

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1987

THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 29, 1987

The House of Representatives convened at 9:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Pastor Bryan Bergin, Immanuel Lutheran Church, Almelund, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Svigum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jaros	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, D.	Johnson, A.	Murphy	Rice	Uphus
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rose	Voss
Cooper	Kelly	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlicke	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omann	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

A quorum was present.

Knickerbocker was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Rodosovich moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 529, 259, 569, 574, 647, 1304, 1328, 1404, 1475, 1515, 1563, 884, 384, 291, 1041, 1113, 654 and 1281 and S. F. Nos. 235, 345, 922, 282 and 378 have been placed in the members' files.

S. F. No. 922 and H. F. No. 1038, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Redalen moved that S. F. No. 922 be substituted for H. F. No. 1038 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 345 and H. F. No. 844, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Nelson, D., moved that S. F. No. 345 be substituted for H. F. No. 844 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 235 and H. F. No. 259, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 235 be substituted for H. F. No. 259 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 12, A bill for an act relating to retirement; increasing retirement and survivor benefits for certain retired members of the Virginia firefighters' relief association and surviving spouses of deceased members.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [VIRGINIA FIREFIGHTERS' RELIEF ASSOCIATION.]

Survivor benefits payable to a surviving spouse of a deceased member of the Virginia firefighters' relief association are increased by \$100 per month. If the spouse predeceases the member, survivor benefits shall be paid to the surviving children, if any. If no children survive the member, survivor benefits accrued to the member up to the date of death shall be paid to the beneficiary designated by the member.

Sec. 2. [LOCAL APPROVAL.]

Section 1 is effective retroactive to January 1, 1987, upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to retirement; increasing survivor benefits payable by the Virginia firefighters' relief association; authorizing payment to alternate beneficiaries if no spouse survives."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 71, A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 62A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [62A.28] [COVERAGE FOR SCALP HAIR PROSTHESES.]

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, health maintenance contracts regulated under chapter 62D, health benefit certificates

offered through a fraternal beneficiary association regulated under chapter 64B, and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C. This section does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.

Subd. 2. [REQUIRED COVERAGE.] Every policy, plan, certificate, or contract referred to in subdivision 1 issued or renewed after August 1, 1987, must provide coverage for scalp hair prostheses worn for hair loss suffered as a result of alopecia areata or for hair loss suffered by a minor as a result of chemotherapy.

The coverage required by this section is subject to a policy's copayment requirement and is limited to a maximum of \$350 in any benefit year, exclusive of any deductible.

Sec. 2. Minnesota Statutes 1986, section 62E.06, subdivision 1, is amended to read:

Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$250,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

(1) hospital services;

(2) professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than outpatient mental or dental, which are rendered by a physician or at the physician's direction;

(3) drugs requiring a physician's prescription;

(4) services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under medicare;

(5) services of a home health agency if the services would qualify as reimbursable services under medicare;

(6) use of radium or other radioactive materials;

(7) oxygen;

(8) anesthetics;

(9) prostheses other than dental but including scalp hair prostheses worn for hair loss suffered as a result of alopecia areata or for hair loss suffered by a minor as a result of chemotherapy;

(10) rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) diagnostic X-rays and laboratory tests;

(12) oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) services of a physical therapist; and

(14) transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, medicare or any other governmental program except as otherwise provided by law;

(2) any charge for treatment for cosmetic purposes other than for reconstructive surgery when such service is incidental to or follows surgery resulting from injury, sickness or other diseases of the

involved part or when such service is performed on a covered dependent child because of congenital disease or anomaly which has resulted in a functional defect as determined by the attending physician;

(3) care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare;

(4) any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semiprivate room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semiprivate rooms, its most common semiprivate room charge shall be considered to be 90 percent of its lowest private room charge;

(5) that part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for well baby care, effective July 1, 1980, subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

(f) Effective August 1, 1985, the minimum benefits of a qualified plan must include, in addition to the benefits specified in clauses (a), (d), and (e), coverage for special dietary treatment for phenylketonuria when recommended by a physician."

Delete the title and insert:

"A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 516, A bill for an act relating to human services; creating the office of ombudsman for mental health and mental retardation; providing for the powers and duties of the ombudsman; creating a medical review board; requiring reporting of abuse and neglect to the ombudsman for mental health and mental retardation; amending Minnesota Statutes 1986, sections 13.46, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 245.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 753, A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, school and resource center for the arts, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; establishing a fringe benefit program; changing the capital expenditure formula; changing the secondary vocational funding formula; establishing milk program aid; increasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1 and by adding a subdivision; 121.88, subdivision 2 and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1 and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3, and by

adding a subdivision; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.275, subdivision 2; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 129B.17; 129B.20, subdivision 1; 129B.21; 129C.10, subdivisions 1, 3, 4, 5, 6, and by adding subdivisions; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.35; 129B.37; and 275.125, subdivision 5d.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“APPROPRIATION

SUMMARY

Section 1. [WORDS OF APPROPRIATION; TABLE.]

The sums shown are appropriated from the general fund, or any other named fund, to the agencies for the purposes specified in this act, to be available for the fiscal year indicated for each purpose. The figures “1988” and “1989”, where used in this act, mean that the appropriation or appropriations listed under or along side them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	<u>1988</u>	<u>1989</u>	<u>TOTAL</u>
<u>General</u>	<u>\$1,465,212,755</u>	<u>\$1,476,124,097</u>	<u>\$2,941,336,852</u>
<u>Public Health</u>	<u>693,000</u>	<u>719,600</u>	<u>1,412,600</u>
<u>Trunk Hwy</u>	<u>20,700</u>	<u>20,700</u>	<u>41,400</u>

ARTICLE 1

FOUNDATION AID

Section 1. Minnesota Statutes 1986, section 124.17, subdivision 1, is amended to read:

Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In a program approved by the commissioner, for each handicapped prekindergarten pupil, one-half pupil unit for up to 437 hours of education services in the school year as provided in the pupil's individual education plan or, for more than 437 hours of education services, a number of pupil units equal to the ratio of the number of hours of education service required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(2) In an elementary school:

(a) For each handicapped kindergarten pupil, as defined in section 120.03, enrolled in a program approved by the commissioner, a number of pupil units equal to the ratio of the number of hours of education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(3) In secondary schools, for the 1987-1988 school year, 1-4/10 pupil units. In secondary schools, for the 1988-1989 school year and each year thereafter, 1-3/10 pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

Sec. 2. Minnesota Statutes 1986, section 124.17, subdivision 1a, is amended to read:

Subd. 1a. [AFDC PUPIL UNITS.] In addition to the pupil units counted under subdivision 1, pupil units shall be counted as provided in this subdivision, beginning with the ~~1986-1987~~ 1988-1989 school year.

(1) Each pupil in subdivision 1 from a family receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 of the ~~previous school year~~ second fiscal year of the previous biennium shall be counted as an additional five-tenths pupil unit.

(2) In every district in which the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the actual pupil units in the district for the same year as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for this paragraph. In districts in which the percent of concentration is less than six, additional pupil units must not be counted under this paragraph for pupils from families receiving aid to families with dependent children or its successor program. A pupil must not be counted as more than 1-1/10 additional pupil units under this subdivision. The weighting in this paragraph is in addition to the weighting provided in subdivision 1 and paragraph (1).

Sec. 3. Minnesota Statutes 1986, section 124.2138, is amended by adding a subdivision to read:

Subd. 2a. [TRANSPORTATION LEVY EQUITY.] (a) For any nonagricultural district, in any year, if the maximum basic transportation levy limitation of the district is more than the sum of the transportation aid under section 124.225, subdivisions 8b, 8i, 8j, and 8k and article 2, section 7, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, to the extent that those special state aid payments and other state payments are not reduced under sections 18, 19, and 20. However, the aid authorized in section 124.646 must not be reduced.

(b) The amount of the deduction equals the difference between:

(1) the district's maximum basic transportation levy limitation;
and

(2) the sum of the district's transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k and article 2, section 7, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

Sec. 4. Minnesota Statutes 1986, section 124.2138, subdivision 4, is amended to read:

Subd. 4. [NONAGRICULTURAL DISTRICT DEFINED.] For the purposes of this section and ~~section 124A.037~~ sections 3, 18, 19 and 20, nonagricultural district means a district where the assessed valuation of agricultural land identified in section 273.13, subdivision 23, comprises less than 60 percent of the assessed valuation of the district.

Sec. 5. Minnesota Statutes 1986, section 124.2162, is amended by adding a subdivision to read:

Subd. 3. [REDISTRIBUTION.] For purposes of aid calculations, the commissioner may redistribute current year teacher retirement and F.I.C.A. obligations between districts entering into agreements or other arrangements for sharing of instructional time of staff who would otherwise qualify for teacher retirement and F.I.C.A. obligations to adjust for changes in staffing patterns between the base year and the current year resulting from the agreements.

Sec. 6. Minnesota Statutes 1986, section 124A.01, is amended to read:

124A.01 [FOUNDATION AID COMPONENTS.]

Foundation aid shall equal the sum of the following:

- (a) basic aid;
- (b) cost differential tier aid;
- (c) second tier aid;
- (d) third tier aid;
- (e) fourth tier aid;
- (f) fifth tier aid;
- (g) minimum aid; and
- (h) declining pupil aid; and

(4) shared time pupil aid.

Sec. 7. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 5a. [BASIC FOUNDATION AID; 1987-1988 SCHOOL YEAR.] A district's basic foundation aid for the 1987-1988 school year equals its basic foundation revenue for that school year, minus the lesser of (1) the basic maintenance mill rate times the applicable adjusted assessed valuation of the district; or (2) \$1,700 times the district's total pupil units for that school year.

Sec. 8. Minnesota Statutes 1986, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. ~~The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.~~ The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 124A.03, subdivision 1a.

Sec. 9. Minnesota Statutes 1986, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per total pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for the 1987-1988 school year and for levies for use in that school year equals \$74,890. The equalizing factor for each school year, except the 1987-1988 school year, and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year.

Sec. 10. Minnesota Statutes 1986, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. ~~The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.~~ The formula allowance shall be \$1,690 for the 1985 payable

1986 levies and for foundation aid for the 1986-1987 school year. The formula allowance is ~~\$1,700~~ \$1,944 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.

The formula allowance is \$2,085 for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year.

Sec. 11. Minnesota Statutes 1986, section 124A.02, subdivision 16, is amended to read:

Subd. 16. [PUPIL UNITS, AFDC.] ~~For the 1984-1985 and 1985-1986 school years, "AFDC pupil units" means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) in the 1980-1981 school year.~~

For the 1986-1987 and 1987-1988 school year and each year thereafter years, "AFDC pupil units" means the pupil units identified in Minnesota Statutes 1986, section 124.17, subdivision 1a for the 1986-1987 school year. For the 1988-1989 school year and each year thereafter, "AFDC pupil units" means the pupil units identified in section 124.17, subdivision 1a, multiplied by 88 percent.

Sec. 12. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 25. [TOTAL FOUNDATION REVENUE.] A district's "total foundation revenue" means the sum of the district's basic foundation revenue and tier revenue, but does not include the portion of the cost differential revenue attributable to the equity allowance and the secondary weighting decline allowance, as defined in section 23.

Sec. 13. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 26. [STATEWIDE AVERAGE FOUNDATION REVENUE PER ACTUAL PUPIL UNIT.] (a) "Statewide average foundation revenue per actual pupil unit" means the sum of basic foundation revenue and tier revenue for all school districts divided by the number of actual pupil units in all districts for that year. The tier revenue does not include the portion of the cost differential tier revenue attributable to the formula equity allowance or the secondary weighting decline allowance, as defined in section 23.

(b) The commissioner shall compute the statewide average foundation revenue per actual pupil unit for each school year and shall notify all districts of it before the districts' levies for that school year are required to be certified. The commissioner shall use the latest available information in computing the statewide average founda-

tion revenue under this subdivision and must not adjust the amount after the levies are certified for a particular year.

Sec. 14. Minnesota Statutes 1986, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth hundredth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year must be set to raise \$798,862,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 15. Minnesota Statutes 1986, section 124A.03, subdivision 3, is amended to read:

Subd. 3. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] In any year when the amount of the maximum levy limitation under subdivision 1 for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of total pupil units for that district for that school year, the levy limitation for that district under subdivision 1 shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) (1) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year; plus (2) the amount by which special state aids authorized in chapters 124 and 124A, receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 18; plus (3) the amount by which state aid

payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 18; less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 1, for purposes of statutory cross-reference.

Sec. 16. Minnesota Statutes 1986, section 124A.03, is amended by adding a subdivision to read:

Subd. 3a. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA; 1987-1988 SCHOOL YEAR.] If the amount of the maximum levy limitation under subdivision 1 for any district exceeds the product of \$1,700 times the estimated number of total pupil units for that district for the 1987-1988 school year, the levy limitation for that district under subdivision 1 is limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the product of \$1,700 times the estimated number of total pupil units for the 1987-1988 school year; less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4, in the school year in which the levy is recognized as revenue.

A levy made by a district under this subdivision shall be construed to be the levy made by that district under subdivision 1 for purposes of statutory cross-reference.

Sec. 17. Minnesota Statutes 1986, section 124A.033, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for summer programs and intersession classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer program pupil units" means full-time equivalent pupil units, computed under section 124.17, for summer programs and intersession classes of flexible school year programs.

(2) For 1986 and 1987 summer programs, "summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year. For summer programs in 1988 and later years, "summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district times 89 percent of the foundation aid formula allowance as defined in section 124A.02 for the last regular school year.

(3) "Summer program aid" means aid for summer programs and intersession classes of flexible school year programs.

Sec. 18. [124A.0371] [BASIC MAINTENANCE LEVY EQUITY.]

(a) For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.03, subdivision 1, for a school year is more than the district's basic foundation revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8. The aid authorized in section 124.646 must not be reduced.

(b) The amount of the deduction equals the difference between:

(1) the sum of the amount of the district's maximum levy limitation under section 124A.03, subdivision 1, plus the amount of reductions to that levy limitation under sections 124A.03, subdivision 3, and 275.125, subdivision 9; and

(2) the district's basic foundation revenue.

Sec. 19. [124A.0372] [COST DIFFERENTIAL TIER LEVY EQUITY.]

For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.06, subdivision 3a, for a school year is more than the district's cost differential tier revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws

1983, chapter 342, article 8, section 8, to the extent that the special state aid payments and the other state payments are not reduced under section 18. The aid authorized in section 124.646 must not be reduced.

The amount of the deduction equals the difference between the result in paragraph (a) and paragraph (b).

(a) Make the computations in clauses (1) to (3).

(1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified by the total pupil units for the year to which the levy is attributable.

(2) Divide the result in clause (1) by the equalizing factor for the school year to which the levy is attributable.

(3) Multiply the result in clause (2) by the district's cost differential tier revenue for the school year to which the levy is attributable.

(b) From the result in paragraph (a) subtract the district's cost differential tier revenue.

Sec. 20. [124A.0373] [SECOND TIER LEVY EQUITY.]

For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.08, subdivision 3a, for a school year is more than the district's second tier revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, to the extent that the special state aid payments and the other state payments are not reduced under sections 18 and 19. The aid authorized in section 124.646 must not be reduced.

The amount of the deduction equals the difference between the results in paragraphs (a) and (b).

(a) Make the computations in clauses (1) to (3).

(1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified by the total pupil units for the year to which the levy is attributable.

(2) Divide the result in clause (1) by the equalizing factor for the school year to which the levy is attributable.

(3) Multiply the result in clause (2) by the district's second tier revenue for the school year to which the levy is attributable.

(b) From the result in paragraph (a) subtract the district's second tier revenue.

Sec. 21. [124A.05] [SPARSITY AMOUNT.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply in this section.

(a) "High school" means a secondary school, as defined in section 120.05, subdivision 2, clause (3), that enrolls pupils in each of grades 10, 11, and 12. If a district has entered into an agreement providing for the discontinuance of one or more grade levels according to section 122.535 or 122.541, and if there is no secondary school in the district that enrolls pupils in each of grades 10, 11, and 12, then the commissioner shall name one school in the district as a high school for this section.

