 397 art 7 s 158,164; art 11 s 3; 1998 c 398 art 1 s 38; 1999 c 241 art 1 s 53; 2000 c 489 art 2 s 26; 1Sp2001 c 6 art 1 s 41; 2013 c 116 art 1 s 56; 2016 c 189 art 27 s 15; 2024 c 115 art 1 s 14

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

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

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

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

127A.61 MS 1998 [Repealed, 1999 c 241 art 9 s 54]

127A.62 Subdivision 1. [Renumbered 127A.12]

Subd. 2. MS 1998 [Repealed, 1999 c 241 art 9 s 54]

127A.63 [Renumbered 127A.13]

127A.64 MS 1998 [Repealed, 1999 c 241 art 9 s 54]

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

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

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

127A.67 [Renumbered 127A.14]

127A.70 MINNESOTA P-20 EDUCATION PARTNERSHIP.

Subdivision 1. **Establishment; membership.** (a) A P-20 education partnership is established to create a seamless system of education that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the efficient use of financial and human resources. The partnership shall consist of major statewide educational groups or constituencies or noneducational statewide organizations with a stated interest in P-20 education. The initial membership of the partnership includes the members serving on the Minnesota P-16 Education Partnership and four legislators appointed as follows:

(1) one senator from the majority party and one senator from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(2) one member of the house of representatives appointed by the speaker of the house and one member appointed by the minority leader of the house of representatives.

(b) The chair of the P-16 education partnership must convene the first meeting of the P-20 partnership. Prospective members may be nominated by any partnership member and new members will be added with the approval of a two-thirds majority of the partnership. The partnership will also seek input from nonmember organizations whose expertise can help inform the partnership's work.

(c) Partnership members shall be represented by the chief executives, presidents, or other formally designated leaders of their respective organizations, or their designees. The partnership shall meet at least three times during each calendar year.

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work;

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) realigning the governance and administrative structures of early education, kindergarten through grade 12, and postsecondary systems in Minnesota.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education; Children, Youth, and Families; and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDs) and the Early Childhood Longitudinal Data System (ECLDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes for diverse student populations including at-risk students, children with disabilities, English learners, and gifted students, among others, and include formative and summative evaluations based on multiple measures of child well-being, early childhood development, and student progress toward career and college readiness;

(2) evaluate the effectiveness of early care, educational, and workforce programs; and

(3) evaluate the relationships among early care, education, and workforce outcomes, consistent with section 124F.08.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System and the Early Childhood Longitudinal Data System inform public policy and decision-making. The SLEDs governance committee and ECLDS governance committee, with assistance from staff of the Office of Higher Education; the Department of Education; the Department of Children, Youth, and Families; and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System and the Early Childhood Longitudinal Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Subd. 2a. Career pathways and technical education; key elements; stakeholder collaboration. (a) The partnership must work with representatives of the Department of Education, the Department of Employment and Economic Development, the Department of Labor, the Professional Educator Licensing and Standards Board, the Board of School Administrators, trade associations, local and regional employers,

local school boards, adult basic education program providers, postsecondary institutions, parents, other interested and affected education stakeholders, and other major statewide educational groups and constituencies to recommend to the legislature ways to identify specific policy, administrative, and statutory changes needed under sections 120B.11, 120B.125, 122A.09, 122A.14, 122A.18, and 122A.60, among other statutory provisions, to effect and, if appropriate, revise a comprehensive, effective, and publicly accountable P-20 education system premised on developing, implementing, and realizing students' individual career and college readiness plans and goals. In developing its recommendations, the partnership must consider how best to:

(1) provide students regular and frequent access to multiple qualified individuals within the school and local and regional community who have access to reliable and accurate information, resources, and technology the students need to successfully pursue career and technical education, other postsecondary education, or work-based training options;

(2) regularly engage students in planning and continually reviewing their own career and college readiness plans and goals and in pursuing academic and applied and experiential learning that helps them realize their goals; and

(3) identify and apply valid and reliable measures of student progress and program efficacy that, among other requirements, can accommodate students' prior education-related experiences and applied and experiential learning that students acquire via contextualized projects and other recognized learning opportunities.

(b) The partnership must recommend to the commissioner of education and representatives of secondary and postsecondary institutions and programs how to organize and implement a framework of the foundational knowledge and skills and career fields, clusters, and pathways for students enrolled in a secondary school, postsecondary institution, or work-based program. The key elements of these programs of study for students pursuing postsecondary workforce training or other education must include:

(1) competency-based curricula aligned with industry expectations and skill standards;

(2) sequential course offerings that gradually build students' skills, enabling students to graduate from high school and complete postsecondary programs;

(3) flexible and segmented course and program formats to accommodate students' interests and needs;

(4) course portability to allow students to seamlessly progress in the students' education and career; and

(5) effective and sufficiently strong P-20 connections to facilitate students' uninterrupted skill building, provide students with career opportunities, and align academic credentials with opportunities for advancement in high-skill, high-wage, and high-demand occupations.

(c) Stakeholders under this paragraph must examine possibilities for redesigning teacher and school administrator licensure requirements, and make recommendations to the Professional Educator Licensing and Standards Board and the Board of School Administrators, respectively, to create specialized licenses, credentials, and other endorsement forms to increase students' participation in language immersion programs, world language instruction, career development opportunities, work-based learning, early college courses and careers, career and technical education programs, Montessori schools, and project and place-based learning, among other career and college ready opportunities. Consistent with the possibilities for redesigning educators' licenses, the stakeholders also must examine how to restructure staff development and training opportunities under sections 120B.125 and 122A.60 to realize the goals of this subdivision.

(d) The partnership must recommend to the Department of Education, the Department of Employment and Economic Development, and postsecondary institutions and systems how best to create a mobile, web-based hub for students and their families that centralizes existing resources on careers and employment trends and the educational pathways required to attain such careers and employment.

Subd. 3. MS 2013 Supp [Repealed, 2014 c 286 art 8 s 40]

History: 2009 c 96 art 2 s 58; 2013 c 99 art 2 s 2; 2014 c 272 art 1 s 41; art 3 s 49,50; art 10 s 1; 1Sp2015 c 3 art 12 s 3; 1Sp2017 c 5 art 12 s 22; 2019 c 64 art 2 s 2; 2024 c 109 art 10 s 1; 2025 c 21 s 13; 1Sp2025 c 10 art 2 s 25

EDUCATION COMPACTS AND MILITARY-CONNECTED STUDENTS

127A.80 COMPACT FOR EDUCATION.

The Compact for Education is hereby entered into and enacted into law with all jurisdictions legally joining therein, in the form substantially as follows:

COMPACT FOR EDUCATION

ARTICLE I

Purpose and Policy

(A) It is the purpose of this compact to:

(1) Establish and maintain close cooperation and understanding among executive, legislative, professional educational and lay leadership on a nationwide basis at the state and local levels.

(2) Provide a forum for the discussion, development, crystalization and recommendation of public policy alternatives in the field of education.

(3) Provide a clearinghouse of information on matters relating to educational problems and how they are being met in different places throughout the nation, so that the executive and legislative branches of state government and of local communities may have ready access to the experience and record of the entire country, and so that both lay and professional groups in the field of education may have additional avenues for the sharing of experience and the interchange of ideas in the formation of public policy in education.

(4) Facilitate the improvement of state and local educational systems so that all of them will be able to meet adequate and desirable goals in a society which requires continuous qualitative and quantitative advance in educational opportunities, methods and facilities.

(B) It is the policy of this compact to encourage and promote local and state initiative in the development, maintenance, improvement and administration of educational systems and institutions in a manner which will accord with the needs and advantages of diversity among localities and states.

(C) The party states recognize that each of them has an interest in the quality and quantity of education furnished in each of the other states, as well as in the excellence of its own educational systems and institutions, because of the highly mobile character of individuals within the nation, and because the products and services contributing to the health, welfare and economic advancement of each state are supplied in significant part by persons educated in other states.

ARTICLE II

State Defined

As used in this compact, "state" means a state, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

ARTICLE III

The Commission

(A) The education commission of the states, hereinafter called "the commission," is hereby established. The commission shall consist of seven members representing each party state. One of such members shall be the governor; two shall be members of the state legislature selected by its respective houses and serving in such manner as the legislature may determine; and four shall be appointed by and serve at the pleasure of the governor, unless the laws of the state otherwise provide. If the laws of a state prevent legislators from serving on the commission, six members shall be appointed and serve at the pleasure of the governor, unless the laws of the state otherwise provide. In addition to any other principles or requirements which a state may establish for the appointment and service of its members of the commission, the guiding principle for the composition of the membership on the commission from each party state shall be that the members representing such state shall, by virtue of their training, experience, knowledge or affiliations be in a position collectively to reflect broadly the interests of the state government, higher education, the state education system, local education, lay and professional, public and nonpublic educational leadership. Of those appointees, one shall be the head of a state agency or institution, designated by the governor, having responsibility for one or more programs of public education. In addition to the members of the commission representing the party states, there may be not to exceed ten nonvoting commissioners selected by the steering committee for terms of one year. Such commissioners shall represent leading national organizations of professional educators or persons concerned with educational administration.

(B) The members of the commission shall be entitled to one vote each on the commission. No action of the commission shall be binding unless taken at a meeting at which a majority of the total number of votes on the commission are cast in favor thereof. Action of the commission shall be only at a meeting at which a majority of the commissioners are present. The commission shall meet at least once a year. In its bylaws, and subject to such directions and limitations as may be contained therein, the commission may delegate the exercise of any of its powers to the steering committee or the executive director, except for the power to approve budgets or requests for appropriations, the power to make policy recommendations pursuant to article IV and adoption of the annual report pursuant to article III (J).

(C) The commission shall have a seal.

(D) The commission shall elect annually, from among its members, a chairman, who shall be a governor, a vice chairman and a treasurer. The commission shall provide for the appointment of an executive director. Such executive director shall serve at the pleasure of the commission, and together with the treasurer and such other personnel as the commission may deem appropriate shall be bonded in such amount as the commission shall determine. The executive director shall be secretary.

(E) Irrespective of the civil service, personnel or other merit system laws of any of the party states, the executive director subject to the approval of the steering committee shall appoint, remove or discharge such personnel as may be necessary for the performance of the functions of the commission, and shall fix the duties and compensation of such personnel. The commission in its bylaws shall provide for the personnel policies and programs of the commission.

(F) The commission may borrow, accept or contract for the services of personnel from any party jurisdiction, the United States, or any subdivision or agency of the aforementioned governments, or from any agency of two or more of the party jurisdictions or their subdivisions.

(G) The commission may accept for any of its purposes and functions under this compact any and all donations, and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any state, the United States, or any other governmental agency, or from any person, firm, association, foundation, or corporation, and may receive, utilize and dispose of the same. Any donation or grant accepted by the commission pursuant to this paragraph or services borrowed pursuant to paragraph (F) of this article shall be reported in the annual report of the commission. Such report shall include the nature, amount and conditions, if any, of the donation, grant, or services borrowed, and the identity of the donor or lender.

(H) The commission may establish and maintain such facilities as may be necessary for the transacting of its business. The commission may acquire, hold, and convey real and personal property and any interest therein.

(I) The commission shall adopt bylaws for the conduct of its business and shall have the power to amend and rescind these bylaws. The commission shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendment thereto, with the appropriate agency or officer in each of the party states.

(J) The commission annually shall make to the governor and legislature of each party state a report covering the activities of the commission for the preceding year. The commission may make such additional reports as it may deem desirable.

ARTICLE IV

Powers

In addition to authority conferred on the commission by other provisions of the compact, the commission shall have authority to:

(1) Collect, correlate, analyze and interpret information and data concerning educational needs and resources.

(2) Encourage and foster research in all aspects of education, but with special reference to the desirable scope of instruction, organization, administration, and instructional methods and standards employed or suitable for employment in public educational systems.

(3) Develop proposals for adequate financing of education as a whole and at each of its many levels.

(4) Conduct or participate in research of the types referred to in this article in any instance where the commission finds that such research is necessary for the advancement of the purposes and policies of this compact, utilizing fully the resources of national associations, regional compact organizations for higher education, and other agencies and institutions, both public and private.

(5) Formulate suggested policies and plans for the improvement of public education as a whole, or for any segment thereof, and make recommendations with respect thereto available to the appropriate governmental units, agencies and public officials.

(6) Do such other things as may be necessary or incidental to the administration of any of its authority or functions pursuant to this compact.

ARTICLE V

Cooperation with Federal Government

(A) If the laws of the United States specifically so provide, or if administrative provision is made therefor within the federal government, the United States may be represented on the commission by not to exceed ten representatives. Any such representative or representatives of the United States shall be appointed and serve in such manner as may be provided by or pursuant to federal law, and may be drawn from any one or more branches of the federal government, but no such representative shall have a vote on the commission.

(B) The commission may provide information and make recommendations to any executive or legislative agency or officer of the federal government concerning the common educational policies of the states, and may advise with any such agencies or officers concerning any matter of mutual interest.

ARTICLE VI

Committees

(A) To assist in the expeditious conduct of its business when the full commission is not meeting, the commission shall elect a steering committee of 32 members which, subject to the provisions of this compact and consistent with the policies of the commission, shall be constituted and function as provided in the bylaws of the commission. One-fourth of the voting membership of the steering committee shall consist of governors, one-fourth shall consist of legislators, and the remainder shall consist of other members of the commission. A federal representative on the commission may serve with the steering committee, but without vote. The voting members of the steering committee shall serve for terms of two years, except that members elected to the first steering committee of the commission shall be elected as follows: 16 for one year and 16 for two years. The chairman, vice chairman, and treasurer of the commission shall be members of the steering committee and, anything in this paragraph to the contrary notwithstanding, shall serve during their continuance in these offices. Vacancies in the steering committee shall not affect its authority to act, but the commission at its next regularly ensuing meeting following the occurrence of any vacancy shall fill it for the unexpired term. No person shall serve more than two terms as a member of the steering committee; provided that service for a partial term of one year or less shall not be counted toward the two term limitation.