(b) (1) In a district with only one high school, "secondary average daily membership" means the average daily membership of resident pupils in grades 7 through 12, as defined in section 124.17, subdivision 2.

(2) In a school district with more than one high school, "secondary average daily membership" for a particular high school means the product of the number of resident pupils enrolled in grades 7 through 12 in average daily membership in that high school, as defined in section 124.17, subdivision 2, times the ratio of six to the number of grades in that high school.

(c) "Attendance area" means the quotient of the total surface area in square miles of a district divided by the number of high schools in the district.

(d) "Isolation index" means the sum of

(1) the distance in miles measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus

(2) the square root of one-half the attendance area.

(e) "Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.

Subd. 2. [COMPUTATION.] A district's sparsity amount for a school year equals the sum of the amounts determined by computing the following product for each qualifying high school in the district:

(a) the foundation aid formula allowance for the school year, multiplied by

(b) the secondary average daily membership of the high school, multiplied by

(c) the quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary daily membership, multiplied by

(d) the quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index, multiplied by

(e) two.

Subd. 3. [ISOLATED ELEMENTARY SCHOOLS.] A district operating an elementary school, as defined in section 120.05, subdivision 2, that enrolls fewer than 20 pupils, and that is at least 50 miles by the usual traveled routes from the nearest other Minnesota elementary school, shall receive an additional sparsity amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school, times two.

Sec. 22. [124A.051] [TEACHER RETIREMENT AND F.I.C.A. GUARANTEE.]

A district's "teacher retirement and F.I.C.A. guarantee" for each school year equals:

(a) the sum of

(1) its teacher retirement and F.I.C.A. aid for fiscal year 1987 under section 124.2162; plus

(2) the amount of teacher retirement and F.I.C.A. aid for fiscal year 1987 under section 124.2163, allocated to the district by intermediate districts and other employing units of which it is a member, divided by:

(b) its actual pupil units for the 1986-1987 school year.

For this section, intermediate school districts and other employing units as defined in section 124.2161, shall allocate the amount of their teacher retirement and F.I.C.A. aid for fiscal year 1987 among their member school districts.

Sec. 23. Minnesota Statutes 1986, section 124A.06, is amended to read:

124A.06 [COST DIFFERENTIAL TIER.]

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance for the 1987-1988 school year shall be the sum of the sparsity allowance and the training and experience allowance. A district's cost differential tier allowance for the 1988-1989 school year and each year thereafter is the sum of the sparsity allowance, the training and experience allowance, the excess retirement allowance, the formula equity allowance, and the secondary weighting decline allowance.

Subd. 1a. [SPARSITY ALLOWANCE.] A district's sparsity allowance for the 1987-1988 school year shall be the result of the following computation:

(a) Multiply two times the district's sparsity replacement component for the 1980-1981 school year, assuming that Minnesota Statutes 1982, section 124.2124, subdivision 1, had been effective for the 1980-1981 school year.

(b) Divide the result in clause (a) by the actual pupil units in the district for the 1980-1981 school year.

(c) Divide ~~the formula allowance for the school year~~ \$1,700 by \$1,265.

(d) Multiply the result in clause (b) by the result in clause (c).

A district's sparsity allowance for the 1988-1989 school year and each year thereafter equals the district's sparsity amount for that school year according to section 21, divided by the actual pupil units in the school district for that school year.

Subd. 1b. [TRAINING AND EXPERIENCE ALLOWANCE.] A district's training and experience allowance shall be the greater of zero or the result of the following computation:

(a) Subtract 1.25 from the training and experience index.

(b) Multiply the result in clause (a) by ~~\$300~~ \$400 for the ~~1984-1985~~ 1987-1988 school year, and by ~~\$400~~ \$633.75 for the ~~1985-1986~~ 1988-1989 school year, and each school year thereafter.

Subd. 1c. [EXCESS RETIREMENT ALLOWANCE.] A district's excess retirement allowance for the 1988-1989 school year and each year thereafter equals the result of the following computation:

(a) Multiply the district's basic foundation revenue for that school year by 0.11.

(b) Divide the result in clause (a) by the actual pupil units in the district for that school year.

(c) Multiply the district's sparsity allowance for that school year by 0.11.

(d) Multiply the district's training and experience allowance for that school year by 0.11.

(e) Subtract the results in clauses (b), (c), and (d) from the teacher retirement and F.I.C.A. guarantee according to section 22.

(f) If the result in clause (e) is less than zero, the excess retirement allowance equals zero.

Subd. 1d. [EXCESS RETIREMENT AID.] A district's excess retirement aid for the 1987-1988 school year equals the greater of the result in clause (c) or (f):

(a) Subtract 1.25 from the training and experience index.

(b) Multiply the result in clause (a) by \$70.

(c) Multiply the result in clause (b) by the actual pupil units for that school year.

(d) Multiply the district's teacher retirement and F.I.C.A. guarantee according to section 22 by the actual pupil units for that school year.

(e) Multiply the total pupil units for that school year by \$214.

(f) Subtract the result in clause (e) from the result in clause (d).

Subd. 1e. [FORMULA EQUITY ALLOWANCE.] (a) A district's formula equity allowance for the 1988-1989 school year is the greater of zero or the result of the following computation:

(1) Subtract the district's total foundation revenue per actual pupil unit from \$2,695.

(2) Subtract from the result in clause (1), the amount by which the district's net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the second tier levy fund balance subtraction under section 124A.08, subdivision 5.

(b) A district's formula equity allowance for the 1989-1990 school year and each year thereafter is the greater of zero or the result of the following computation:

(1) Subtract the district's total foundation revenue per actual pupil unit from the statewide average foundation revenue per actual pupil unit.

(2) Subtract from the result in clause (1), the amount by which the district's net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the second tier levy fund balance excess under section 124A.08, subdivision 5.

Subd. 1f. [SECONDARY WEIGHTING DECLINE ALLOWANCE.] A district's secondary weighting decline allowance for the 1988-1989 school year and each year thereafter is the greater of zero or the following computation:

(a) subtract the sum of the district's

(1) total foundation revenue per actual pupil unit, plus

(2) formula equity allowance; from

(b) the product of the district's

(1) prior school year's total foundation revenue per actual pupil unit for that school year, multiplied by

(2) 1.02.

Subd. 2. [COST DIFFERENTIAL TIER REVENUE.] A district's cost differential tier revenue for each school year shall equal the cost differential tier allowance times the district's actual pupil units for that school year.

Subd. 3a. [COST DIFFERENTIAL TIER LEVY.] A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or that equals the result of the following computation:

(i) (1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) (2) Divide the result in clause (i) (1) by the equalizing factor for the school year to which the levy is attributable.

(iii) (3) Multiply the result in clause (ii) (2) by the district's cost differential tier revenue for the school year to which the levy is attributable.

(4) Select the lesser of: the result in clause (3) or the cost differential tier revenue.

(5) Add to the result in clause (4) the amount by which special state aids authorized in chapters 124 and 124A receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 19, plus the amount by which state aid payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 19.

Subd. 4. [COST DIFFERENTIAL TIER AID.] A district's cost differential tier aid shall be the result of the following computation:

(1) Subtract the amount of the cost differential tier levy from the amount of the cost differential tier revenue.

(2) Divide the actual cost differential tier levy by the permitted cost differential tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

(4) For the 1987-1988 school year only, add the district's excess retirement aid according to subdivision 1d, to the result in clause (3).

Sec. 24. Minnesota Statutes 1986, section 124A.08, subdivision 1, is amended to read:

Subdivision 1. [SECOND TIER ALLOWANCE.] "Second tier allowance" means the amount of revenue per actual pupil unit used to compute the second tier aid for a particular school year and the corresponding levy for that school year. The second tier allowance is \$150 for the 1987-1988 school year and \$153.75 for the 1988-1989 school year and later school years.

Sec. 25. Minnesota Statutes 1986, section 124A.08, subdivision 3a, is amended to read:

Subd. 3a. [SECOND TIER LEVY.] A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or that equals the result of the following computation:

(i) (1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) (2) Divide the result in clause (i) (1) by the equalizing factor for the school year to which the levy is attributable.

(iii) (3) Multiply the result in clause (ii) (2) by the district's second tier revenue for the school year to which the levy is attributable.

(4) Select the lesser of: the result in clause (3) or the second tier revenue.

(5) Add to the result in clause (4) the amount by which special state aids authorized in chapters 124 and 124A receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 20, plus the amount by which state aid payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 20.

Sec. 26. Minnesota Statutes 1986, section 124A.08, subdivision 5, is amended to read:

Subd. 5. [SECOND TIER LEVY FUND BALANCE.] (a) For purposes of clauses (b) and (c) of this subdivision, "fund balance excess" means the amount obtained by subtracting from the net operating fund balance as of June 30, 1987, the greater of: (1) \$500 multiplied by the district's total pupil units; or (2) the product of: 15 percent of the district's net unappropriated operating funds expenditure for fiscal year 1987, times 105.1 percent, times the ratio of the district's actual pupil units for the 1988-1989 school year to the district's actual pupil units for the 1986-1987 school year.

(b) The 1987 payable 1988 second tier levy must be reduced by the amount of the fund balance excess times the lesser of (1) one, or (2) the ratio of the district's 1986 adjusted assessed valuation per total pupil unit in the 1988-1989 school year to the equalizing factor.

(c) The second tier aid for the 1988-1989 school year must be reduced by any amount of the fund balance excess that is not subtracted from the levy.

(d) Beginning with the 1983 1988 payable 1984 1989 levy, for a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the greater of \$500 per total pupil unit in the year the levy is certified, or the product of (1) 15 percent of the district's net unappropriated operating funds expenditure for the fiscal year ending on the June 30 before the levy

is certified, times (2) the ratio of the formula allowance for the school year for which the levy is attributable to the formula allowance for the school year ending in the year when the levy is certified, times (3) the ratio of the district's actual pupil units for the school year to which the levy is attributable to the district's actual pupil units for the school year ending in the year the levy is certified, the second tier levy shall be reduced by the amount of the fund balance excess times the lesser of (a) (4) one, or (b) (5) the ratio of the district's EARC adjusted assessed valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor.

(e) Beginning with the 1984-1985 1989-1990 school year, the second tier aid for the year when that levy is used shall be reduced by any amount of the fund balance excess which is not subtracted from the levy.

Sec. 27. Minnesota Statutes 1986, section 124A.10, subdivision 1, is amended to read:

Subdivision 1. [THIRD TIER ALLOWANCE.] "Third tier allowance" means the amount of revenue per actual pupil unit used to compute the third tier aid for a particular school year and the corresponding levy for that school year. The third tier allowance is \$100 for the 1987-1988 school year. For the 1988-1989 school year and later school years the third tier allowance is an amount up to \$112.50 for districts with a professional development program approved by the commissioner of education under article 8, section 9, subdivision 3, or \$102.50 for districts without a professional development plan approved by the commissioner.

Sec. 28. Minnesota Statutes 1986, section 124A.10, is amended by adding a subdivision to read:

Subd. 5. [EXPENDITURE LIMITATIONS.] For any year for which the sum of a district's levy under this section and its aid for the same year under this section exceeds \$102.50 times the actual pupil units in the same year, the amount by which the sum exceeds \$102.50 times the actual pupil units may be expended only for activities approved under the professional development plan.

Sec. 29. Minnesota Statutes 1986, section 124A.12, subdivision 1, is amended to read:

Subdivision 1. [FOURTH TIER ALLOWANCE.] "Fourth tier allowance" means the amount of revenue per actual pupil unit used to compute the fourth tier aid for a particular school year and the corresponding levy for that school year. The fourth tier allowance is \$100 for the 1984-1985 school year. For the 1985-1986 1987-1988 school year and thereafter, the fourth tier allowance is the result of the following computation:

(a) Subtract 1.25 from the training and experience index, and multiply the difference by \$150.

(b) Select the greater of the result in clause (a) or zero.

(c) Add \$100 to the result of clause (b).

For 1988-1989 and later school years, the fourth tier allowance is \$102.50.

Sec. 30. Minnesota Statutes 1986, section 124A.14, subdivision 4, is amended to read:

Subd. 4. [FIFTH TIER ALLOWANCE.] "Fifth tier allowance" means the amount of revenue per actual pupil unit used to compute the fifth tier aid for a particular school year and the corresponding levy for that school year. The fifth tier allowance for the 1987-1988 school year shall equal the previous formula amount plus the minimum increase minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance shall equal zero. The fifth tier allowance for 1988-1989 and later school years equals the previous formula amount, plus the minimum increase, plus 11 percent of the sparsity allowance, plus 11 percent of the training and experience allowance, plus the excess retirement allowance, plus the formula equity allowance, plus the secondary weighting decline allowance, plus up to \$10 if the district has a professional development plan approved by the commissioner, minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance equals zero.

Sec. 31. [FORMULA EQUITY ALLOWANCE; DISTRICT INFORMATION.]

To be eligible for the equity allowance for the 1988-1989 school year, a district must submit the following to the commissioner by June 30, 1988:

(a) An evaluation conducted by the school district on the district's compliance with state board of education minimum curriculum standards and identification of areas where the district is above the state board minimum standards.

(b) An evaluation as to how the district coordinates the results of district assessments under Minnesota Statutes, section 126.67, subdivision 2a, with improvement of instruction and curriculum to meet instructional goals established according to Minnesota Statutes, section 126.66.

(c) A description of the school district's use of expanded student opportunities including, discontinued grade cooperation, technology

cooperation, shared staff cooperation, expanded enrollment options, consolidation, or any other programs designed to expand student opportunities.

Sec. 32. [LEVY EQUITY REPORT.]

By December 1, 1987, the department of education shall report to the education committees of the legislature on a plan to allow a four-year phase-in of the levy equity provisions in sections 3, 15, 18, 19, and 20. The report shall include methods to adjust the 1987 payable 1988 property tax levies in accordance with a four-year phase-in period.

Sec. 33. [APPROPRIATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [FOUNDATION AID.] For foundation aid there is appropriated:

\$1,071,353,000.....1988.

\$1,073,638,000.....1989.

The appropriation for 1988 includes \$121,713,000 for aid for fiscal year 1987 payable in fiscal year 1988 and \$949,640,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriations for 1989 includes \$164,427,000 for aid for fiscal year 1988 payable in fiscal year 1989 and \$909,211,000 for aid for fiscal year 1989 payable in fiscal year 1989.

Subd. 3. [SUMMER PROGRAM.] For summer program aid pursuant to Minnesota Statutes, section 124A.033, subdivision 3, and for summer instructional program aid pursuant to Minnesota Statutes, section 124A.033, subdivision 3a, there is appropriated:

\$8,177,800.....1988.

\$8,100,700.....1989.

The appropriation for fiscal year 1988 is for aid for programs in summer 1987. The appropriation for fiscal year 1989 is for aid for programs in summer 1988.

Subd. 4. [RETIREMENT.] For teacher retirement under Minnesota Statutes, section 124.2162, there is appropriated:

\$33,975,000.....1988.

The appropriation for 1988 is for aid for fiscal year 1987 payable in fiscal year 1988.

Sec. 34. [REPEALER.]

Subdivision 1. [JULY 1, 1987.] Minnesota Statutes 1986, sections 124.2161; 124.2162; and 124.2163, are repealed.

Subd. 2. [JULY 1, 1988.] Minnesota Statutes 1986, section 124A.20, is repealed.

Sec. 35. [EFFECTIVE DATE.]

Section 5 is effective the day following final enactment. Sections 2, 6, and 34, subdivision 2, are effective July 1, 1988.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1986, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

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

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

For the purposes of this clause, a district may designate a licensed day care facility or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or

guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

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

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

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

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

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

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7) and (9) and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

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

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

Sec. 2. Minnesota Statutes 1986, section 124.225, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given to them.