(B) The commission may establish advisory and technical committees composed of state, local, and federal officials, and private persons to advise it with respect to any one or more of its functions. Any advisory or technical committee may, on request of the states concerned, be established to consider any matter of special concern to two or more of the party states.

(C) The commission may establish such additional committees as its bylaws may provide.

ARTICLE VII

Finance

(A) The commission shall advise the governor or designated officer or officers of each party state of its budget and estimated expenditures for such period as may be required by the laws of that party state. Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amount or amounts to be appropriated by each of the party states.

(B) The total amount of appropriation requests under any budget shall be apportioned among the party states. In making such apportionment, the commission shall devise and employ a formula which takes equitable account of the populations and per capita income levels of the party states.

(C) The commission shall not pledge the credit of any party states. The commission may meet any of its obligations in whole or in part with funds available to it pursuant to article III (G) of this compact, provided that the commission takes specific action setting aside such funds prior to incurring an obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it pursuant to article III (G) thereof, the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(D) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established by its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a qualified public accountant, and the report of the audit shall be included in and become part of the annual reports of the commission.

(E) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(F) Nothing contained herein shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

ARTICLE VIII

Eligible Parties

Entry Into and Withdrawal

(A) This compact shall have as eligible parties all states, territories, and possessions of the United States, the District of Columbia, and the Commonwealth of Puerto Rico. In respect of any such jurisdiction not having a governor, the term "governor," as used in this compact, shall mean the closest equivalent official of such jurisdiction.

(B) Any state or other eligible jurisdiction may enter into this compact and it shall become binding thereon when it has adopted the same: Provided that in order to enter into initial effect, adoption by at least ten eligible party jurisdictions shall be required.

(C) Adoption of the compact may be either by enactment thereof or by adherence thereto by the governor; provided that in the absence of enactment, adherence by the governor shall be sufficient to make his state a party only until December 31, 1967. During any period when a state is participating in this compact through gubernatorial action, the governor shall appoint those persons who, in addition to himself, shall serve as the members of the commission from his state, and shall provide to the commission an equitable share of the financial support of the commission from any source available to him.

(D) Except for a withdrawal effect on December 31, 1967 in accordance with paragraph (C) of this article, any party state may withdraw from this compact by enacting a statute repealing the same, but no such withdrawal shall take effect until one year after the governor of the withdrawing state has given notice in writing of the withdrawal to the governors of all other party states. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

ARTICLE IX

Construction and Severability

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any state or of the United States, or the application thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this contract shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the state affected as to all severable matters.

History: 1967 c 394 s 1; 1998 c 397 art 4 s 51

127A.81 EDUCATION COMMISSION.

Subdivision 1. **Appointment of members.** Legislative members of the Education Commission established in section 127A.80, article III (A), are appointed as follows: One member of the house of representatives appointed by the speaker of the house for a term coinciding with the term of office of the member; one member of the senate appointed by the Committee on Committees for a two-year term. Members of the Education Commission appointed by the governor are appointed for a term which coincides with the term of the appointing governor. Members appointed from the legislature and members appointed by the governor serve until their successors are appointed and qualified.

Subd. 2. **Vacancies.** Vacancies are filled by the appointing power. If the legislature is not in session, vacancies are filled as follows: a vacancy in the office held by a house of representatives member is filled by the last speaker of the house, or if the speaker be not available, by the last chair of the house of representatives Rules Committee; a vacancy in the office held by a senate member is filled by the last senate Committee on Committees or other appointing authority designated by the senate rules in case of a senate vacancy.

Subd. 3. **Expenses.** Members of the Education Commission serve without compensation for such service but are entitled to be paid their necessary expenses in carrying out their duties.

History: 1967 c 394 s 2; 1983 c 305 s 18; 1986 c 444; 1998 c 397 art 4 s 51; art 11 s 3

127A.82 MILITARY INTERSTATE CHILDREN'S COMPACT STATE COUNCIL.

Subdivision 1. **Establishment; membership.** (a) A Military Interstate Children's Compact State Council is established to provide for the coordination among state agencies, local education agencies, and military installations concerning the state's participation in, and compliance with the Interstate Compact on Educational Opportunity for Military Children established in section 127A.85, otherwise known as the Military Interstate Children's Compact, and Interstate Commission activities.

(b) Council membership must include at least:

- (1) the commissioner;
- (2) a superintendent, appointed by the commissioner, of a school district or charter school with a high concentration of military children;
- (3) a representative from a military installation appointed by the adjutant general;
- (4) one member of the house of representatives appointed by the speaker of the house;
- (5) one member of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(6) other offices and stakeholder groups the council deems appropriate.

If the commissioner determines there is not a school district deemed to contain a high concentration of military children, the commissioner may appoint a superintendent from another school district to represent local education agencies on the council.

(c) The council must appoint or designate a military family education liaison to assist military families and the state in facilitating the implementation of section 127A.85.

(d) The compact commissioner responsible for the administration and management of the state's participation in the compact must be appointed by the commissioner.

(e) The compact commissioner and the military family education liaison designated herein shall be ex officio members of the council, unless either is already a full voting member of the council.

Subd. 2. Powers and duties; report. (a) The council may develop recommendations to the governor and the legislature designed to facilitate successful educational transitions for children of military families under the compact.

(b) The commissioner must schedule and hold a meeting of the council no less than once per state fiscal year.

(c) The council must produce meeting agendas that are made publicly available before each meeting and maintain meeting minutes that are made publicly available once they are approved by the council.

(d) By January 15 of each odd-numbered year, the council shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over kindergarten through grade 12 education policy and finance and military affairs that summarizes the council's progress in meeting its goals and identifies the need for any draft legislation to facilitate successful educational transitions for children of military families.

History: 2024 c 109 art 10 s 2

127A.83 INTRASTATE STUDENT TRANSFERS FOR CHILDREN OF MILITARY SERVICE MEMBERS.

(a) Notwithstanding section 127A.85, article III, and for the purposes of intrastate student transfers between Minnesota local education agencies, the provisions of the Interstate Compact on Educational Opportunity for Military Children in section 127A.85 apply to minor dependent children of members of the active and activated reserve components of the uniformed services, including but not limited to members of the Minnesota Army National Guard and the Minnesota Air National Guard.

(b) This section does not apply to interstate transfers between Minnesota local education agencies and public or private schools in other states.

(c) For the purposes of this section, the words defined in section 127A.85, article II, have the same meanings.

History: 2024 c 109 art 10 s 3

127A.85 INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN.