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

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

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

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33⅓ percent per year of the cost to the district of the reconditioning, plus

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

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

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

(e) "Transportation category" means a category of transportation service provided to pupils. For the 1984-1985 and 1985-1986 school years, each category includes transportation provided during the regular school year and in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033. For purposes of this section, transportation categories for the 1984-1985 and 1985-1986 school years are as follows:

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

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

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

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

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

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

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

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

(f) "Pupil weighting factor" means the ratio of the actual district average cost per FTE in a particular transportation category in the base year to the actual district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

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

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

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

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

(1) the sum of:

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

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

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

(2) to the sum of:

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

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

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

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

Sec. 3. Minnesota Statutes 1986, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for ~~each school year~~ the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

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

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

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

To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1986-1987 base year and after, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(a) 200 or

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

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

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

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

by the area of the district in square miles;

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

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

Sec. 4. Minnesota Statutes 1986, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by ~~10.3~~ 6.0 percent to determine the district's aid entitlement per FTE for the ~~1984-1985~~ 1986-1987 school year, by ~~8.9~~ 4.9 percent to determine the district's aid entitlement per FTE for the ~~1985-1986~~ 1987-1988 school year, and by ~~6.0~~ 4.1 percent to determine the district's aid entitlement per FTE for the ~~1986-1987~~ 1988-1989 school year.

Sec. 5. Minnesota Statutes 1986, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] For the 1984-1985 and 1985-1986 school years a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

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

(b) For the 1988-1989 school year and after, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, its nonregular transportation levy equalization aid under subdivi-

vision 8j, and its excess transportation levy equalization aid under section 7, minus its contracted services aid reduction under subdivision 8k, minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

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

Sec. 6. Minnesota Statutes 1986, section 124.225, subdivision 8i, is amended to read:

Subd. 8i. [NONREGULAR TRANSPORTATION AID.] ~~For the 1984-1985 school year and each year thereafter, (a) A district's nonregular transportation aid shall be determined pursuant to this subdivision.~~

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

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

Sec. 7. Minnesota Statutes 1986, section 124.225, is amended by adding a subdivision to read:

Subd. 8l. [EXCESS TRANSPORTATION LEVY EQUALIZATION AID.] For the 1988-89 school year and after, a district's excess transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Excess transportation revenue shall be the result of the following computation:

(i) Multiply the base cost computed using data for the current school year according to subdivision 1, clause (k) by the sum of the

number of secondary pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended, plus the number of pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards.

(ii) Add to the result in clause (i) the actual cost in the current year of other related services which are necessary because of extraordinary traffic hazards.

(b) The excess transportation levy is the levy authorized by section 10.

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

Sec. 8. Minnesota Statutes 1986, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12½ percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33⅓ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

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

(2) for fiscal years 1985 and 1986 an amount equal to 1.75 mills times the adjusted assessed valuation of the district for the preceding year, and for fiscal year 1987 and thereafter, 2.25 mills times the adjusted assessed valuation of the district for the preceding year, the district's basic transportation levy limitation under section 275.125, subdivision 5, plus

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

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

(5) the district's excess transportation levy limitation pursuant to section 10.

Sec. 9. Minnesota Statutes 1986, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of 2.25 mills times the adjusted assessed valuation of the taxable property of the district for the preceding year. Beginning with levies certified in 1987 and each year thereafter, a school district may levy for school transportation services, an amount not more than the amount raised by the basic transportation mill rate times the adjusted assessed valuation of the district for the preceding year. The commissioner of revenue shall establish the basic transportation mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic transportation mill rate shall be a rate, rounded up to the nearest hundredth of a mill, that when applied to the adjusted assessed valuation of taxable property for each school district, raises the amount specified in this subdivision. The basic transportation mill rate for the 1987 payable 1988 levies and for transportation aid for the 1988-1989 school year shall be set at the rate that raises \$71,080,400. The basic transportation mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education.

Sec. 10. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5e. [EXCESS TRANSPORTATION LEVY.] A school district may also make a levy for excess transportation costs pursuant to this subdivision. The amount of the levy shall not exceed the product of:

(a) the district's excess transportation revenue determined pursuant to section 7, times

(b) the lesser of

(i) one, or

(ii) the ratio of the district's adjusted assessed valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to 50 percent of the equalizing factor for the school year to which the levy is attributable.

Sec. 11. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5f. [BUS PURCHASE LEVY.] A school district may also levy the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified.

Sec. 12. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5g. [CONTRACTED SERVICES LEVY.] A school district may also levy an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid there is appropriated:

\$90,476,900.....1988,

\$90,235,600.....1989.

(a) The appropriation for 1988 includes \$12,194,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$78,282,600 for fiscal year 1988 payable in fiscal year 1988.

(b) The appropriation for 1989 includes \$13,814,600 for aid for fiscal year 1988 payable in fiscal year 1989 and \$76,421,000 for fiscal year 1989 payable in fiscal year 1989.

(c) The appropriations are based on aid entitlements of \$92,097,200 for fiscal year 1988 and \$89,907,000 for fiscal year 1989.

Subd. 3. [INTERDISTRICT TRANSPORTATION AID; PROGRAMS OF EXCELLENCE.] For transportation of pupils to programs of excellence pursuant to Minnesota Statutes, section 126.62, subdivision 6, there is appropriated:

\$17,000.....1988,

\$17,000.....1989.

This aid shall be paid at 100 percent of the entitlement for the current fiscal year.

Subd. 4. [TRANSPORTATION AID FOR CHOICE PROGRAMS.] For transportation of pupils who attend post-secondary institutions pursuant to Minnesota Statutes, section 123.3514, there is appropriated:

\$76,875.....1988,

\$78,797.....1989.

The commissioner shall allocate this appropriation among school districts based upon criteria adopted by the state board of education.

Subd. 5. [PRORATION.] Except as provided in section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for any purposes indicated plus the amount of any transfers made according to section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 124.225, subdivision 1a, and 275.125, subdivision 5d, are repealed.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1986, section 120.03, subdivision 1, is amended to read:

Subdivision 1. Every child who has a hearing impairment, visual handicap, speech or language impairment, physical handicap, other health impairment, mental handicap, emotional/behavioral disorder, specific learning disability, or deaf/blind handicap and needs special instruction and services, as determined by the standards of the state board, is a handicapped child. In addition, every child between the ages of three and five who needs special instruction and services, as determined by the standards of the state board, because

the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a handicapped child.

Sec. 2. Minnesota Statutes 1986, section 120.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN.] Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. School age means the ages of three to 21 years for children who are handicapped as defined in section 120.03 and; provided however, the required instruction shall not extend beyond secondary school or its equivalent. For purposes of this subdivision, the age of a handicapped child shall be the age as of September 1 of the calendar year in which the school year for which the child seeks special instruction and services commences. Every district may provide special instruction and services for handicapped children who have not attained school age. Local health, education, and social service agencies shall refer children from age three to five who are known to need or suspected of needing special instruction and services to the school district. A school district is encouraged to contract with a developmental achievement center when the center is cost efficient for the district and when the center provides continuity of special instruction and services for handicapped children under the age of five and their families. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for education and services for handicapped children. This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1986, section 120.17, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] Special instruction and services for handicapped children must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

- (a) in connection with attending regular elementary and secondary school classes;
- (b) establishment of special classes;
- (c) at the home or bedside of the child;
- (d) in other districts;

(e) instruction and services ~~in~~ by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the handicapped child belongs;

(f) in a state university laboratory school or a University of Minnesota laboratory school;

(g) in a state residential school or a school department of a state institution approved by the commissioner;

(h) in other states;

(i) by contracting with public, private or voluntary agencies;

(j) for children under age five and their families, programs and services established through collaborative efforts with other agencies ~~or within the district; and~~

(k) for children under age five and their families, in a program in which handicapped children are served with nonhandicapped children;

(l) for children under age three, preference should be given to programs provided in the residence of the child with the parent or primary caregiver or both present; and

(m) any other method approved by the commissioner.

The primary responsibility for the education of a handicapped child shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used.

Sec. 4. Minnesota Statutes 1986, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board,

in consultation with the departments of health and human services, may adopt emergency rules and shall adopt permanent rules for instruction and services for children from age three to five and their families. Until June 30, 1988, a developmental achievement center contracting with under contract to a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. Until June 30, 1988, the licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 5. Minnesota Statutes 1986, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

~~(a)~~ (1) all handicapped children are provided the special instruction and services which are appropriate to their needs; The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade nine or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, and community living;

~~(b)~~ (2) handicapped children from age three to five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

~~(c)~~ (3) handicapped children and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of handicapped children;

~~(d)~~ (4) to the maximum extent appropriate, handicapped children, including those in public or private institutions or other care facilities, are educated with children who are not handicapped, and that special classes, separate schooling, or other removal of handicapped children from the regular educational environment occurs only when and to the extent that the nature or severity of the handicap is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(e) (5) in accordance with recognized professional standards, testing and evaluation materials and procedures utilized for the purposes of classification and placement of handicapped children are selected and administered so as not to be racially or culturally discriminatory; and

(f) (6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 6. Minnesota Statutes 1986, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative ~~after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (e);~~

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of conciliation shall be deemed to be satisfied;

(d) Parents, guardians and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted

in the school district where the child resides, if ~~after at least one~~ ~~conciliation conference~~ the parent or guardian continues to object to:

- (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;
- (2) the proposed placement of their child in, or transfer of their child to a special education program;
- (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;
- (4) the proposed provision or addition of special education services for their child; or
- (5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

- (1) be in writing;
 - (2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;
 - (3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;
 - (4) state the amount and source of any additional district expenditure necessary to implement the decision; and
 - (5) be based on the standards set forth in subdivision 3a and the rules of the state board.
- (f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the hearing review officer within 15 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

- (1) be in writing;
 - (2) include findings and conclusions; and
 - (3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.
- (g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

(1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;

(2) the commissioner has been employed as an administrator by the district that is a party to the hearing;

(3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(j) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 7. Minnesota Statutes 1986, section 120.17, subdivision 5, is amended to read:

Subd. 5. [SCHOOL OF PARENTS' CHOICE.] Nothing in this chapter shall be construed as preventing parents of a handicapped ~~educable~~ child from sending such child to a school of their choice, if they so elect, subject to admission standards and policies ~~to be~~

adopted pursuant according to the provisions of sections 128A.01 to 128A.07 chapter 128A, and all other provisions of chapters 120 to 129.

Sec. 8. Minnesota Statutes 1986, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota School state academy for the deaf or the Minnesota Braille and Sight-Saving School state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that effective for the 1983-1984 school year and thereafter, the amount of tuition charged shall not exceed the sum of \$1,000 plus the foundation aid formula allowance of the district for that child, for an entire school year, or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program. For purposes of this subdivision, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.32, subdivision 1a. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. All tuition received by the state board shall be deposited in the state treasury.

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota ~~School~~ state academy for the deaf and the Minnesota ~~Braille and Sight Saving School~~ state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 9. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 11a. [STATE INTERAGENCY COORDINATING COUNCIL.] An interagency coordinating council of 15 members is established. The members and the chair shall be appointed by the governor. The council shall be composed of at least three parents of handicapped children under age seven, a representative of each of the commissioners of education, health, and human services, three representatives of public or private providers of services for handicapped children under age five, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education, at least one representative of advocacy organizations for handicapped children, and other members knowledgeable about handicapped children under age five. Section 15.059 applies to the council, except that the council is permanent and does not expire. The council shall meet at least quarterly.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for handicapped children and their families. It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, case management, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable handicapped children to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for handicapped children under age five and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

Each year by January 15 the council shall submit its recommendations to the education committees of the legislature, the governor, and the commissioners of education, health, and human services.

Sec. 10. Minnesota Statutes 1986, section 120.17, subdivision 12, is amended to read:

Subd. 12. ~~[INTERAGENCY EARLY LEARNING INTERVENTION COMMITTEE.]~~ A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, shall establish an interagency early learning intervention committee for handicapped children under age five and their families. Members of the committee shall be representatives of local and regional health, education, including representatives of early childhood family education programs, and county human service agencies; county commissions; school boards; developmental achievement centers; current service providers; parents of young handicapped children; and other private or public agencies as appropriate. The committee shall elect a chair from among its members and shall meet regularly at least quarterly. The committee shall perform the following ongoing duties:

(1) identify current services and funding being provided within the community for handicapped children under the age of five and their families;

(2) establish and evaluate the identification, referral, and community learning systems to recommend, where necessary, alterations and improvements;

(3) facilitate the development of interagency individual education plans and individual service plans when necessary to appropriately serve handicapped children under the age of five and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(4) implement a process for assuring that services to handicapped children under age five involve cooperating agencies at all steps leading to individualized programming;

(5) review and comment on the early learning section of the total special education system for the district and the county social services plan; and

(5) review and comment on the funding sources that currently exist for the services being provided to handicapped children under the age of five and their families in the area

(6) review the funding sources that currently exist for services being provided, reduce duplication of services and related costs and promote a coordinated comprehensive service delivery system in each community; and

(7) develop a transition plan for any service that is recommended to be terminated.

The departments of education, health, and human services are encouraged to provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 11. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 14. [MAINTENANCE OF EFFORT.] A county human services agency or county board shall continue to provide services set forth in their county social service agency plan for handicapped children under age five and their families or as specified in the individual service plan and individual habilitation plan of each child. Special instruction and services for which a handicapped child is eligible under this section are not the responsibility of the local human services agency or county board. It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services and to facilitate payment for services from public and private sources. School districts and counties are encouraged to enter into agreements to cooperatively serve and provide funding for handicapped children under age five and their families.

Sec. 12. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 15. [THIRD PARTY PAYMENT.] Nothing in this section relieves an insurer or similar third party from an otherwise valid obligation to pay or changes the validity of an obligation to pay for services to a handicapped child.

Sec. 13. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 16. [COMMUNITY TRANSITION INTERAGENCY COMMITTEE.] A district, group of districts, or special education cooper-

ative, in cooperation with the county or counties in which the district or cooperative is located, shall establish a community transition interagency committee for handicapped youth, beginning at grade nine or age equivalent, and their families. Members of the committee shall consist of representatives from special education; vocational and regular education; community education; post-secondary education and training institutions; parents of handicapped youth; local business or industry; rehabilitation services; county social services; health agencies; and additional public or private adult service providers as appropriate. The committee shall elect a chair and shall meet regularly. The committee shall:

(1) identify current services, programs, and funding sources provided within the community for secondary and post-secondary aged handicapped youth and their families;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of handicapped individuals are met;

(4) recommend changes or improvements in the community system of transition services;

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and

(6) prepare a yearly summary assessing the progress of transition services in the community and disseminate it to all adult services agencies involved in the planning and to the commissioner of education by September 1 of each year.

Sec. 14. Minnesota Statutes 1986, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the free transportation of pupils to and from school, and to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and

conveniently provided for by that means. The board shall provide transportation to and from the home of a handicapped child not yet enrolled in kindergarten when special instruction and services under section 120.17 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 15. Minnesota Statutes 1986, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [WEIGHTING.] Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) For pre-kindergarten pupils

(a) In a program approved by the commissioner, for each handicapped prekindergarten pupil, one-half pupil unit for up to 437 hours of assessment and education services in the school year as provided in the pupil's individual education plan or, for more than 437 hours of assessment and education services, a number of pupil units equal to the ratio of the number of hours of assessment and education service required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For each pre-kindergarten child who is assessed but who does not meet the definition of handicapped children in 120.03, the number of pupil units equal to the ratio of the number of hours of assessment service to 875.

(2) In an elementary school:

(a) For each handicapped kindergarten pupil, as defined in section 120.03, enrolled in a program approved by the commissioner, a number of pupil units equal to the ratio of the number of hours of assessment and education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(3) In secondary schools, 1-4/10 pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

Sec. 16. Minnesota Statutes 1986, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

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

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

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

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

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17,

subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

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

(7) [FARIBAULT STATE SCHOOLS ACADEMIES.] Transportation for residents to and from the Minnesota school state academy for the deaf or the Minnesota braille and sight-saving school state academy for the blind;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7) and (9) and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

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

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

Sec. 17. Minnesota Statutes 1986, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] For the 1987-1988 school year, the state shall pay a school district a portion of the salary, calculated from the date of hire, of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, calculated from the date of hire, of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time

teacher shall be the lesser of 65 60.5 percent of the salary or \$18,100 \$16,850. The portion for a part-time or limited-time teacher shall be the lesser of 65 60.5 percent of the salary or the product of \$18,100 \$16,850 times the ratio of the person's actual employment to full-time employment.

Sec. 18. Minnesota Statutes 1986, section 124.273, is amended by adding the following subdivision to read:

Subd. 1c. [MAXIMUM REVENUE; 1988-89 AND AFTER.] (a) For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for limited English proficiency programs equals an amount not to exceed 60.5 percent of the salaries, calculated from the date of hire, paid to each full-time equivalent teacher employed by the district for each 45 pupils of limited English proficiency enrolled in the district.

(b) Notwithstanding paragraph (a), the maximum revenue for a district with 22 or fewer pupils of limited English proficiency equals an amount not to exceed 60.5 percent of the salary paid to one-half time equivalent teacher employed by the district. However, the allowable revenue for a part-time or limited-time teacher shall be 60.5 percent of the salary times the ratio of the person's actual employment to full-time employment.

Sec. 19. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1d. [BASIC AID.] For the 1988-1989 and later school years, a district's or cooperative center's "basic aid" for limited English proficiency programs equals \$11,700 times the number of full-time equivalent limited English proficiency teachers for whom the district is entitled to receive revenue under subdivision 1c.

Sec. 20. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1e. [LEVY EQUALIZATION AID.] For the 1988-1989 and later school years, a district's or cooperative center's "levy equalization aid" shall be the result of the following computation:

(a) Subtract the basic aid calculated according to subdivision 1d from the maximum revenue calculated according to subdivision 1c.

(b) Subtract the limited English proficiency levy limitation according to section 39 from the result in clause (a).

(c) Divide the actual limited English proficiency levy by the limited English proficiency levy limitation.

(d) Multiply the result in clause (b) by the result in clause (c).

Sec. 21. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1f. [TOTAL LIMITED ENGLISH PROFICIENCY AID.] For the 1988-1989 and later school years, a district's or cooperative center's "total limited English proficiency aid" equals the sum of its basic aid according to subdivision 1d and its levy equalization aid according to subdivision 1e.

Sec. 22. Minnesota Statutes 1986, section 124.32, is amended to read:

124.32 [HANDICAPPED CHILDREN.]

Subd. 1b. [TEACHERS SALARIES.] Each For the 1987-1988 school year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of 70 65.1 percent of the salary or \$19,500 \$18,135. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 70 65.1 percent of the salary or the product of \$19,500 \$18,135 times the ratio of the person's actual employment to full-time employment.

Subd. 1c. [FOUNDATION AID FORMULA ALLOWANCE.] For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer school revenue allowance" shall have the meaning attributed to it in section 124.201. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1.

Subd. 1d. [CONTRACT SERVICES; 1987-1988.] (1) For special instruction and services provided during the regular 1987-1988 school year to any pupil pursuant to section 120.17, subdivision 2, clause (i), by contract with public, private or voluntary agencies other than school districts, the state shall pay each district 55 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full-time basis.

(2) For special instruction and services provided for a pupil by such a contract as part of a the 1987 summer school program, the state shall pay each district 55 51.1 percent of the difference between the

amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Subd. 1f. [MAXIMUM REVENUE; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for special education programs for a regular school year equals an amount not to exceed the sum of the following:

(a) 65.1 percent of the salaries of essential personnel employed in the district's or cooperative center's program for handicapped children during the regular school year, plus

(b) 45 percent of the amount expended for supplies and equipment purchased or rented for use in the instruction of handicapped children, not to exceed an average of \$45 in any one school year for each handicapped child receiving instruction, plus

(c) For special instruction and services provided during the regular school year to any pupil pursuant to section 120.17, subdivision 2, clause (1), by contract with public, private or voluntary agencies other than school districts, 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full-time basis.

Subd. 1g. [BASIC AID; REGULAR SCHOOL YEAR.] For the 1988-1989 and later school years, a district's or cooperative center's "basic aid" for special education programs equals the sum of the following:

(a) \$12,580 times the number of full-time equivalent essential licensed personnel employed in the district's or cooperative center's program for handicapped children during the regular school year, plus

(b) \$4,200 times the number of full-time equivalent essential unlicensed personnel employed in the district's or cooperative center's program for handicapped children during the regular school year.

Subd. 1h. [LEVY EQUALIZATION AID; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "levy equalization aid" shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 1g from the maximum revenue according to subdivision 1f.

(b) Subtract the special education levy limitation according to section 37 from the result in clause (a).

(c) Divide the actual special education levy by the special education levy limitation.

(d) Multiply the result in clause (b) by the result in clause (c).

Subd. 1i. [TOTAL AID; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "total special education aid" equals the sum of its basic aid according to subdivision 1g, its levy equalization aid according to subdivision 1h, and its special pupil aid according to subdivision 6.

Subd. 2. [SUPPLY AND EQUIPMENT AID.] For the 1987-1988 school year, the state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to ~~one-half~~ 45 percent of the sum actually expended by the district but not to exceed an average of \$50 \$45 in any one school year for each handicapped child receiving instruction.

Subd. 2b. [TRAVEL AID.] The state shall pay each district ~~one-half~~ 45 percent of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to handicapped children under age five and their families.

Subd. 3a. [CURRENT FUNDING.] Unless otherwise specified, the aids provided for educational programs for handicapped children shall be paid on a current funding basis.

Subd. 4. [AID RECIPIENTS.] The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children in the school year for which the aid is paid.

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. The aid shall be an amount not to exceed ~~60~~ 55.8 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed ~~60~~ 55.8 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the

resident district attributable to that child. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school state academy for the deaf or the Minnesota braille and sight-saving school state academy for the blind.

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

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

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

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

Subd. 6. [FULL STATE PAYMENT.] The state shall pay each district the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of the foundation aid formula allowance for the child and the special education aid, transportation aid, and any other aid earned in behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

Subd. 7. [PROGRAM AND AID APPROVAL.] Before June 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the

district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Subd. 8. [MAINSTREAMING.] When planning programs for the education of handicapped children in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure successful mainstreaming.

Subd. 10. [SUMMER SCHOOL.] The state shall pay aid for the 1987 summer school programs for handicapped children on the basis of subdivisions 1b, 1d, and 5 for the ~~preceeding~~ 1987-1988 school year. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Subd. 10a. [MAXIMUM REVENUE; SUMMER SCHOOL.] For the 1988 and later summer programs, a district's or cooperative's

"maximum revenue" for special education summer programs equals an amount not to exceed the sum of the following:

(a) 65.1 percent of the salary of essential personnel employed in the district's or cooperative center's summer program for handicapped children, plus

(b) 45 percent of the amount expended for supplies and equipment purchased or rented for use in the instruction of handicapped children, not to exceed an average of \$8 for each handicapped child receiving instruction during the summer program, plus

(c) for special instruction and services provided as part of a summer school program to any pupil pursuant to section 120.17, subdivision 2, clause (i), by contract with public, private or voluntary agencies other than school districts, 51.1 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Subd. 10b. [BASIC AID; SUMMER SCHOOL.] For the 1988 and later summer programs, a district's or cooperative center's "basic aid" for special education summer programs equals the sum of the following:

(a) \$12,580 times the number of full-time equivalent licensed personnel employed in the district's or cooperative center's summer program for handicapped children, plus

(b) \$4,200 times the number of full-time equivalent essential unlicensed personnel employed in the district's or cooperative center's summer program for handicapped children.

Subd. 10c. [LEVY EQUALIZATION AID; SUMMER PROGRAM.] For the 1988 and later summer programs, a district's or cooperative center's levy equalization aid shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 10b, from the maximum revenue according to subdivision 10a.

(b) Subtract the special education summer program levy limitation according to section 38 from the result in clause (a).

(c) Divide the actual special education summer program levy by the special education summer program levy limitation.

(d) Multiply the result in clause (b) by the result in clause (c).

Subd. 10d. [TOTAL AID; SUMMER PROGRAM.] For the 1988 and later summer programs, a district's or cooperative center's total

special education aid equals the sum of its basic aid according to subdivision 10b and its levy equalization aid according to subdivision 10c.

Sec. 23. Minnesota Statutes 1986, section 124.481, is amended to read:

124.481 [INDIAN POST-SECONDARY PREPARATION GRANTS.]

Subdivision 1. [PLAN FOR GRANTS.] The state board of education, with the advice of the Minnesota Indian scholarship committee, may make grants to school districts to support post-secondary preparation for secondary pupils who are of one-fourth or more Indian ancestry and who, in the opinion of the superintendent, have the capabilities to benefit from higher education. Distribution of the grants must be in accordance with a plan prepared by the state board, with the advice of the Minnesota Indian scholarship committee, that describes the objectives and methods of implementing the grant program, including the manner in which grants will be distributed in proportion to the geographical distribution of the Indian population of the state.

Subd. 2. [LONG-RANGE INDIAN EDUCATION PLAN.] (a) The school board in a district submitting a proposal under this section shall develop a long-range plan for the education of American Indians. The plan must include: (1) a description of the current status of education programs for American Indians including the relationship and role of all available programs and resources for attaining goals; (2) an assessment of the educational needs of American Indians within the district; and (3) a listing of district goals for the education of American Indians in the district.

(b) The plan must be developed in conjunction with the American Indian subcommittee of the curriculum advisory committee established under section 126.67. The plan must meet the criteria adopted by the state board of education for plans for the education of American Indian students.

Sec. 24. Minnesota Statutes 1986, section 124.573, is amended to read:

124.573 [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.]

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

Subd. 2. [SALARIES AND TRAVEL.] For the 1986-1987 and 1987-1988 school years, the eligible expenses for secondary voca-

tional aid are: (1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's approved secondary vocational education programs; (2) the costs of necessary travel between instructional sites by secondary vocational education teachers; and (3) the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The state shall pay to any district or cooperative center 41.5 percent of the eligible expenses incurred in an approved secondary vocational program for each the 1986-1987 school year. The state shall pay to any district or cooperative center 39 percent of the eligible expenses incurred in an approved secondary vocational program for the 1987-1988 school year. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

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

(a) the greater of zero, or 60 percent of the difference between:

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

(2) 28 percent of the sum of the formula allowance plus total tier revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in secondary vocational courses; and

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

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

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

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

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

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

(6) specialized vocational instructional supplies.

Subd. 2c. [COOPERATIVE CENTERS.] In making the computation in subdivision 2b, paragraph (a), clause (2), for a cooperative center, the formula allowance plus total tier revenue is the average of the sums for each member district.

Subd. 3. [COMPLIANCE WITH RULES.] This Aid shall be paid under this section only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board of education. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board of education shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board of education. Licensed personnel means persons holding a valid secondary vocational license issued by the department of education, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district numbers 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the department of education or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts

concerning the program or its budget differ from the facts in the district's approved application.

Subd. 3a. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. For the 1986-1987 school year, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. For the 1987-1988 school year, the state shall pay each district or cooperative center 35 percent of the amount of a contract entered into under this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. ~~For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.~~

Subd. 4. [ALLOCATIONS; COOPERATIVES, INTERMEDIATE DISTRICTS.] All secondary vocational education aid shall be paid to the district or cooperative center providing the services. All secondary vocational education aid received by a district or center from any source shall be utilized solely for the purposes of secondary vocational education programs.

Sec. 25. Minnesota Statutes 1986, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] ~~Each~~ For the 1987-1988 school, year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person employed during that school year for services rendered in that district or center's secondary vocational education programs for handicapped children. The portion for a full-time person shall be an amount not to exceed the lesser of 70 65.1 percent of the salary or \$19,500 \$18,135. The portion for a part-time or limited-time person shall be the lesser of 70 65.1 percent of the salary or the product of \$19,500 \$18,135 times the ratio of the person's actual employment to full-time employment.

Sec. 26. Minnesota Statutes 1986, section 124.524, is amended by adding a subdivision to read:

Subd. 2c. [MAXIMUM REVENUE.] For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for secondary vocational education programs for handicapped children for a school year equals an amount not to exceed the sum of the following:

(a) 65.1 percent of the salary of essential licensed personnel employed during that school year for services rendered in that district or center's secondary vocational programs for handicapped children, plus

(b) 45 percent of the costs of necessary equipment for secondary vocational education programs for handicapped children, plus

(c) 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings, plus

(d) 45 percent of the costs of necessary supplies for secondary vocational education programs for handicapped children, but not to exceed an average of \$45 in any one school year for each handicapped child receiving these services, plus

(e) For secondary vocational education programs for handicapped children provided by contract with a public or private agency other than a Minnesota school district or cooperative center, 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district attributable to pupils who receive services by contract.

Sec. 27. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2d. [BASIC AID.] For 1988-1989 and later school years, a district's or cooperative center's "basic aid" for secondary vocational education programs for handicapped children equals \$12,580 times the number of full-time equivalent essential licensed personnel employed during that school year in the district's or cooperative center's secondary vocational education program for handicapped children.

Sec. 28. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2e. [LEVY EQUALIZATION AID.] For 1988-1989 and later school years, a district's or cooperative center's levy equalization aid shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 2d from the maximum revenue according to subdivision 2c.

(b) Subtract the secondary vocational handicapped levy limitation according to section 40 from the result in clause (a).

(c) Divide the actual secondary, vocational handicapped levy by the secondary vocational handicapped levy limitation.

(d) Multiply the result in clause (b) by the result in clause (c).

Sec. 29. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2f. [TOTAL AID.] For 1988-1989 and later school years, a district's or cooperative center's total aid for secondary vocational programs for handicapped children equals the sum of its basic aid according to subdivision 2d and its levy equalization aid according to subdivision 2e.

Sec. 30. Minnesota Statutes 1986, section 124.574, subdivision 3, is amended to read:

Subd. 3. [EQUIPMENT, TRAVEL, AND SUPPLIES.] In addition to the provisions of subdivision 2 2b, the state shall pay for each the 1987-1988 school year, except for the 1982-1983 school year:

(a) 50 45 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

(b) 50 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 50 45 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$50 \$45 in any one school year for each handicapped child receiving these services.

Sec. 31. Minnesota Statutes 1986, section 124.574, subdivision 4, is amended to read:

Subd. 4. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. For the 1987-1988 school year, the formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these

services. For the purposes of subdivision 8, aid for these contracts shall be distributed on the same basis as aids for salaries, supplies and travel.

Sec. 32. Minnesota Statutes 1986, section 126.48, is amended by adding a subdivision to read:

Subd. 7. [LONG-RANGE INDIAN EDUCATION PLAN.] (a) The school board, in a district submitting a proposal under sections 126.45 to 126.55, shall develop a long-range plan for the education of American Indians. The plan must include:

(1) a description of the current status of education programs for American Indians including the relationship and role of all available programs and resources for attaining goals;

(2) an assessment of the educational needs of American Indians within the district; and

(3) a listing of district goals for the education of American Indians in the district.

(b) The plan must be developed in conjunction with the American Indian subcommittee of the curriculum advisory committee established under section 126.67. The plan must meet the criteria adopted by the state board of education for plans for the education of American Indian students.

Sec. 33. Minnesota Statutes 1986, section 136D.27, is amended to read:

136D.27 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts,

issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 34. Minnesota Statutes 1986, section 136D.71, is amended to read:

136D.71 [LISTED DISTRICTS MAY FORM INTERMEDIATE DISTRICT.]

Notwithstanding any other law to the contrary, two or more of the independent school districts numbered 12 and 16 of Anoka county, independent school districts numbered 621, 622, 623, and 624 of Ramsey County, and independent school districts numbered 832, 833, and 834 of Washington County, are hereby authorized to enter into an agreement to establish a special intermediate school district upon majority vote of the full membership of each of the boards of the districts entering into the agreement. When such resolution has been adopted by the board of one of the districts, it shall be published once in a newspaper of general circulation in said district. If a petition for referendum on the question of said district entering into such agreement is filed with the clerk of the said board within 60 days after publication of such resolution, signed by the qualified voters of said district equal to five percent of the number of voters at the last annual school election. No board shall enter into such agreement until the question of whether the district shall enter into the agreement has been submitted to the voters of said district at a special election. Said election shall be conducted and canvassed in accordance with section 123.32.

If a majority of the total number of votes cast on the question within said district is in favor of the question, the board of said school district may thereupon proceed to enter into an agreement to establish the special intermediate school district for purposes herein described. Such school district so created shall be known as north-eastern metropolitan intermediate school district, state of Minnesota. The commissioner of education shall assign an appropriate identification number as provided by section 122.03.