ARTICLE I

PURPOSE

It is the purpose of this compact to remove barriers to educational success imposed on children of military families because of frequent moves and deployment of their parents by:

A. Facilitating the timely enrollment of children of military families and ensuring that they are not placed at a disadvantage due to difficulty in the transfer of education records from the previous school district(s) or variations in entrance/age requirements.

B. Facilitating the student placement process through which children of military families are not disadvantaged by variations in attendance requirements, scheduling, sequencing, grading, course content, or assessment.

C. Facilitating the qualification and eligibility for enrollment, educational programs, and participation in extracurricular academic, athletic, and social activities.

D. Facilitating the on-time graduation of children of military families.

E. Providing for the promulgation and enforcement of administrative rules implementing the provisions of this compact.

F. Providing for the uniform collection and sharing of information between and among member states, schools, and military families under this compact.

G. Promoting coordination between this compact and other compacts affecting military children.

H. Promoting flexibility and cooperation between the educational system, parents, and the student in order to achieve educational success for the student.

ARTICLE II

DEFINITIONS

As used in this compact, unless the context clearly requires a different construction:

A. "Active duty" means: full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to United States Code, title 10, chapters 1209 and 1211.

B. "Children of military families" means: a school-aged child(ren), enrolled in kindergarten through grade 12, in the household of an active duty member.

C. "Compact commissioner" means: the voting representative of each compacting state appointed pursuant to Article VIII of this compact.

D. "Deployment" means: the period one month prior to the service members' departure from their home station on military orders through six months after return to their home station.

E. "Education(al) records" means: those official records, files, and data directly related to a student and maintained by the school or local education agency, including but not limited to records encompassing all the material kept in the student's cumulative folder, such as general identifying data, records of attendance and of academic work completed, records of achievement and results of evaluative tests, health data, disciplinary status, test protocols, and individualized education programs.

F. "Extracurricular activities" means: a voluntary activity sponsored by the school or local education agency or an organization sanctioned by the local education agency. Extracurricular activities include, but are not limited to, preparation for and involvement in public performances, contests, athletic competitions, demonstrations, displays, and club activities.

G. "Interstate Commission on Educational Opportunity for Military Children" means: the commission that is created under Article IX of this compact, which is generally referred to as Interstate Commission.

H. "Local education agency" means: a public authority legally constituted by the state as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

I. "Member state" means: a state that has enacted this compact.

J. "Military installation" means: a base, camp, post, station, yard, center, homeport facility for any ship, or other activity under the jurisdiction of the Department of Defense, including any leased facility, which is located within any of the several states, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other United States territory. Such term does not include any facility used primarily for civil works, rivers and harbors projects, or flood control projects.

K. "Nonmember state" means: a state that has not enacted this compact.

L. "Receiving state" means: the state to which a child of a military family is sent, brought, or caused to be sent or brought.

M. "Rule" means: a written statement by the Interstate Commission promulgated pursuant to Article XII of this compact that is of general applicability, implements, interprets, or prescribes a policy or provision of the Compact, or an organizational, procedural, or practice requirement of the Interstate Commission, and has the force and effect of statutory law in a member state, and includes the amendment, repeal, or suspension of an existing rule.

N. "Sending state" means: the state from which a child of a military family is sent, brought, or caused to be sent or brought.

O. "State" means: a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other United States territory.

P. "Student" means: the child of a military family for whom the local education agency receives public funding and who is formally enrolled in kindergarten through grade 12.

Q. "Transition" means: (1) the formal and physical process of transferring from school to school or (2) the period of time in which a student moves from one school in the sending state to another school in the receiving state.

R. "Uniformed service(s)" means: the Army, Navy, Air Force, Marine Corps, Coast Guard as well as the commissioned Corps of the National Oceanic and Atmospheric Administration, and Public Health Services.

S. "Veteran" means: a person who served in the uniformed services and who was discharged or released there from under conditions other than dishonorable.

ARTICLE III

APPLICABILITY

A. Except as otherwise provided in Section B, this compact shall apply to the children of:

1. active duty members of the uniformed services as defined in this compact, including members of the National Guard and Reserve on active duty orders pursuant to United States Code, title 10, chapters 1209 and 1211;
2. members or veterans of the uniformed services who are severely injured and medically discharged or retired for a period of one year after medical discharge or retirement; and
3. members of the uniformed services who die on active duty or as a result of injuries sustained on active duty for a period of one year after death.

B. The provisions of this interstate compact shall only apply to local education agencies as defined in this compact.

C. The provisions of this compact shall not apply to the children of:

1. inactive members of the National Guard and military reserves;
2. members of the uniformed services now retired, except as provided in Section A;
3. veterans of the uniformed services, except as provided in Section A; and
4. other United States Department of Defense personnel and other federal agency civilian and contract employees not defined as active duty members of the uniformed services.

ARTICLE IV

EDUCATIONAL RECORDS AND ENROLLMENT

A. Unofficial or "hand-carried" education records - In the event that official education records cannot be released to the parents for the purpose of transfer, the custodian of the records in the sending state shall prepare and furnish to the parent a complete set of unofficial educational records containing uniform information as determined by the Interstate Commission. Upon receipt of the unofficial education records by a school in the receiving state, the school shall enroll and appropriately place the student based on the information provided in the unofficial records pending validation by the official records, as quickly as possible.

B. Official education records/transcripts - Simultaneous with the enrollment and conditional placement of the student, the school in the receiving state shall request the student's official education record from the school in the sending state. Upon receipt of this request, the school in the sending state will process and furnish the official education records to the school in the receiving state within ten days or within such time as reasonably determined under rules promulgated by the Interstate Commission.

C. Immunizations - Compacting states shall give 30 days from the date of enrollment or within such time as is reasonably determined under the rules promulgated by the Interstate Commission, for students to obtain any immunization(s) required by the receiving state. For a series of immunizations, initial vaccinations must be obtained within 30 days or within such time as is reasonably determined under the rules promulgated by the Interstate Commission.

D. Kindergarten and first grade entrance age - Students shall be allowed to continue their enrollment at grade level in the receiving state commensurate with their grade level (including kindergarten) from a local

education agency in the sending state at the time of transition, regardless of age. A student that has satisfactorily completed the prerequisite grade level in the local education agency in the sending state shall be eligible for enrollment in the next highest grade level in the receiving state, regardless of age. A student transferring after the start of the school year in the receiving state shall enter the school in the receiving state on their validated level from an accredited school in the sending state.

ARTICLE V

PLACEMENT AND ATTENDANCE

A. Course placement - When the student transfers before or during the school year, the receiving state school shall initially honor placement of the student in educational courses based on the student's enrollment in the sending state school and/or educational assessments conducted at the school in the sending state if the courses are offered. Course placement includes but is not limited to Honors, International Baccalaureate, Advanced Placement, vocational, technical, and career pathways courses. Continuing the student's academic program from the previous school and promoting placement in academically and career challenging courses should be paramount when considering placement. This does not preclude the school in the receiving state from performing subsequent evaluations to ensure appropriate placement and continued enrollment of the student in the course(s).