Sec. 35. Minnesota Statutes 1986, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for

special education and $\$.7$ mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 36. Minnesota Statutes 1986, section 136D.87, is amended to read:

136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

~~Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and $\$.7$ mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.~~

Sec. 37. Minnesota Statutes 1986, section 275.125, subdivision 8c, is amended to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount that may not exceed 70 percent of salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10 and 124.574, subdivision 2b plus 65 percent of salaries paid to essential personnel in that district minus the amount of state aid

and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.273, subdivision 1b for the year to which the levy is attributable. for special education programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 22, subdivision 1g, from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 22, subdivision 1f;

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

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

For purposes of this subdivision, a special education cooperative or an intermediate school district each year shall allocate an amount equal to 70 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10 and 124.574, subdivision 2b, plus 65 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under section 124.273, subdivision 1b for the year to each of the difference between its maximum revenue according to section 22, subdivision 1f, and its basic aid according to section 22, subdivision 1g, for the year to which the levy is attributable among the member districts and other districts using the special education services of the cooperative or the intermediate district. The member districts may make a levy in the amount of the costs allocated to them by the cooperative or intermediate district.

Special education cooperatives and intermediate school districts that allocate unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they amounts allocated to the member participating districts. The state department of education shall include the amounts allocated to the participating dis-

tricts in computing the districts' special education levy limitations pursuant to this section.

Sec. 38. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8d. [SPECIAL EDUCATION SUMMER PROGRAM LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916 and 917, may levy for special education summer programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 22, subdivision 10b, from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 22, subdivision 10a.

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

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

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 22, subdivision 10a, and its basic aid according to section 22, subdivision 10b, for the year to which the levy is attributable among its member districts or other districts using the summer program service of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' special education summer program levy limitations pursuant to this section.

Sec. 39. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8e. [LIMITED ENGLISH PROFICIENCY LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916

and 917, may levy for limited English proficiency programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 19 from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 18.

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

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

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 18 and its basic aid according to section 19 for the year to which the levy is attributable among its member districts or other districts using the limited English proficiency services of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' limited English proficiency program levy limitations pursuant to this section.

Sec. 40. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8f. [SECONDARY VOCATIONAL HANDICAPPED LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916 and 917, may levy for secondary vocational education for handicapped children programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 27 from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 26.

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

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

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 26 and its basic aid according to section 27 for the year to which the levy is attributable among its member districts or other districts using the secondary vocational handicapped program of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' special education summer program levy limitations pursuant to this section.

Sec. 41. [SPECIAL EDUCATION LEVY ADJUSTMENTS.]

The department shall make adjustments to the 1986 payable 1987 levies authorized under Minnesota Statutes 1986, section 275.125, subdivision 8c in accordance with the changes made in this article.

Sec. 42. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid there is appropriated:

\$146,782,800.....1988,

\$138,802,700.....1989.

The appropriation for 1988 includes \$21,847,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$124,935,700 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$22,422,700 for aid for fiscal year 1988 payable in fiscal year 1989 and \$116,380,000 for aid for fiscal year 1989 payable in fiscal year 1989.

\$8,377,400 of the appropriation for 1988 and \$8,361,000 of the appropriation for 1989 are for programs for children below age five.

The appropriations are based on aid entitlements of \$147,358,400 for fiscal year 1988 and \$137,292,800 for fiscal year 1989.

\$8,562,200 in the fiscal year 1988 entitlement and \$8,643,100 in the fiscal year 1989 entitlement are for programs for children below age five.

Subd. 3. [SUMMER SCHOOL SPECIAL EDUCATION AID.] For special education aid for summer school programs there is appropriated:

\$5,056,400.....1988,

\$5,262,100.....1989.

The appropriation for 1988 is for 1987 summer school programs.

The appropriation for 1989 is for 1988 summer school programs.

Subd. 4. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services for handicapped children under age five and their families there is appropriated:

\$251,600.....1988,

\$265,900.....1989.

The appropriation for 1988 includes \$35,100 for aid for fiscal year 1987 payable in 1988 and \$216,500 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$38,100 for fiscal year 1988 payable in fiscal year 1989 and \$227,800 for fiscal year 1989.

The appropriation is based on aid entitlements of \$254,600 for fiscal year 1988 and \$268,000 for fiscal year 1989.

Subd. 5. [RESIDENTIAL FACILITIES AID.] For aid pursuant to section 124.32, subdivision 5, there is appropriated:

\$1,462,900.....1988,

\$1,498,200.....1989.

Subd. 6. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:

\$2,859,700.....1988,

\$2,852,300.....1989.

The appropriation for 1988 includes \$430,700 for aid for fiscal year 1987 payable in fiscal year 1988 and \$2,429,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$428,600 for aid for fiscal year 1988 payable in fiscal year 1989 and \$2,423,700 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,857,600 for fiscal year 1988 and \$2,851,300 for fiscal year 1989.

Subd. 7. [INDIAN SCHOLARSHIPS.] For Indian scholarships awarded under section 124.48, there is appropriated:

\$1,581,800.....1988,

\$1,581,800.....1989.

Subd. 8. [INDIAN POST-SECONDARY PREPARATION GRANTS.] For Indian post-secondary preparation grants made to districts under section 124.481, there is appropriated:

\$781,400.....1988,

\$781,400.....1989.

Subd. 9. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$588,400.....1988,

\$588,300.....1989.

The appropriation for 1988 includes \$88,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$500,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$88,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$500,100 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$588,300 for fiscal year 1988 and \$588,300 for fiscal year 1989.

Subd. 10. [INDIAN EDUCATION.] For certain Indian education programs there is appropriated:

\$174,800.....1988,

\$174,800.....1989.

The appropriation for aid for fiscal year 1988 includes \$26,200 for aid for fiscal year 1987 payable in fiscal year 1988 and \$148,600 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$26,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$148,600 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$174,800 for fiscal year 1988 and \$174,800 for fiscal year 1989.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner shall not approve the payment of any amount to a school district pursuant to this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for each of fiscal years 1988 and 1989: \$54,848 to independent school district No. 309-Pine Point School; \$9,685 to independent school district No. 166; \$14,949 to independent school district No. 432; \$14,053 to independent school district No. 435; \$42,163 to independent school district No. 707; and \$39,057 to independent school district No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

These appropriations are available only if there will not be available for the districts enumerated in this subdivision for the applicable school year any operation support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, Public Law Number 73-167 or title 25, Code of Federal Regulations, part 273.31, or equivalent money from the same or another source.

Before a district can receive moneys pursuant to this subdivision, the district must submit to the commissioner of education evidence that it has:

(a) complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917. For each school year, compliance with Minnesota Statutes, section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district pursuant to this subdivision and one budget which does not include these moneys. The budget of that school district for the 1989-1990 school year prepared according to Minnesota Statutes, section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1988-1989 budgets and shall not include any moneys appropriated in this subdivision;

(b) conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, sections 120.03 and 120.17; Public Law Number 94-142, the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(c) compiled accurate daily pupil attendance records.

Prior to approving payment of any amount to a school district pursuant to this subdivision, the commissioner shall review and evaluate each affected district's compliance with clauses (a), (b), and (c), and any other applicable laws, and each affected district's need for the moneys. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 11. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid pursuant to Minnesota Statutes, section 124.573, there is appropriated:

\$19,549,500.....1988,

\$18,652,500.....1989.

The appropriation for 1988 includes \$2,972,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$16,577,200 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$2,925,300 for aid for fiscal year 1988 payable in fiscal year 1989, \$15,727,200 for aid for fiscal year 1989 payable in fiscal year 1989.

The department may also use up to \$41,600 of the appropriation for 1988 and up to \$36,600 of the appropriation for 1989 for secondary vocational student organizations.

The appropriations are based on aid entitlements of \$19,502,500 for fiscal year 1988 and \$18,502,600 for fiscal year 1989.

For purposes of this subdivision, money appropriated for secondary vocational education programs may not be expended for the purpose of discontinuing or converting existing senior secondary school industrial arts education programs.

Subd. 12. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to section 124.574, there is appropriated:

\$4,052,600.....1988,

\$4,373,500.....1989.

The appropriation for 1988 includes \$543,500 for aid for fiscal year 1987 payable in fiscal year 1988 and \$3,509,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$619,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$3,754,300 for aid for 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$4,128,300 for fiscal year 1988 and \$4,416,800 for fiscal year 1989.

Subd. 13. [OFFICE ON TRANSITION SERVICES.] For the inter-agency office on transition services under section 120.183, there is appropriated:

\$77,000.....1988,

\$77,000.....1989.

Subd. 14. [PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated

among all qualifying districts and the state shall not be obligated for any additional amount for these purposes.

Sec. 43. [REPEALER.]

Minnesota Statutes 1986, sections 120.17, subdivision 13 and 124.273, subdivision 2b, are repealed.

Sec. 44. [APPLICATION, NO LOCAL APPROVAL.]

Subdivision 1. [DISTRICT NO. 916.] Sections 34 and 35 apply to intermediate school district No. 916 and are effective without local approval under Minnesota Statutes, section 645.023.

Subd. 2. [DISTRICT NO. 917.] Section 36 applies to intermediate district No. 917 and is effective without local approval under Minnesota Statutes, section 645.023.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1986, section 121.87, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT; MEMBERSHIP.] The state board of education ~~may~~ shall appoint a community education advisory task force for the purpose of promoting the furtherance of sections 121.85 to 121.88, and the advancement of educational, recreational and social opportunity through the maximum utilization of public ~~school~~ facilities and community resources throughout the state of Minnesota. ~~If appointed,~~ The task force shall include at least one member from each congressional district and members who represent government and professions most closely related to community education and youth development activities.

Sec. 2. Minnesota Statutes 1986, section 121.87, is amended by adding a subdivision to read:

Subd. 1a. [RESPONSIBILITIES.] The community education advisory task force, in consultation with the commissioners of health, human services, and jobs and training or their designees, shall:

(1) develop a statewide plan to promote a coordinated interagency approach to addressing the needs and developing the resources of youth, from birth to age 21, at both the state and local level through programs such as positive youth development partnerships, youth in

community service programs, and interagency programs for providing services to at-risk young children and youth;

(2) make recommendations to the state board of education and other appropriate entities on means for improving coordination of efforts by various state and local agencies and programs in addressing the needs of and opportunities for youth; and

(3) develop model plans for an interagency approach by local advisory councils.

Sec. 3. Minnesota Statutes 1986, section 121.88, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for an advisory council to consist of members who represent: various service organizations; churches; ~~private~~ public and nonpublic schools; local government including elected officials; public and private non-profit agencies serving youth and families; parents; youth; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Sec. 4. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

Subd. 8. [YOUTH DEVELOPMENT PLANS.] A district or group of districts, in consultation with the advisory councils established under subdivision 2, may submit a youth development plan to the state board of education. The plans must include at least the following:

(1) commitment by local agencies and service providers to participate in a coordinated effort to provide existing and new services to youth, from birth to age 21;

(2) plans for using existing resources and available services more effectively;

(3) identification of necessary services and programs that could be provided with a coordinated interagency approach including programs for at-risk youth and for youth employment and service to the community;

(4) description of plans for coordinating services and programs, including use of available funds;

(5) commitment to developing a partnership among home, school, and community focused on issues relating to the positive development of youth; and

(6) description of evaluation plans.

Any district or group of districts that submits a youth development plan to the state board of education and makes a community levy is eligible for additional community education aid under section 6, beginning in the 1988-1989 school year.

Sec. 5. [122.884] [PARENT ADVISORY TASK FORCE.]

Subdivision 1. [APPOINTMENT; MEMBERSHIP.] By August 1, 1987, the state board of education and state board of vocational technical education shall appoint an advisory task force on parent education and parental involvement in the educational development of their children. The membership of the task force must include representatives of parents of school-age children, early childhood family education programs, community education programs, vocational educators, and other appropriate education personnel.

Subd. 2. [RESPONSIBILITIES.] The advisory task force shall make recommendations on means of enhancing the involvement of parents in the educational process of their children, methods of educating parents in the development of their children, and methods of increasing cooperation among the community, elementary and secondary education systems, and secondary post-secondary vocational education systems. The task force shall make its recommendations to the state board of education and state board of vocational technical education, which shall jointly submit a report to the education committees of the legislature by February 1, 1989.

Sec. 6. Minnesota Statutes 1986, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID; 1986, 1987, 1988 AND AFTER.] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid.

~~For fiscal year 1986, the aid shall be an amount equal to the difference obtained by subtracting~~

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

~~(b) the greater of~~

\$7,000, or

\$5.25 times the population of the district.

For fiscal year 1987, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,140, or

\$5.35 times the population of the district.

For fiscal year 1988 and each year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,340, or

\$5.50 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.125, subdivision 8, clause (1), the district's community education aid under clause (1) of this subdivision shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (1), to its maximum permissible levy under section 275.125, subdivision 8, clause (1). For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (1), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), for fiscal year 1989 and each fiscal year thereafter, a district which makes a levy for community education programs under section 275.125, subdivision 8; and submits a youth development plan to the state board of education under section 4 shall receive additional aid in an amount equal to the greater of 50 cents per capita or \$680 per district to be used to implement the youth development plan.

Sec. 7. Minnesota Statutes 1986, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] For fiscal year 1986 the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1987 and each year thereafter, the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the prior school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1988 and each year thereafter, the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue derived by multiplying \$84.50 times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 8. [COORDINATED PLAN FOR YOUTH.]

The commissioner of education shall develop, in consultation with the commissioners of jobs and training and natural resources, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota Conservation Corps, the Minnesota Youth Program, the Summer Youth Employment and Training Program, community and secondary vocational education, and other appropriate programs in designing a coordinated cost-effective model which would enlarge opportunities for youth. The plan should also recommend a model for coordinated funding. The commissioners shall report to the appropriate committees of the legislature by January 1, 1988.

Sec. 9. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [ADULT EDUCATION AID.] For adult education aid according to section 124.26, there is appropriated:

\$2,500,000.....1988,

\$3,000,000.....1989.

The amount appropriated for fiscal year 1988 includes \$278,000 for aid for fiscal year 1987 payable in fiscal year 1988, and \$2,222,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$392,100 for aid for fiscal year 1988 payable in fiscal year 1989, and \$2,607,900 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,614,100 for fiscal year 1988 and \$3,068,100 for fiscal year 1989.

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid according to section 124.271 there is appropriated:

\$2,153,100.....1988,

\$4,059,600.....1989.

The amount appropriated for fiscal year 1988 includes \$260,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$1,893,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$334,000 for aid for fiscal year 1988 payable in fiscal year 1989, and \$3,725,600 for aid for fiscal year 1989 payable in fiscal year 1989.

\$884,000 of the appropriation for fiscal year 1989 is for aid according to section 124.271, subdivision 2b, clause (3).

The appropriations are based on aid entitlements of \$2,227,000 for fiscal year 1988 and \$4,383,000 for fiscal year 1989.

Subd. 4. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to section 124.2711 there is appropriated:

\$7,310,400.....1988,

\$8,186,500.....1989.

The appropriation for 1988 includes \$869,900 for aid for fiscal year 1987 payable in fiscal year 1988 and \$6,440,500 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$1,130,900 for aid for fiscal year 1988 payable in fiscal year 1989, and \$7,055,600 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$7,571,400 for fiscal year 1988 and \$8,294,500 for fiscal year 1989.

The department of education may use up to \$31,500 of the appropriation for fiscal year 1988 and up to \$31,500 of the appropriation for fiscal year 1989 to provide technical assistance to districts implementing early childhood family education programs.

Subd. 5. [ADULT HANDICAPPED PROGRAM AID.] For aid for handicapped adult programs according to section 124.271 there is appropriated:

\$450,000.....1988,

\$550,000.....1989.

The appropriations are based on aid entitlements of \$450,000 for fiscal year 1988 and \$550,000 for fiscal year 1989.

Subd. 6. [COMMUNITY EDUCATION ADVISORY TASK FORCE.] To carry out the responsibilities under section 2, there is appropriated:

\$50,000.....1988.

The appropriation shall be available until the end of the bien-nium.

Subd. 7. [PARENT ADVISORY TASK FORCE.] For the parent advisory task force established under section 5, there is appropriated:

\$50,000.....1988.

The appropriation shall be available until the end of the bien-nium.

Subd. 8. [HEARING IMPAIRED SUPPORT SERVICES AID.] For payment of support services for hearing impaired persons pursuant to section 121.201, there is appropriated:

\$60,000.....1988,

\$60,000.....1989.

The appropriations are based on aid entitlements of \$60,000 for fiscal year 1988 and \$60,000 for fiscal year 1989.

Subd. 9. [PRORATION.] Except as provided in section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to section

124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any additional amount for these purposes. However, if the appropriations for handicapped adult programs under subdivision 5 are prorated under this subdivision, the school districts shall not be required to reduce their adult handicapped program levy accordingly.

ARTICLE 5

MISCELLANEOUS AIDS

Section 1. Minnesota Statutes 1986, section 121.612, subdivision 3, is amended to read:

Subd. 3. [FOUNDATION PROGRAMS.] The foundation shall plan for programs which advance the concept of educational excellence. These may include but are not limited to:

(a) recognition programs and awards for students demonstrating academic excellence;

(b) summer institute programs for students with special talents;

(c) recognition programs for teachers, administrators, and others who contribute to academic excellence;

(d) summer mentorship programs with business and industry for students with special career interests and high academic achievements; and

(e) governor's awards ceremonies to promote academic competition; and

(f) ~~consideration of the establishment of a Minnesota high school academic league.~~

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 2. Minnesota Statutes 1986, section 121.612, subdivision 5, is amended to read:

Subd. 5. [REPORT.] By February 1, 1984, and February 1, 1985, The board of directors of the foundation shall submit an annual report to the education committees of the legislature on the progress of its activities made pursuant to the provisions of this section.

Sec. 3. Minnesota Statutes 1986, section 121.612, is amended by adding a subdivision to read:

Subd. 6. [FOUNDATION PUBLICATIONS.] The foundation may publish brochures or booklets relating to the purposes of the foundation. The foundation may collect reasonable fees for the publications.

Sec. 4. Minnesota Statutes 1986, section 121.612, is amended by adding a subdivision to read:

Subd. 7. [APPROPRIATION.] There is annually appropriated from the general fund to the Minnesota academic excellence foundation any and all amounts received by the foundation pursuant to section 3.

Sec. 5. [121.613] [ACADEMIC LEAGUE TASK FORCE.]

Subdivision 1. [ESTABLISHED.] By September 1, 1987, the Minnesota academic excellence foundation shall establish an academic league task force to develop a plan for promoting academic excellence through organized challenges requiring both cooperation and competition for public and nonpublic pupils in elementary and secondary schools. The statewide task force shall submit a plan, in consultation with existing programs of academic competition and cooperation, the Minnesota state high school league, and the Minnesota association of secondary school principals, for the establishment of an academic league in Minnesota.

Subd. 2. [COMPOSITION; REPORT.] The foundation shall determine the composition, terms, and compensation of the academic league task force members. The academic league task force shall submit recommendations to the academic excellence foundation which shall make a report to the education committees of the legislature on the task force by January 15, 1989.

Subd. 3. [TASK FORCE RESPONSIBILITIES.] The academic league task force established in this section shall address at least the following issues in submitting its academic league plan to the academic excellence foundation:

(1) coordination and publicity of existing activities;

(2) development of new programs for recognition of academic achievement;

(3) development of interrelationships among various academic programs;

(4) development of increased use of telecommunications networks;

(5) development of comprehensive schedules to assist coordination among activities;

(6) dissemination of information of past program activity and quality; and

(7) feasibility of using existing education agencies and providers to administer academic league programs.

Subd. 4. [INVOLVEMENT OF VARIOUS GROUPS.] To the extent possible, the academic league task force shall use teachers, administrators, parents, and other participants in developing plans for an academic league.

Sec. 6. Minnesota Statutes 1986, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. In the event a district chooses to use a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district shall be liable for its contracted proportionate share of the outstanding regional debt. The district shall not be liable for any additional outstanding regional debt that occurs after written notice is given to transfer or use an alternative finance system. In no event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program.

Sec. 7. Minnesota Statutes 1986, section 121.936, subdivision 1, is amended to read:

Subdivision 1. [MANDATORY PARTICIPATION.] (a) Every district shall perform financial accounting and reporting operations on a financial management accounting and reporting system utilizing multidimensional accounts and records defined in accordance with the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92.

(b) Every school district shall be affiliated with one and only one regional management information center. This affiliation shall include at least the following components:

(1) the center shall provide reports to the department of education for the district to the extent required by the data acquisition calendar;

(2) the district shall process every detailed financial transaction using, at the district's option, either the ESV-IS finance subsystem through the center or an alternative system approved by the state board.

Notwithstanding the foregoing, a district may process and submit its financial data to a region or the state in summary form if it operates an approved alternative system or participates in a state approved pilot test of an alternative system and is reporting directly to the state as of January 1, 1987.

(c) The provisions of this subdivision shall not be construed to prohibit a district from purchasing services other than those described in clause (b) from a center other than the center with which it is affiliated pursuant to clause (b).

Districts operating an approved alternative system ~~or participating in a state approved pilot test of an alternative financial system shall purchase finance system services from any region if the region of affiliation does not offer alternative system support services may transfer their affiliation from one regional management information center to another. At least one year prior to July 1 of the year in which the transfer is to occur, the district shall give written notice to its current region of affiliation of its intent to transfer to another region. The one-year notice requirement may be waived if the two regions mutually agree to the transfer.~~

Sec. 8. Minnesota Statutes 1986, section 126.56, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL NEED.] Need for financial assistance shall be based on family income, family size, and special necessary expenditures of the family. The higher education coordinating board shall determine review the financial need capability of each pupil based on the actual charges made to meet the actual costs of attending the summer program as determined by the institution sponsoring the summer program and shall award scholarships within the limits of the appropriation for this section. If the amount appropriated is insufficient to make a full award to each applicant, the board shall allocate the amount appropriated in the manner it determines. Scholarships shall not be less than \$100 or more than \$1,000.

Sec. 9. Minnesota Statutes 1986, section 126.56, subdivision 6, is amended to read:

Subd. 6. [INFORMATION.] The higher education coordinating board, in cooperation with the academic excellence foundation, shall assemble and distribute information about scholarships and eligible programs. It may seek nonstate funds to perform its duties, as part of its responsibility for program administration.

Sec. 10. [EDUCATIONAL COMPUTING STUDY; EQUIPMENT LIMITATION.]

The legislative commission on public education shall study issues related to educational computing. The study must evaluate at least the following: Computing services now provided, alternatives to current services, general data processing trends, direct state reporting, and payment of ESV region debts. The commission must report its findings to the education committees of the legislature by January 15, 1988.

After the effective date of this section, a regional management information center established under Minnesota Statutes, section 121.935 must not buy or agree to buy computer or information system equipment.

Sec. 11. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units, there is appropriated:

\$748,000.....1988,

\$748,000.....1989.

The amount appropriated for fiscal year 1988 includes \$112,200 for aid for fiscal year 1987 payable in fiscal year 1988, and \$635,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$112,200 for aid for fiscal year 1988 payable in fiscal year 1989, and \$635,800 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$748,000 for fiscal year 1988 and \$748,000 for fiscal year 1989.

Subd. 3. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to section 121.935, subdivision 5, there is appropriated:

\$3,583,200.....1988,

\$3,583,200.....1989.

The appropriations are based on aid entitlements of \$3,583,200 for fiscal year 1988 and \$3,583,200 for fiscal year 1989.

Subd. 4. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for fiscal year 1988 and 1989 summer programs according to section 126.56, there is appropriated:

\$213,700.....1988,

\$213,700.....1989.

The appropriations are based on aid entitlements of \$213,700 for fiscal year 1988 and \$213,700 for fiscal year 1989.

Subd. 5. [TEACHER EXTENDED LEAVES.] To meet the state's obligations under sections 354.094 and 354A.091, there is appropriated:

\$196,900.....1988.

The appropriation is based on aid entitlement of \$196,900 for fiscal year 1988.

Subd. 6. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation according to Minnesota Statutes, section 121.612, there is appropriated:

\$125,000.....1988,

\$150,000.....1989.

Up to \$50,000 of the appropriation for fiscal year 1988 and up to \$75,000 of the appropriation for fiscal year 1989 may be used for expenses related to the task force established under section 5.

Sec. 12. [APPROPRIATIONS; JOBS AND TRAINING.]

There is appropriated from the general fund to the department of jobs and training the sum of \$32,000 for fiscal year 1988 to pay the obligation of independent school district No. 309, Pine Point, for unemployment compensation.

Sec. 13. [EFFECTIVE DATE.]

Sections 8, 9, and 10 are effective the day after their final enactment.

ARTICLE 6

OTHER AIDS AND LEVIES TO SCHOOL DISTRICTS

Section 1. Minnesota Statutes 1986, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed \$15.60 per child screened in fiscal year 1985, \$16.15 per child screened in fiscal year 1986 and \$8.15 per child screened in fiscal year 1987 and each year thereafter.

Sec. 2. [123.9362] [NOTICE TO DISTRICTS; PRORATION.]

In the event the appropriation for nonpublic educational aid under sections 123.931 to 123.947 is not sufficient to meet the required payments in any fiscal year, the department of education must notify the school districts at the earliest possible date of the need to prorate the appropriation among the districts.

Sec. 3. Minnesota Statutes 1986, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; reimbursement for transportation to a program of excellence, according to section 126.62, subdivision 6; handicapped adult program aid, according to section 124.271, subdivision 7; arts education aid according to section 124.275; school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; technology demonstration site grants, according to section 129B.36 and; courseware purchase subsidy according to section 129B.38; Indian post-secondary preparation grants according to section 124.481; and desegregation grants according to section 23.

Sec. 4. Minnesota Statutes 1986, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] Each For school year 1987-1988, the state shall pay a school district the difference by which an amount equal to \$130 times the total pupil units in that school year exceeds the amount raised by nine mills times the adjusted assessed valuation used to compute the levy attributable to the same year. For 1988-1989 and later school years, the state shall pay a school district the difference by which an amount equal to \$145

times the total pupil units in that school year is more than the amount raised by two mills times the adjusted assessed valuation used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11a for use in that year.

Sec. 5. Minnesota Statutes 1986, section 124.245, subdivision 3, is amended to read:

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

Sec. 6. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

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

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

(b) the estimated cost of the plan by fiscal year; and

(c) other information required by the commissioner.

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

Sec. 7. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

Subd. 3b. [HAZARDOUS SUBSTANCE REVENUE AND AID.]

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

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

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

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

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

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

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

Sec. 8. Minnesota Statutes 1986, section 124.246, subdivision 2, is amended to read:

Subd. 2. [AID.] An eligible district shall receive \$1.08 in fiscal years ~~1985, 1986, and 1987~~, 1988, and 1989 for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$1,080 in fiscal years ~~1985, 1986, and 1987~~, 1988, and 1989.

Sec. 9. Minnesota Statutes 1986, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to \$19 in the 1984-1985 school year, times the number of gifted and talented students in the district. In the 1985-1986 school year and later school years, a district shall receive the greater of \$40 per gifted and talented student or \$500 per

district. No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the money received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 10. Minnesota Statutes 1986, section 124.252, subdivision 3, is amended to read:

Subd. 3. [DISTRICT AID.] An eligible district shall receive ~~52 cents in fiscal year 1986 and 54 cents in fiscal year 1987 and each year thereafter~~ for each pupil, in average daily membership enrolled in a public elementary, secondary, or area vocational technical institute or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No school district shall receive less than ~~\$1,000 in fiscal year 1986 and \$1,040 in fiscal year 1987 and each year thereafter~~.

Sec. 11. Minnesota Statutes 1986, section 124.272, subdivision 1, is amended to read:

Subdivision 1. [LIMITATION.] This section shall not apply to special school district No. 1, independent school districts Nos. 11, and 625, and ~~709~~; or to school districts which are members of intermediate school districts Nos. 287, 916, and 917.

Sec. 12. Minnesota Statutes 1986, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] (a) For the ~~1985-1986~~ 1987-1988 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) For the ~~1986-1987~~ 1988-1989 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

Sec. 13. [126.82] [COMPREHENSIVE HEALTH AND WELLNESS PLANNING.]

Subdivision 1. [DEFINITION.] "Comprehensive health and wellness" is defined as:

(1) promotion of a wellness lifestyle, including curriculum on physical fitness, nutritional awareness, stress awareness and man-

agement, and accident prevention and cardiopulmonary resuscitation;

(2) promotion of mental health and positive self-esteem;

(3) family life education;

(4) sexual health and responsibility;

(5) chemical use awareness and chemical abuse prevention;

(6) tobacco use prevention;

(7) development of health-related attitudes early in life to reduce health risk behaviors;

(8) facilitation of wellness and healthy attitudes in school personnel; and

(9) responses to identifiable new and existing health problems such as teenage pregnancy, suicide, child abuse, communicable diseases including acquired immune deficiency syndrome, and chronic diseases.

Subd. 2. [DEPARTMENT ASSISTANCE.] By June 30, 1988, the department of education shall develop and disseminate planning materials and guidelines to assist school districts in developing comprehensive health and wellness programs. The department shall provide technical assistance requested by districts developing comprehensive health and wellness programs.

Subd. 3. [DISTRICT CURRICULUM.] A school district or group of school districts shall develop a comprehensive health and wellness curriculum. The curriculum shall include a kindergarten through 12th grade scope and sequence that shall be coordinated with the total school curriculum. A district may coordinate the development of the health and wellness curriculum with the curriculum review of its health education program.

Subd. 4. [GRANTS.] The commissioner shall establish criteria and application procedures and may make grants to districts to develop comprehensive health and wellness programs. A grant shall not exceed \$2,000 per district. Preference for grants shall be given to districts that coordinate the development of a comprehensive health and wellness program with curriculum review of their health education program.

Sec. 14. Minnesota Statutes 1986, section 275.125, subdivision 6e, is amended to read:

Subd. 6e. [DESEGREGATION LEVY.] Each year any district which is implementing a plan for desegregation mandated by the state board of education or under court order may levy an amount not to exceed ~~one mill~~ two mills times the adjusted assessed valuation of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. A district which levies pursuant to this subdivision may not place the proceeds of the 1983 payable 1984 levy authorized by subdivision 9a, in the general fund. By September 15 of each year, a district that levies under this subdivision must report to the state board of education on the costs of implementing its desegregation plan.

Sec. 15. Minnesota Statutes 1986, section 275.125, subdivision 11a, is amended to read:

Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to ~~\$130~~ \$145 times the total pupil units in the year to which the levy is attributable. No levy under this clause shall exceed ~~nine~~ two mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the levy shall be placed in the district's capital expenditure fund and may be used only:

(1) to acquire land, to equip and reequip buildings and permanent attached fixtures, to rent or lease buildings for school purposes;

(2) to purchase textbooks, to purchase and lease computer systems hardware, software, and related materials to support software;

(3) to purchase or lease photocopy machines and telecommunications equipment;

(4) for capital improvement and repair of school sites, buildings and permanent attached fixtures;

(5) for energy audits on district-owned buildings and for funding those energy conservation and renewable energy measures that the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(6) for the payment of any special assessments levied against the property of the district authorized under section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay

assessments for service charges, such as those described in section 429.101, whether levied under that section or any other law or home rule provision;

(7) for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals;

(8) to make capital improvements to schoolhouses leased according to section 123.36, subdivision 10;

(9) to pay fees for capital expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors;

(10) to pay principal and interest on loans from the state authorized by sections 116J.37 and 298.292 to 298.298;

(11) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted according to chapter 299F;

(12) for expenditures for the removal of asbestos from school buildings or property, asbestos encapsulation, or asbestos-related repairs;

(13) for expenditures for the cleanup and disposal of polychlorinated biphenyls found in school buildings or property; and

(14) for the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

(c) Subject to the commissioner's approval, the proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long-term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) Notwithstanding anything in paragraphs (b) and (c) to the contrary, for any year for which the sum of a district's levy under this subdivision and its aid for the same year under section 124.245, subdivision 1, exceeds ~~\$125~~ \$140 times the total pupil units in the same year, the amount by which the sum exceeds ~~\$125~~ \$140 times the total pupil units may be expended only for equipment for

secondary vocational education programs or senior secondary industrial arts programs..