B. Educational program placement - The receiving state school shall initially honor placement of the student in educational programs based on the current educational assessments conducted at the school in the sending state or participation/placement in like programs in the sending state. Such programs include, but are not limited to: (1) gifted and talented programs; and (2) English as a second language (ESL). This does not preclude the school in the receiving state from performing subsequent evaluations to ensure appropriate placement of the student.

C. Special education services - (1) in compliance with the federal requirements of the Individuals with Disabilities Education Act (IDEA), United States Code Annotated, title 20, section 1400 et seq., the receiving state shall initially provide comparable services to a student with disabilities based on his/her current Individualized Education Program (IEP); and (2) in compliance with the requirements of Section 504 of the Rehabilitation Act, United States Code Annotated, title 29, section 794, and with Title II of the Americans with Disabilities Act, United States Code Annotated, title 42, sections 12131 to 12165, the receiving state shall make reasonable accommodations and modifications to address the needs of incoming students with disabilities, subject to an existing 504 or Title II Plan, to provide the student with equal access to education. This does not preclude the school in the receiving state from performing subsequent evaluations to ensure appropriate placement of the student.

D. Placement flexibility - Local education agency administrative officials shall have flexibility in waiving course/program prerequisites, or other preconditions for placement in courses/programs offered under the jurisdiction of the local education agency.

E. Absence as related to deployment activities - A student whose parent or legal guardian is an active duty member of the uniformed services, as defined by the compact, and has been called to duty for, is on leave from, or immediately returned from deployment to a combat zone or combat support posting, shall be granted additional excused absences at the discretion of the local education agency superintendent to visit with his or her parent or legal guardian relative to such leave or deployment of the parent or guardian.

ARTICLE VI

ELIGIBILITY

A. Eligibility for enrollment

1. Special power of attorney, relative to the guardianship of a child of a military family and executed under applicable law shall be sufficient for the purposes of enrollment and all other actions requiring parental participation and consent.

2. A local education agency shall be prohibited from charging local tuition to a transitioning military child placed in the care of a noncustodial parent or other person standing in loco parentis who lives in a jurisdiction other than that of the custodial parent.

3. A transitioning military child, placed in the care of a noncustodial parent or other person standing in loco parentis who lives in a jurisdiction other than that of the custodial parent, may continue to attend the school in which he/she was enrolled while residing with the custodial parent.

B. Eligibility for extracurricular participation - State and local education agencies shall facilitate the opportunity for transitioning military children's inclusion in extracurricular activities, regardless of application deadlines, to the extent they are otherwise qualified.

ARTICLE VII

GRADUATION

In order to facilitate the on-time graduation of children of military families, states and local education agencies shall incorporate the following procedures:

A. Waiver requirements - Local education agency administrative officials shall waive specific courses required for graduation if similar coursework has been satisfactorily completed in another local education agency or shall provide reasonable justification for denial. Should a waiver not be granted to a student who would qualify to graduate from the sending school, the local education agency shall provide an alternative means of acquiring required coursework so that graduation may occur on time.

B. Exit exams - States shall accept: (1) exit or end-of-course exams required for graduation from the sending state, (2) national norm-referenced achievement tests, or (3) alternative testing, in lieu of testing requirements for graduation in the receiving state. In the event the above alternatives cannot be accommodated by the receiving state for a student transferring in his or her senior year, then the provisions of Article VII, Section C shall apply.

C. Transfers during senior year - Should a military student transferring at the beginning or during his or her senior year be ineligible to graduate from the receiving local education agency after all alternatives have been considered, the sending and receiving local education agencies shall ensure the receipt of a diploma from the sending local education agency, if the student meets the graduation requirements of the sending local education agency. In the event that one of the states in question is not a member of this compact, the member state shall use best efforts to facilitate the on-time graduation of the student in accordance with Sections A and B of this Article.

ARTICLE VIII

STATE COORDINATION

A. Each member state shall, through the creation of a State Council or use of an existing body or board, provide for the coordination among its agencies of government, local education agencies, and military installations concerning the state's participation in, and compliance with, this compact and Interstate Commission activities. While each member state may determine the membership of its own State Council,

its membership must include at least: the state superintendent of education, superintendent of a school district with a high concentration of military children, representative from a military installation, one representative each from the legislative and executive branches of government, and other offices and stakeholder groups the State Council deems appropriate. A member state that does not have a school district deemed to contain a high concentration of military children may appoint a superintendent from another school district to represent local education agencies on the State Council.

B. The State Council of each member state shall appoint or designate a military family education liaison to assist military families and the state in facilitating the implementation of this compact.

C. The compact commissioner responsible for the administration and management of the state's participation in the compact shall be appointed by the governor or as otherwise determined by each member state.

D. The compact commissioner and the military family education liaison designated herein shall be ex-officio members of the State Council, unless either is already a full voting member of the State council.

ARTICLE IX

INTERSTATE COMMISSION ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

The member states hereby create the "Interstate Commission on Educational Opportunity for Military Children." The activities of the Interstate Commission are the formation of public policy and are a discretionary state function. The Interstate Commission shall:

A. Be a body corporate and joint agency of the member states and shall have all the responsibilities, powers, and duties set forth herein, and such additional powers as may be conferred upon it by a subsequent concurrent action of the respective legislatures of the member states in accordance with the terms of this compact.

B. Consist of one Interstate Commission voting representative from each member state who shall be that state's compact commissioner.

1. Each member state represented at a meeting of the Interstate Commission is entitled to one vote.

2. A majority of the total member states shall constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the Interstate Commission.

3. A representative shall not delegate a vote to another member state. In the event the compact commissioner is unable to attend a meeting of the Interstate Commission, the Governor or State Council may delegate voting authority to another person from their state for a specified meeting.

4. The bylaws may provide for meetings of the Interstate Commission to be conducted by telecommunication or electronic communication.

C. Consist of ex-officio, nonvoting representatives who are members of interested organizations. Such ex-officio members, as defined in the bylaws, may include, but not be limited to, members of the representative organizations of military family advocates, local education agency officials, parent and teacher groups, the United States Department of Defense, the Education Commission of the States, the Interstate Agreement on the Qualification of Educational Personnel, and other interstate compacts affecting the education of children of military members.

D. Meet at least once each calendar year. The chairperson may call additional meetings and, upon the request of a simple majority of the member states, shall call additional meetings.

E. Establish an executive committee, whose members shall include the officers of the Interstate Commission and such other members of the Interstate Commission as determined by the bylaws. Members of the executive committee shall serve a one-year term. Members of the executive committee shall be entitled to one vote each. The executive committee shall have the power to act on behalf of the Interstate Commission, with the exception of rulemaking, during periods when the Interstate Commission is not in session. The executive committee shall oversee the day-to-day activities of the administration of the compact, including enforcement and compliance with the provisions of the compact, its bylaws and rules, and other such duties as deemed necessary. The U.S. Department of Defense, shall serve as an ex-officio, nonvoting member of the executive committee.

F. Establish bylaws and rules that provide for conditions and procedures under which the Interstate Commission shall make its information and official records available to the public for inspection or copying. The Interstate Commission may exempt from disclosure information or official records to the extent they would adversely affect personal privacy rights or proprietary interests.

G. Public notice shall be given by the Interstate Commission of all meetings and all meetings shall be open to the public, except as set forth in the rules or as otherwise provided in the compact. The Interstate Commission and its committees may close a meeting, or portion thereof, where it determines by two-thirds vote that an open meeting would be likely to:

1. Relate solely to the Interstate Commission's internal personnel practices and procedures;
2. Disclose matters specifically exempted from disclosure by federal and state statute;
3. Disclose trade secrets or commercial or financial information which is privileged or confidential;
4. Involve accusing a person of a crime, or formally censuring a person;
5. Disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;
6. Disclose investigative records compiled for law enforcement purposes; or
7. Specifically relate to the Interstate Commission's participation in a civil action or other legal proceeding.

H. For a meeting, or a portion of a meeting, closed pursuant to this provision, the Interstate Commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exemptible provision. The Interstate Commission shall keep minutes which shall fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed and the record of a roll call vote. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the Interstate Commission.

I. The Interstate Commission shall collect standardized data concerning the educational transition of the children of military families under this compact as directed through its rules which shall specify the data to be collected, the means of collection, and data exchange and reporting requirements. Such methods of data collection, exchange, and reporting shall, insofar as is reasonably possible, conform to current technology

and coordinate its information functions with the appropriate custodian of records as identified in the bylaws and rules.

J. The Interstate Commission shall create a process that permits military officials, education officials, and parents to inform the Interstate Commission if and when there are alleged violations of the compact or its rules or when issues subject to the jurisdiction of the compact or its rules are not addressed by the state or local education agency. This section shall not be construed to create a private right of action against the Interstate Commission or any member state.

ARTICLE X

POWERS AND DUTIES OF THE INTERSTATE COMMISSION

The Interstate commission shall have the following powers:

A. To provide for dispute resolution among member states.

B. To promulgate rules and take all necessary actions to effect the goals, purposes, and obligations as enumerated in this compact. The rules shall have the force and effect of statutory law and shall be binding in the compact states to the extent and in the manner provided in this compact.

C. To issue, upon request of a member state, advisory opinions concerning the meaning or interpretation of the interstate compact, its bylaws, rules, and actions.

D. To enforce compliance with the compact provisions, the rules promulgated by the Interstate Commission, and the bylaws, using all necessary and proper means, including but not limited to the use of judicial process.

E. To establish and maintain offices which shall be located within one or more of the member states.

F. To purchase and maintain insurance and bonds.

G. To borrow, accept, hire, or contract for services of personnel.

H. To establish and appoint committees including, but not limited to, an executive committee as required by Article IX, Section E, which shall have the power to act on behalf of the Interstate Commission in carrying out its powers and duties hereunder.

I. To elect or appoint such officers, attorneys, employees, agents, or consultants, and to fix their compensation, define their duties, and determine their qualifications; and to establish the Interstate Commission's personnel policies and programs relating to conflicts of interest, rates of compensation, and qualifications of personnel.

J. To accept any and all donations and grants of money, equipment, supplies, materials, and services, and to receive, utilize, and dispose of it.

K. To lease, purchase, accept contributions or donations of, or otherwise to own, hold, improve, or use any property, real, personal, or mixed.

L. To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property, real, personal, or mixed.

M. To establish a budget and make expenditures.

N. To adopt a seal and bylaws governing the management and operation of the Interstate Commission.

O. To report annually to the legislatures, governors, judiciary, and State Councils of the member states concerning the activities of the Interstate Commission during the preceding year. Such reports shall also include any recommendations that may have been adopted by the Interstate Commission.

P. To coordinate education, training, and public awareness regarding the compact, its implementation and operation for officials and parents involved in such activity.

Q. To establish uniform standards for the reporting, collecting, and exchanging of data.

R. To maintain corporate books and records in accordance with the bylaws.

S. To perform such functions as may be necessary or appropriate to achieve the purposes of this compact.

T. To provide for the uniform collection and sharing of information between and among member states, schools, and military families under this compact.

ARTICLE XI

ORGANIZATION AND OPERATION OF THE INTERSTATE COMMISSION

A. The Interstate Commission shall, by a majority of the members present and voting, within 12 months after the first Interstate Commission meeting, adopt bylaws to govern its conduct as may be necessary or appropriate to carry out the purposes of the compact, including, but not limited to:

1. Establishing the fiscal year of the Interstate Commission;
2. Establishing an executive committee, and such other committees as may be necessary;
3. Providing for the establishment of committees and for governing any general or specific delegation of authority or function of the Interstate Commission;
4. Providing reasonable procedures for calling and conducting meetings of the Interstate Commission, and ensuring reasonable notice of each such meeting;
5. Establishing the titles and responsibilities of the officers and staff of the Interstate Commission;
6. Providing a mechanism for concluding the operations of the Interstate Commission and the return of surplus funds that may exist upon the termination of the compact after the payment and reserving of all of its debts and obligations;
7. Providing "start up" rules for initial administration of the compact.

B. The Interstate Commission shall, by a majority of the members, elect annually from among its members a chairperson, a vice-chairperson, and a treasurer, each of whom shall have such authority and duties as may be specified in the bylaws. The chairperson or, in the chairperson's absence or disability, the vice-chairperson, shall preside at all meetings of the Interstate Commission. The officers so elected shall serve without compensation or remuneration from the Interstate Commission; provided that, subject to the availability of budgeted funds, the officers shall be reimbursed for ordinary and necessary costs and expenses incurred by them in the performance of their responsibilities as officers of the Interstate Commission.

C. Executive Committee, Officers and Personnel

1. The executive committee shall have such authority and duties as may be set forth in the bylaws, including but not limited to:

a. Managing the affairs of the Interstate Commission in a manner consistent with the bylaws and purposes of the Interstate Commission;

b. Overseeing an organizational structure within, and appropriate procedures for, the Interstate Commission to provide for the creation of rules, operating procedures, and administrative and technical support functions; and

c. Planning, implementing, and coordinating communications and activities with other state, federal, and local government organizations in order to advance the goals of the Interstate Commission.

2. The executive committee may, subject to the approval of the Interstate Commission, appoint or retain an executive director for such period, upon such terms and conditions and for compensation, as the Interstate Commission may deem appropriate. The executive director shall serve as secretary to the Interstate Commission, but shall not be a member of the Interstate Commission. The executive director shall hire and supervise such other persons as may be authorized by the Interstate Commission.

D. The Interstate Commission's executive director and its employees shall be immune from suit and liability, either personally or in their official capacity, for a claim for damage to or loss of property or personal injury or other civil liability caused or arising out of or relating to an actual or alleged act, error, or omission that occurred, or that such person had a reasonable basis for believing occurred, within the scope of Interstate Commission employment, duties, or responsibilities; provided that such person shall not be protected from suit or liability for damage, loss, injury, or liability caused by the intentional or willful and wanton misconduct of such person.