(e) The proceeds of the levy shall not be used for custodial or other maintenance services.

Sec. 16. Minnesota Statutes 1986, section 275.125, subdivision 11c, is amended to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] In addition to the levy authorized in subdivisions 11a and 11b, each year a school district may levy an amount not to exceed the amount equal to \$25 times the total pupil units in the year to which the levy is attributable. No levy under this subdivision shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. Each year, a district with a hazardous substance plan approved by the commissioner of education under section 6 may levy an amount equal to the following product:

(a) the district's hazardous substance revenue as defined in section 7 for the year to which the levy is attributable, times

(b) the lesser of one, or the ratio of:

(i) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(ii) 50 percent of the equalizing factor for the school year to which the levy is attributable.

The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, asbestos related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 17. Laws 1984, chapter 463, article 6, section 15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] In 1985 and each year thereafter, the newly created district formed by the consolidation of Independent School District No. 694, Buhl, and Independent School District No. 703, Mountain Iron, may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the

newly created district, determined as of June 30, 1985, and certified and adjusted by the commissioner. This levy each year may be an amount not to exceed ~~1.5~~ 4.0 mills times the adjusted assessed valuation of the newly created district for the preceding year as determined by the equalization aid review committee. When the cumulative amount of the levies made pursuant to this subdivision equals the total amount of the certified deficit of the newly created district, the levy shall be discontinued.

Sec. 18. Laws 1986, First Special Session chapter 1, article 5, section 9, is amended to read:

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

If the commissioner of finance determines that modifications in the payment schedule are required to avoid state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September ~~1, 1986~~ of each fiscal year, and shall remain in effect until no later than May ~~30, 1987~~ of that same fiscal year. In calculating the payment to a school district pursuant to Minnesota Statutes, section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in the district's four operating funds on June 30, ~~1986~~ of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the ~~1985-1986 school~~ preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year 1986, pursuant to Minnesota Statutes, section 276.11, which is considered revenue for the ~~1986-1987~~ current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30, ~~1986~~ of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the ~~1985-1986 school~~ preceding fiscal year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 7 124.195, subdivision 3a.

Sec. 19. [DESEGREGATION TRANSPORTATION LEVY.]

In addition to the levy authorized in Minnesota Statutes, section 275.125, subdivision 6e, in 1987 any district that is implementing a plan for desegregation mandated by the state board of education may levy for transportation for desegregation an amount equal to the lesser of one mill times the adjusted assessed valuation of the district or its unreimbursed costs for desegregation transportation during the 1986-1987 and 1987-1988 school years. Notwithstanding Minnesota Statutes, section 121.904, the amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing aid adjustments according to Minnesota Statutes, section 124.155.

Sec. 20. [SAINT PAUL DESEGREGATION LEVY.]

In addition to the levies authorized in Minnesota Statutes, section 275.125, subdivision 6e, and in section 19, in 1987 independent school district No. 625, Saint Paul, may levy two mills times the adjusted assessed valuation of the district if it does not receive a federal grant authorized under Title VII of the Education for Economic Security Act, P.L. 98-377. Notwithstanding Minnesota Statutes, section 121.904, the amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing aid adjustments according to Minnesota Statutes, section 124.155.

Sec. 21. [STATE BOARD; DESEGREGATION REPORT.]

By December 15, 1987, the state board of education shall make recommendations regarding the funding of desegregation costs to the governor and the education committees of the legislature.

Sec. 22. [CAPITAL EXPENDITURE WEIGHTING.]

Notwithstanding the provisions of article 1, section 1, for the purposes of calculating a district's capital expenditure aid and levy under Minnesota Statutes, section 124.245, subdivision 1, and 275.125, subdivision 11a, for the 1988-1989 school year, pupils enrolled in secondary schools shall be counted as 1-4/10 pupil units.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund, there is appropriated:

\$1,615,200.....1988,

\$2,025,100.....1989.

Any unexpended balance of this appropriation for fiscal year 1988 shall not cancel but shall be available for the second year of the biennium.

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in Minnesota Statutes, section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to Minnesota Statutes, section 124.46, subdivision 3. Notwithstanding the provisions of Minnesota Statutes, section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

Subd. 3. [PROGRAMS OF EXCELLENCE.] For programs of excellence according to Minnesota Statutes, sections 126.60 to 126.64, there is appropriated:

\$22,500.....1988,

\$22,500.....1989.

Subd. 4. [GIFTED AND TALENTED STUDENTS.] For programs for the gifted and talented according to section 124.247, there is appropriated:

\$1,372,400.....1988,

\$1,374,300.....1989.

The amount appropriated for fiscal year 1988 includes \$205,600 for aid for fiscal year 1987 payable in fiscal year 1988, and \$1,166,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$205,900 for aid for fiscal year 1988 payable in fiscal year 1989, and \$1,168,400 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$1,372,700 for fiscal year 1988 and \$1,374,500 for fiscal year 1989.

Subd. 5. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE AID.] For hazardous substance capital expenditure aid pursuant to Minnesota Statutes, section 124.245, there is appropriated:

\$50,500.....1988,

\$58,700.....1989.

The appropriation for fiscal year 1988 includes \$6,700 for aid for fiscal year 1987 payable in fiscal year 1988, and \$43,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$7,700 for aid for fiscal year 1988 payable in fiscal year 1989 and \$51,500 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$51,500 for fiscal year 1988 and \$60,000 for fiscal year 1989.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure aid pursuant to Minnesota Statutes, section 124.245, subdivision 1 or 2.

Subd. 6. [CHEMICAL DEPENDENCY AID.] For aid for chemical dependency programs under section 124.246, there is appropriated:

\$1,023,700.....1988,

\$1,025,300.....1989.

The appropriation for fiscal year 1988 includes \$153,000 for aid in fiscal year 1987 payable in fiscal year 1988 and \$870,700 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$153,600 for aid in fiscal year 1988 payable in fiscal year 1989 and \$871,700 for aid in fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$1,024,300 for fiscal year 1989 and \$1,025,400 for fiscal year 1989.

Subd. 7. [HEALTH AND WELLNESS PLANNING.] For grants to districts to develop health and wellness programs under section 13, there is appropriated:

\$100,000.....1988.

Up to \$30,000 may be used by the department of education to provide technical assistance and for administrative costs. The appropriation is available until the end of the biennium.

Subd. 8. [NONPUBLIC AIDS.] For programs for nonpublic educational aid according to sections 123.931 to 123.947, there is appropriated:

\$8,230,500.....1988,

\$8,869,500.....1989.

The appropriation for 1988 includes \$1,087,100 for aid for fiscal year 1987 payable in fiscal year 1988 and \$7,143,400 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$1,260,500 for aid for fiscal year 1988 payable in fiscal year 1989 and \$7,609,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$8,403,900 for fiscal year 1988 and \$8,951,700 for fiscal year 1989.

Subd. 9. [HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.] For health and developmental screening programs according to sections 123.701 to 123.705, there is appropriated:

\$436,400.....1988,

\$429,300.....1989.

The amount appropriated for fiscal year 1988 includes \$65,800 for aid for fiscal year 1987 payable in fiscal year 1988 and \$370,600 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$65,300 for aid for fiscal year 1988 payable in fiscal year 1989 and \$364,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$436,000 for fiscal year 1988 and \$428,200 for fiscal year 1989.

Subd. 14. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid pursuant to Minnesota Statutes, section 124.646, and for food storage and transportation costs for USDA donated commodities there is appropriated:

\$4,625,000.....1988,

\$4,625,000.....1989.

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the USDA National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

Subd. 10. [ABATEMENT AID.] For abatement aid according to section 124.214, subdivision 2, there is appropriated:

\$6,592,800.....1988,

\$6,592,800.....1989.

The appropriations are based on aid entitlements of \$6,592,800 for fiscal year 1988 and \$6,592,800 for fiscal year 1989.

Subd. 11. [CAPITAL EXPENDITURE AID.] For capital expenditure aid pursuant to Minnesota Statutes, section 124.245, subdivision 1 or 2, there is appropriated:

\$473,600.....1988,

\$53,233,500.....1989.

The appropriation for fiscal year 1988 includes \$45,200 for aid for fiscal year 1987 payable in fiscal year 1988 and \$428,400 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$75,500 for aid for fiscal year 1988 payable in fiscal year 1989 and \$53,158,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$503,900 for fiscal year 1988 and \$62,538,800 for fiscal year 1989.

Subd. 12. [INTERDISTRICT COOPERATION AID.] For aid for interdistrict cooperation programs according to Minnesota Statutes, section 124.272, there is appropriated:

\$2,306,000.....1988,

\$2,634,200.....1989.

The appropriation for fiscal year 1988 includes \$265,900 for aid for fiscal year 1987 payable in fiscal year 1988 and \$2,040,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$360,000 for aid for fiscal year 1988 payable in fiscal year 1989 and \$2,274,200 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,400,100 for fiscal year 1988 and \$2,675,500 for fiscal year 1989.

Subd. 13. [DESEGREGATION GRANTS.] For grants to districts implementing desegregation plans mandated by the state board:

\$4,000,000 1988.

Of this amount, \$1,950,000 shall be allocated to independent school district No. 625, Saint Paul; \$1,350,000 to special school district No. 1, Minneapolis; and \$700,000 to independent school district No. 709, Duluth.

Subd. 14. [PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any additional amount for these purposes.

Sec. 24. [APPROPRIATION; TOBACCO USE PREVENTION.]

There is appropriated from the public health fund to the department of education the sums indicated for tobacco use prevention programs according to section 124.252:

\$633,000.....1988,

\$659,600.....1989.

Sec. 25. [REPEALER.]

Minnesota Statutes 1986, sections 124.275, 129B.17, 129B.20, and 129B.21, are repealed.

Sec. 26. [EFFECTIVE DATE.]

Section 2 is effective for educational aids for nonpublic pupils attributable to the 1987-1988 school year and after.

Sec. 27. [LOCAL APPROVAL.]

Under Minnesota Statutes, section 645.023, subdivision 1, clause (a), section 17 is effective without local approval unless the voters of independent school district No. 712, Mountain Iron-Buhl, request a referendum on approval of section 17.

The voters may request a referendum by filing a petition with the school board of independent school district No. 712. The petition must state the text of section 17 and indicate that those who sign the petition are residents of independent school district No. 712 and are at least 18 years of age. The petition must be signed by a number of persons equal to at least ten percent of the number of persons who cast votes for school board members at the last regular election in school district No. 712.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1986, section 118.12, is amended to read:

118.12 [INVESTMENT OF TOWN AND SCHOOL DISTRICT FUNDS.]

When the town board of any town or the school board of any school district in this state, by a unanimous resolution, deem it advisable, such town board or school board may invest such amount of funds in such town or school treasury as will not, in the opinion of such board, be needed by such town or school district during the fiscal year, in any of the bonds of any county, city, town, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in bonds of the United States of America, or in the bonds of any city, county, town, school district, drainage or other district created pursuant to law for public purposes in the United States, containing at least 3,500 inhabitants, provided that the total bonded indebtedness of any such municipality or district shall not exceed ten percent of its assessed valuation.

Sec. 2. Minnesota Statutes 1986, section 118.13, is amended to read:

118.13 [DEPOSIT OF SECURITIES.]

Any town board or school district board investing such surplus funds in such authorized securities as provided in section 118.12 shall deposit such securities for safekeeping with the county trea-

suror of the county wherein such town or school district is located or with any bank maintaining a safekeeping department. Such county treasurer or bank shall give a receipt for each and all of such securities to the town board or school district board, as the case may be, and such county treasurer or bank shall keep such securities for safekeeping until such time as such town board or school district board shall adopt a resolution requesting the county treasurer or bank to turn such securities or any of them over to the treasurer of such town or school district.

Sec. 3. Minnesota Statutes 1986, section 118.14, is amended to read:

118.14 [EXCLUSION OF INVESTED FUNDS FROM BOND COVERAGE.]

The funds invested in such securities and deposited by the town board or school board, as provided in section 118.13, shall not be included within the amount of money for which the town treasurer or school treasurer is required by law to give a bond to the town or school district.

Sec. 4. Minnesota Statutes 1986, section 120.0752, is amended by adding a subdivision to read:

Subd. 3. [11TH AND 12TH GRADE STUDENTS.] Notwithstanding subdivision 2, an eleventh or twelfth grade pupil who has been enrolled in a district for at least three consecutive years and whose parent or guardian moves to another district, may continue to enroll in the nonresident district upon the approval of the school board of the nonresident district. The approval of the school board of the pupil's resident district is not required. The pupil shall be considered a resident of the district in which that student is enrolled.

Sec. 5. Minnesota Statutes 1986, section 122.541, subdivision 2, is amended to read:

Subd. 2. A district entering into an agreement permitted in subdivision 1 shall:

(1) Continue to count its resident pupils who are educated in a cooperating district as resident pupils in the calculation of pupil units for all purposes, including the calculation of state aids and levy limitations. Notwithstanding section 124.18, subdivision 2, an agreement permitted by subdivision 1 shall provide for the tuition payments the cooperating districts determine are necessary and equitable to compensate each district for the instruction of nonresident pupils; and

(2) Continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, ~~124.222~~ and 124.223, and 124.225. This clause shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with a district which has entered the agreement. For purposes of aid calculations pursuant to section ~~124.222~~ 124.225, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from an agreement which provides for a district to discontinue at least one grade.

Sec. 6. [123.3515] [VOLUNTARY K-12 PILOT CHOICE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A voluntary K-12 pilot choice program in which any district may participate is established. A parent or guardian of a pupil may apply under this section to enroll the pupil in a participating district in which the pupil is not a resident. The pupil shall be considered a resident pupil for participating in the curricular offerings of that district. A pupil may participate in extracurricular or cocurricular activities as determined by the authority having jurisdiction over the activity.

Subd. 2. [APPROVAL.] The pupil's parent or guardian must receive the approval of the school board of the nonresident district except as provided in subdivision 5. A school district is not required to accept students under this section. The application and approval must be on a form provided by the department of education. The form must contain relevant demographic data and must allow the parent, guardian, or pupil to indicate a preference for which school or program to attend within the district.

Subd. 2a. [DISTRICT PARTICIPATION.] A district that wishes to provide pupils and parents increased opportunities by allowing resident pupils to enroll in a school in another district or by allowing nonresident pupils to enroll in a school in the district under this section shall, by formal board resolution, agree to all procedures of this section and inform the commissioner of its agreement by September 1, one full year before the beginning of the program, except for the 1987-1988 school year when districts shall inform the commissioner of its agreement by July 1, 1987.

A district shall notify the commissioner each year by September 1 as to whether or not it will participate in the program in the next year.

Subd. 3. [EQUITABLE ACCESS.] A district which accepts students under this section may deny an application for enrollment only because of lack of space in the district or within a program in the district or because to accept the application puts the district out

of compliance with a desegregation plan that complies with state board rules.

A district that chooses to accept nonresident pupils under this section must accept the pupils based on the same criteria as are applied to resident pupils except that a district may restrict the schools and programs that are available to nonresident pupils. However, once accepted to a school or program, the nonresident pupil must be afforded equal access to the curricular offerings of that school or program.

If a denial is exercised because of lack of space in the district or within a program within the district, all timely applications must be equitably considered. A denial must be rationally related to equitable entrance criteria established by the school board or may be by lot. A denial required because of a desegregation plan must comply with subdivision 5.

Subd. 4. [PROCEDURE.] Except as provided in subdivision 5, a parent or guardian who wants to enroll a pupil in a nonresident district shall apply to the nonresident district by December 1 each year for the next school year except for 1987-1988 when parents or guardians shall apply by August 1, 1987, for the 1987-1988 school year. The application must be made on a form indicated in subdivision 2. The superintendent of the nonresident school district shall forward a copy of the application to the pupil's resident school district within ten days. The superintendent of the nonresident district shall notify the parent or guardian and the superintendent of the resident district by the following February 1 of the decision on the application on the form provided in subdivision 2 except for 1987-1988 when parents or guardians shall be notified by August 10, 1987. The parents or guardians of the pupil shall notify the nonresident district within ten days whether or not they intend to accept. A district may accept a nonresident pupil after March 1 under section 120.0752. If a pupil is dismissed, under sections 127.26 to 127.39, from the school of choice, the pupil must not reenroll in the district of residence until the matter is resolved.