1. The liability of the Interstate Commission's executive director and employees or Interstate Commission representatives, acting within the scope of such person's employment or duties for acts, errors, or omissions occurring within such person's state may not exceed the limits of liability set forth under the Constitution and laws of that state for state officials, employees, and agents. The Interstate Commission is considered to be an instrumentality of the states for the purposes of any such action. Nothing in this subsection shall be construed to protect such person from suit or liability for damage, loss, injury, or liability caused by the intentional or willful and wanton misconduct of such person.

2. The Interstate Commission shall defend the executive director and its employees and, subject to the approval of the attorney general or other appropriate legal counsel of the member state represented by an Interstate Commission representative, shall defend such Interstate Commission representative in any civil action seeking to impose liability arising out of an actual or alleged act, error, or omission that occurred within the scope of Interstate Commission employment, duties or responsibilities, or that the defendant had a reasonable basis for believing occurred within the scope of the Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such person.

3. To the extent not covered by the state involved, member state, or the Interstate Commission, the representatives or employees of the Interstate Commission shall be held harmless in the amount of a settlement or judgment, including attorney fees and costs, obtained against such persons arising out of an actual or alleged act, error, or omission that occurred within the scope of the Interstate Commission employment, duties, or responsibilities, or that such persons had a reasonable basis for believing occurred within the scope of Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such persons.

ARTICLE XII

RULEMAKING FUNCTIONS OF THE INTERSTATE COMMISSION

A. Rulemaking Authority - The Interstate Commission shall promulgate reasonable rules in order to effectively and efficiently achieve the purposes of this Compact. Notwithstanding the foregoing, in the event the Interstate Commission exercises its rulemaking authority in a manner that is beyond the scope of the purposes of this Act, or the powers granted hereunder, then such an action by the Interstate Commission shall be invalid and have no force or effect.

B. Rulemaking Procedure - Rules shall be made pursuant to a rulemaking process that substantially conforms to the "Model State Administrative Procedure Act," of 1981 Act, Uniform Laws Annotated, Vol. 15, p.1 (2000) as amended, as may be appropriate to the operations of the Interstate Commission.

C. Not later than 30 days after a rule is promulgated, any person may file a petition for judicial review of the rule; provided that the filing of such a petition shall not stay or otherwise prevent the rule from becoming effective unless the court finds that the petitioner has a substantial likelihood of success. The court shall give deference to the actions of the Interstate Commission consistent with applicable law and shall not find the rule to be unlawful if the rule represents a reasonable exercise of the Interstate Commission's authority.

D. If a majority of the legislatures of the compacting states reject a Rule by enactment of a statute or resolution in the same manner used to adopt the compact, then such rule shall have no further force and effect in any compacting state.

ARTICLE XIII

OVERSIGHT, ENFORCEMENT, AND DISPUTE RESOLUTION

A. Oversight

1. The executive, legislative, and judicial branches of state government in each member state shall enforce this compact and shall take all actions necessary and appropriate to effectuate the compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder shall have standing as statutory law.

2. All courts shall take judicial notice of the compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this compact which may affect the powers, responsibilities, or actions of the Interstate Commission.

3. The Interstate Commission shall be entitled to receive all service of process in any such proceeding, and shall have standing to intervene in the proceeding for all purposes. Failure to provide service of process to the Interstate Commission shall render a judgment or order void as to the Interstate Commission, this compact, or promulgated rules.

B. Default, Technical Assistance, Suspension, and Termination - If the Interstate Commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this compact, or the bylaws or promulgated rules, the Interstate Commission shall:

1. Provide written notice to the defaulting state and other member states of the nature of the default, the means of curing the default, and any action taken by the Interstate Commission. The Interstate Commission shall specify the conditions by which the defaulting state must cure its default.

2. Provide remedial training and specific technical assistance regarding the default.

3. If the defaulting state fails to cure the default, the defaulting state shall be terminated from the compact upon an affirmative vote of a majority of the member states and all rights, privileges, and benefits conferred by this compact shall be terminated from the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of the default.

4. Suspension or termination of membership in the compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the Interstate Commission to the governor, the majority and minority leaders of the defaulting state's legislature, and each of the member states.

5. The state which has been suspended or terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of suspension or termination, including obligations, the performance of which extends beyond the effective date of suspension or termination.

6. The Interstate Commission shall not bear any costs relating to any state that has been found to be in default or which has been suspended or terminated from the compact, unless otherwise mutually agreed upon in writing between the Interstate Commission and the defaulting state.

7. The defaulting state may appeal the action of the Interstate Commission by petitioning the United States District Court for the District of Columbia or the federal district where the Interstate Commission has its principle offices. The prevailing party shall be awarded all costs of such litigation including reasonable attorney fees.

C. Dispute Resolution

1. The Interstate Commission shall attempt, upon the request of a member state, to resolve disputes which are subject to the compact and which may arise among member states and between member and nonmember states.

2. The Interstate Commission shall promulgate a rule providing for both mediation and nonbinding dispute resolution for disputes as appropriate.

D. Enforcement

1. The Interstate Commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact.

2. The Interstate Commission may, by majority vote of the members, initiate legal action in the United States District Court for the District of Columbia or, at the discretion of the Interstate Commission, in the federal district where the Interstate Commission has its principal offices, to enforce compliance with the provisions of the compact, its promulgated rules and bylaws, against a member state in default. The relief sought may include both injunctive relief and damages.

3. The remedies herein shall not be the exclusive remedies of the Interstate Commission. The Interstate Commission may avail itself of any other remedies available under state law or the regulation of a profession.

ARTICLE XIV

FINANCING OF THE INTERSTATE COMMISSION

A. The Interstate Commission shall pay, or provide for the payment of the reasonable expenses of its establishment, organization, and ongoing activities.

B. The Interstate Commission may levy on and collect an annual assessment from each member state to cover the cost of the operations and activities of the Interstate Commission and its staff which must be in a total amount sufficient to cover the Interstate Commission's annual budget as approved each year. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the Interstate Commission, which shall promulgate a rule binding upon all member states.

C. The Interstate Commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the Interstate Commission pledge the credit of any of the member states, except by and with the authority of the member state.

D. The Interstate Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Interstate Commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the Interstate Commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the Interstate Commission.

ARTICLE XV

MEMBER STATES, EFFECTIVE DATE, AND AMENDMENT

A. Any state is eligible to become a member state.

B. The compact shall become effective and binding upon legislative enactment of the compact into law by no less than ten of the states. The effective date shall be no earlier than December 1, 2007. Thereafter, it shall become effective and binding as to any other member state upon enactment of the compact into law by that state. The governors of nonmember states or their designees shall be invited to participate in the activities of the Interstate Commission on a nonvoting basis prior to the adoption of the compact by all states.

C. The Interstate Commission may propose amendments to the compact for enactment by the member states. No amendment shall become effective and binding upon the Interstate Commission and the member states unless and until it is enacted into law by unanimous consent of the member states.

ARTICLE XVI

WITHDRAWAL AND DISSOLUTION

A. Withdrawal

1. Once effective, the compact shall continue in force and remain binding upon each and every member state; provided that a member state may withdraw from the compact specifically repealing the statute, which enacted the compact into law.

2. Withdrawal from this compact shall be by the enactment of a statute repealing the same, but shall not take effect until one year after the effective date of such statute and until written notice of the withdrawal has been given by the withdrawing state to the governor of each other member jurisdiction.

3. The withdrawing state shall immediately notify the chairperson of the Interstate Commission in writing upon the introduction of legislation repealing this compact in the withdrawing state. The Interstate Commission shall notify the other member states of the withdrawing state's intent to withdraw within 60 days of its receipt thereof.

4. The withdrawing state is responsible for all assessments, obligations and liabilities incurred through the effective date of withdrawal, including obligations, the performance of which extend beyond the effective date of withdrawal.

5. Reinstatement following withdrawal of a member state shall occur upon the withdrawing state reenacting the compact or upon such later date as determined by the Interstate Commission.

B. Dissolution of Compact

1. This compact shall dissolve effective upon the date of the withdrawal or default of the member state which reduces the membership in the compact to one member state.

2. Upon the dissolution of this compact, the compact becomes null and void and shall be of no further force or effect, and the business and affairs of the Interstate Commission shall be concluded and surplus funds shall be distributed in accordance with the bylaws.

ARTICLE XVII

SEVERABILITY AND CONSTRUCTION

A. The provisions of this compact shall be severable, and if any phrase, clause, sentence, or provision is deemed unenforceable, the remaining provisions of the compact shall be enforceable.

B. The provisions of this compact shall be liberally construed to effectuate its purposes.

C. Nothing in this compact shall be construed to prohibit the applicability of other interstate compacts to which the states are members.

ARTICLE XVIII

BINDING EFFECT OF COMPACT AND OTHER LAWS

A. Other Laws

Nothing herein prevents the enforcement of any other law of a member state that is not inconsistent with this compact.

B. Binding Effect of the Compact

1. All lawful actions of the Interstate Commission, including all rules and bylaws promulgated by the Interstate Commission, are binding upon the member states.

2. All agreements between the Interstate Commission and the member states are binding in accordance with their terms.

3. In the event any provision of this compact exceeds the constitutional limits imposed on the legislature of any member state, such provision shall be ineffective to the extent of the conflict with the constitutional provision in question in that member state.

History: 2014 c 272 art 10 s 2; 2023 c 25 s 189; 2025 c 20 s 104

127A.851 PREVAILING LAW.

Subdivision 1. **Academic credits; high school diplomas.** Notwithstanding article VII of the compact under section 127A.85, other compact provisions, or other law to the contrary, where Minnesota statute or

rule governing the awarding of academic credits or a high school diploma or an equivalent degree or credential conflicts with the compact, Minnesota law supersedes the provisions of the compact to the extent of the conflict.

Subd. 2. **Education records.** Notwithstanding the provisions of the compact under section 127A.85, or other law to the contrary, where Minnesota statute or rule governing access to student data or other education-related data conflicts with the compact, Minnesota law, including chapter 13, supersedes the provisions of the compact to the extent of the conflict.

History: 2014 c 272 art 10 s 3

127A.852 MILITARY-CONNECTED YOUTH IDENTIFIER.

(a) When a school district updates its enrollment forms in the ordinary course of business, the district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces.

(b) Data collected under this section is private data on individuals, as defined in section 13.02, subdivision 12, but summary data may be published by the Department of Education.

History: 2014 c 272 art 10 s 4

127A.86 PURPLE STAR SCHOOL DESIGNATION.

Subdivision 1. **Definition.** For purposes of this section, "military-connected student" means a student who has an immediate family member, including a parent or sibling, who: (1) is currently a member of the armed forces serving as either a reservist or on active duty in the United States Army, Navy, Air Force, Marine Corps, or Coast Guard; (2) is currently serving in the National Guard; (3) has recently retired from the armed forces; or (4) is the dependent of a member of the armed forces who was killed in the line of duty.

Subd. 2. **Purple Star School.** (a) The commissioner of education may designate a school as a Purple Star School if the school:

(1) has a designated staff member serving as a military liaison whose duties include:

- (i) identifying military-connected students enrolled at the school;
- (ii) serving as the point of contact between the school and military-connected students and families;
- (iii) determining appropriate school services available to military-connected students; and
- (iv) assisting in coordinating school programs relevant to military-connected students;

(2) maintains easily accessible information on the school website that includes resources for military-connected students and families, including information regarding:

- (i) student relocation, student enrollment, student registration, and transfer of school records;
- (ii) academic planning, course offerings, and advanced classes available at the school;
- (iii) counseling and other support services available for military-connected students enrolled at the school; and

(iv) the designated military liaison under clause (1);

(3) offers a transition program led by students, where appropriate, that assists military-connected students in transitioning into the school;

(4) offers professional development opportunities for staff members on issues related to military-connected students; and

(5) offers at least one of the following:

(i) a resolution showing support for military-connected students and families;

(ii) recognition of the Month of the Military Child or Military Family Month with relevant events hosted by the school; or

(iii) a partnership with a local military installation that provides opportunities for active duty military members to volunteer at the school, speak at an assembly, or host a field trip.

(b) The commissioner must establish a process for schools to seek Purple Star School designation by July 1, 2026. The commissioner may award Purple Star School designations starting in the 2026-2027 school year, and on an ongoing basis as schools meet qualifications for the designation.

History: 2024 c 109 art 10 s 4

127A.87 HIGH SCHOOL DIPLOMA FOR VETERANS.

Subdivision 1. **Diploma.** A school district or charter school must, upon a request under subdivision 2, issue a high school diploma to a veteran as defined in section 197.447 who was unable to complete their high school education for reasons related or unrelated to their military service, and who served:

(1) during the Korean Conflict from June 27, 1950, to January 31, 1955; or

(2) during the Vietnam War, either in the country from November 1, 1955, to May 7, 1975, or outside of the country from August 5, 1964, to May 7, 1975.

Subd. 2. **Request.** A veteran may request a diploma on their own behalf, or a family member may make a posthumous request on behalf of a deceased veteran or service member. The high school diploma is awarded based on the veteran's knowledge and experience gained while in service, or the veteran's other relevant lived experience. The school district or charter school may require the veteran or veteran's requestor to provide evidence that the veteran was a Minnesota public school student or is a current Minnesota resident.

Subd. 3. **No report required.** Districts and charter schools are not required to report on diplomas issued under this section.

Subd. 4. **Assistance.** The Minnesota Department of Veterans Affairs and county veteran service officers may provide assistance to districts and charter schools fulfilling these requests, including but not limited to verification of discharge paperwork.

History: 2026 c 125 art 2 s 1