Subd. 5. [RACIAL BALANCE.] A parent or guardian of a pupil wishing to transfer under this section into or out of a district having a desegregation plan shall apply, on the form described in subdivision 2, to the district having the desegregation plan by November 1 of each year for the next school year except for 1987-1988 when parents or guardians shall apply by August 1, 1987, for the 1987-1988 school year. If the requested transfers under this subdivision, in and out of a district having a desegregation plan will mean that the district is not complying with state board rules on desegregation, the district shall set the number of majority and minority group students who may transfer in or out under this subdivision so that the district or any school within the district will not be out of compliance with the state board rules because of this subdivision.

The selection of individual pupils to transfer in or out must be made by the district based on equitable criteria developed by the school board, or may be made by lot. In either case, the notice of selection or denial must be sent out to the applicants by November 20 on the form provided in subdivision 2 except for 1987-1988 when notice shall be sent by August 10, 1987. If selected, the parent or guardian may proceed under subdivision 2.

Subd. 6. [CREDITS; GRADUATION.] A pupil, qualifying to graduate, who has attended school in a nonresident district shall graduate from the district last attended before graduation. A district shall count credit granted by another school district toward a pupil's graduation requirements.

Subd. 7. [INFORMATION.] A district that chooses to accept nonresident pupils is encouraged to make information about the district available to parents, guardians, and children.

The available information may include information about district offerings and student achievement. Other information may be made available that may help the parents, guardians, and children make an informed decision about enrolling in the district. The department shall provide technical assistance to school districts and to parents to aid in assuring that informed choices will be made.

Subd. 8. [AID.] Payment of foundation aid for pupils attending schools in a nonresident district under this section must be made according to section 13.

Sec. 7. Minnesota Statutes 1986, section 123.36, subdivision 13, is amended to read:

Subd. 13. [PROCEEDS OF SALE OR EXCHANGE.] Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) After satisfying the requirements of clause (1), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F;

(d) (a) for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation, if the method for asbestos removal or encapsulation is approved by the department of education;

(e) (b) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of education;

(f) (c) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings, other than as provided in clauses (b), (e), and (d) clause (a); or

(g) (d) to replace the building or property sold.

The amount of the proceeds used for the purposes specified in clauses (a), and (b), (e), (d), and (e) shall be deducted from the levy limitation computed for the levy authorized in section 275.125, subdivisions 11b and subdivision 11c, as applicable, in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1), shall be deposited in the debt retirement fund.

(4) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of clauses (1), (2), and (3), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(5) Notwithstanding clauses (2) and (3), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time the commissioner prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 8. Minnesota Statutes 1986, section 123.39, is amended by adding a subdivision to read:

Subd. 5b. [CERTAIN NONRESIDENTS.] The district of enrollment shall provide transportation within that district for a pupil enrolled there under section 6, and the state shall pay transportation aid under section 124.225 to the providing district. A district is not required to provide or pay for transportation between a pupil's residence and the border of the district of enrollment of a pupil enrolled under section 6.

A parent or guardian of a pupil enrolled under section 6 may apply to the district of enrollment for reimbursement for transporting the pupil between the pupil's residence and the border of the district of enrollment. The state board shall make rules to pay districts for reimbursing the parent or guardian for the transportation based on the parent's or guardian's means. The one-way mileage limit for reimbursement is 30 miles.

Sec. 9. Minnesota Statutes 1986, section 123.58, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to shall consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts

and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 10. Minnesota Statutes 1986, section 123.58, subdivision 8a, is amended to read:

Subd. 8a. [TECHNICAL ASSISTANCE.] Insofar as possible, educational cooperative service units shall make technical assistance for long-range planning available to school districts upon request and shall establish a common data base for local and regional decision making. Upon request of a district, the educational cooperative service units shall assist a district in establishing a continuum of services as described under section 126.66, subdivision 1.

Sec. 11. [123.951] [SCHOOL SITE MANAGEMENT AGREEMENT.]

A school board and school site management team may enter into an agreement relating to the governance, management, and control of an elementary, middle, secondary, or post-secondary school site in the district. The initial school site management team shall be appointed by the school board and shall include the building principal, representatives of teachers and other employees in the school, representatives of parents of students in the school, representatives of other members of the community, representatives of students, and others determined appropriate by the board. The permanent school site management team shall consist of representatives elected by each group represented on the site management team, including teachers, parents, students, other members of the staff, the principal, and members of the community. There shall be no limit on the powers of the school board or school district which may be delegated to the school site management team. If so authorized in the agreement, the school site management team shall have the power to exercise the delegated powers in the attendance area of the school site as though it were the school board of a school district. Any powers not specifically delegated shall remain with the school board. The agreement may include but shall not be limited to the following:

(1) necessary training for all the parties to implement a school site management plan;

(2) means by which necessary team-building and collegial decision-making can occur;

(3) composition, terms, and methods of selection and removal of successor members of the school site management team;

(4) general and specific powers delegated to the school site management team and definition of the school site attendance area;

(5) procedures for interaction between the school board and the school site management team;

(6) methods to ensure parental and community involvement in the decision-making process at the school site level;

(7) reporting of required information to the state and federal governments;

(8) methods for evaluation of the school site management option and reports to the school board and attendance area residents regarding the same;

(9) establishment of planning, evaluating, and reporting, and community advisory committees and task forces to give input to the governance of the school site;

(10) membership in educational organizations;

(11) methods and procedures for interaction with the adult and post-secondary vocational governance structure if the school site is an AVTI;

(12) allocation of operating fund revenues;

(13) allocation of nonoperating fund revenues;

(14) authority to receive gifts, donations, and bequests from public and private sources and to apply for, receive, and expend grant funds;

(15) issues related to staff, students, calendar, curriculum, student assessment, texts, materials, facilities, supplies, transportation, food service, equipment, and finances;

(16) authority to bid for goods, services, labor, and group or other insurance, and authority to contract with other governmental units;

(17) provision of transportation and food service;

(18) provision of community education and community use of facilities;

(19) establishment of personnel, educational, and operational policies for the school site;

(20) suspension, expulsion, and discipline of students;

(21) conduct of various educational programs; provisions for services for special education, special needs, minority, disadvantaged, and at-risk students;

(22) provision of athletic and extracurricular activities;

(23) authority relating to administration of school records and governmental data;

(24) liability and insurance issues, including limitation of liability to the school site attendance area;

(25) length of the agreement, method for termination, nonrenewal and renewal, and notice and hearing requirements;

(26) continuing obligations after termination of agreement and division of assets and liabilities; and

(27) any other items determined appropriate by and agreeable to the parties.

Sec. 12. Minnesota Statutes 1986, section 124.05, subdivision 1, is amended to read:

Subdivision 1. At the annual organizational meeting in independent districts and at the annual district meeting in common districts or at other times if necessary, The board district shall designate one or more national or state banks as official depositories for district money; and thereupon shall require the treasurer to deposit all or part of the district money in such bank or banks. Such designation shall be in writing and set forth all the terms and conditions upon which the deposits are made; signed by the chair and clerk, and made a part of the minutes of the board. Thereupon such bank or banks shall become legal depositories for district money in the manner specified in section 118.005, subdivision 1. If the board shall refuse refuses or fail fails to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of section 118.005, subdivision 2, and shall file a statement of the selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on the treasurer's part in the selection of the depository.

Sec. 13. Minnesota Statutes 1986, section 124A.036, is amended by adding a subdivision to read:

Subd. 5. [CERTAIN NONRESIDENTS.] The foundation aid for districts must be adjusted for pupils attending nonresident districts

under section 6. The adjustments must be made under this subdivision.

(a) The foundation aid paid to the district of residence must be reduced by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of the resident district times the number of pupil units of pupils attending another district under section 6.

(b) The foundation aid paid to the district that a pupil attends under section 6 shall be increased by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of that district times the number of pupil units of pupils attending school in the district under section 6.

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

Sec. 14. Minnesota Statutes 1986, section 125.611, subdivision 10, is amended to read:

Subd. 10. [PAYMENT ARRANGEMENT.] The early retirement incentive shall be paid by the employing school district at the time and in the manner mutually agreed upon by a teacher and the board. The state shall pay the district 50 percent of the authorized early retirement incentive grant on or before the September 1 immediately following the commissioner's approval of the teacher's application. For those applications which were approved prior to July 1, 1981, the state shall pay the districts any remaining state obligation on those grants by September 1, 1981. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 15. Minnesota Statutes 1986, section 125.611, subdivision 11, is amended to read:

Subd. 11. Notwithstanding the provisions of ~~subdivisions~~ subdivision 2, 3 and 7, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher after retirement.

Sec. 16. Minnesota Statutes 1986, section 125.611, subdivision 12, is amended to read:

Subd. 12. Any amount of unemployment insurance which the teacher receives and for which the district is required to pay into the unemployment compensation fund pursuant to section 268.06, sub-

division 25, at any time after the teacher has entered into an agreement pursuant to subdivision 7, may be deducted by the district from the amount of the teacher's early retirement incentive or recovered by the district from the teacher up to the amount of the early retirement incentive. The district shall pay 50 percent of any amount so deducted or recovered to the department of education, and any amount so received by the department shall be deposited in the state treasury.

Sec. 17. Minnesota Statutes 1986, section 125.611, subdivision 13, is amended to read:

Subd. 13. [APPLICATIONS AFTER JUNE 30, 1984.] The state shall not reimburse the district for any portion of an early retirement incentive for any applications submitted after June 30, 1984. Beginning on July 1, 1984, a teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of services, withdrawal from active teaching service, and payment of an early retirement incentive. This application shall be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire. A school board shall approve or deny the application within 30 days after it is received by the board. The amount of the early retirement incentive shall be agreed upon between the teacher and the school board. The early retirement incentive shall be paid by the employing district at the time and in the manner mutually agreed upon by a teacher and the board.

Sec. 18. Minnesota Statutes 1986, section 126.02, subdivision 2, is amended to read:

Subd. 2. [TRAINING OF TEACHERS TEACHER EDUCATION PROGRAMS.] All colleges, schools, and other educational post-secondary institutions giving offering teacher training education programs shall provide courses in physical and health education, training, and instruction and. Every pupil attending any college, school, or educational institution in preparation for teaching service student in a teacher education program shall take such health courses.

Sec. 19. [126.22] [HIGH SCHOOL GRADUATION INCENTIVES PROGRAM.]

Subdivision 1. [PURPOSE.] The legislature finds that it is critical for persons to obtain at least a high school education to function in today's society. Therefore, the purpose of this section is to provide incentives for and encourage all Minnesota students who have experienced or are experiencing difficulty in the traditional education system to enroll in alternative programs in order to complete their high school education.

Subd. 2. [ELIGIBLE STUDENTS.] The following students are eligible to participate in the high school graduation incentives program:

(a) any person between 16 and 21 years of age who has not attended a high school program for at least one month, excluding those months when school is not in session, and who is at least two grade levels below the performance level for students of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent;

(b) any student who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for students of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or who is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any student who is between the ages of 12 and 16 and who:

(1) is at least two grade levels below the performance level for students of the same age in a locally determined achievement test; or

(2) is at least one year behind in obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for one or more class periods on more than 15 days in the preceding or current school year.

Subd. 3. [ELIGIBLE PROGRAMS.] Students who are eligible to participate under subdivision 2 may enroll in the following programs:

(a) Any program approved by the state board of education under Minnesota Rules, part 3500.3500 or pursuant to section 121.11, subdivision 12, may enroll students who are eligible to participate under subdivision 2, clauses (a), (b), or (c) of this section;

(b) Students eligible to participate under subdivision 2, clause (a) of this section may enroll in post-secondary courses under section 123.3514;

(c) Any public secondary education program may enroll any student who is eligible to participate under subdivision 2, clause (b) or (c);

(d) An American Indian school that is nonsectarian, controlled by American Indians, is accredited or is a candidate for accreditation by north central accrediting association, has been in existence for at least three consecutive school years, and serves pupils who are members of or qualified for membership in one or more federally-recognized Indian tribes, may enroll American Indian students who are eligible to participate under subdivision 2, clauses (a), (b), or (c); and

(e) A tribal contract school that is operated by a tribal government and that receives aid through a financial assistance contract with the Bureau of Indian Affairs, may enroll American Indian students who are eligible to participate under subdivision 2, clauses (a), (b), or (c).

Subd. 4. [STUDENT ENROLLMENT.] Any eligible student under subdivision 2 may apply to enroll in an eligible program under subdivision 3, using the form specified in section 120.0752, subdivision 2. Notwithstanding section 120.0752, approval of the resident district is not required for an eligible student under subdivision 2 to enroll in a nonresident district which has an eligible program under subdivision 3. A student enrolling in a program in a nonresident district under this section shall be considered a resident of that district.

Subd. 5. [DISSEMINATION OF INFORMATION.] A school district shall disseminate information, developed by the department of education, about the high school graduation incentives program to residents in the district who are under the age of 21.

Subd. 6. [REPORT.] By January 1, 1989, the commissioner shall report to the education committees of the legislature on the implementation of programs under this section.

Subd. 7. [DESEGREGATION PLANS.] Notwithstanding any provision to the contrary, students may not enroll in a nonresident district under this section if their enrollment in another school district would result in a violation of a district's desegregation plan, as mandated and approved by the state board of education.

Sec. 20. [126.23] [FOUNDATION AID; ALTERNATIVE PROGRAMS.]

If a pupil enrolls in an alternative program that has contracted with a school district to provide educational services for high school dropouts or other eligible students under section 19, subdivision 2, the resident district must reimburse the alternative program an

amount equal to at least 50 percent of the formula allowance plus the total tier revenue attributable to that pupil.

Sec. 21. Minnesota Statutes 1986, section 126.66, subdivision 1, is amended to read:

Subdivision 1. The school board of each school district in the state shall adopt a written planning, ~~evaluation~~ evaluating, and reporting policy which establishes instructional goals and measurable learner objectives for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is ~~encouraged to~~ shall consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts. In addition, the districts are encouraged to establish a continuum of services beginning with early childhood programs and continuing through services for school-aged children and youth, and for adult literacy programs. Local planning for continuum of services should address at least the following:

(1) availability of early childhood family education programs;

(2) feasibility of:

(a) providing services for learners with debilitating or chronic health problems, or severe stress and depression;

(b) establishing a functional definition of learners at-risk of school failure;

(c) establishing identification and assessment procedures for learners at-risk;

(d) providing services for adolescent parents;

(e) coordinating these services with the chemical dependency programs under section 124.246; and

(f) other services for learners at-risk; and

(3) means of developing working relationships with the parents and community.

Sec. 22. Minnesota Statutes 1986, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, by the greater of the following:

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

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

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision subdivisions 11a, 11c, 12, and 12a, and the community service levy authorized by subdivision subdivisions 8 and 8b, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision subdivisions 11a, 11c, 12, and 12a, and for community services pursuant to subdivision subdivisions 8 and 8b. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year except 1986, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 23. [ASSESSMENT AND EVALUATION OF THE PILOT PROGRAM.]

The department of education shall design and conduct appropriate assessment and evaluation of the voluntary K-12 pilot choice program under section 6. Participating districts and districts not participating in the pilot must be matched and included in the assessment and evaluation.

A report on the assessment and evaluation of the voluntary K-12 pilot choice program must be made to the legislature by February 1, 1990.

Sec. 24. [INDEPENDENT SCHOOL DISTRICT NO. 625, ST. PAUL; DISPOSAL OF SCHOOL PROPERTY.]

Prior to August 1, 1989, independent school district No. 625, St. Paul, may not convey any interest in real property or improvements thereon if such property meets the standard for neighborhood open space in the plan for parks and recreation adopted by the St. Paul city council on March 21, 1985, and as amended, unless contemporaneous consent is given by the St. Paul city council.

Sec. 25. [REVISOR'S INSTRUCTION.]

In sections 121.904, 121.912, 121.914, 121.917, 122.531, 123.71, 124.225, 124A.08, 136C.28, and 136C.69, the Revisor of Statutes shall change, in the next edition of Minnesota Statutes, the phrases in column A to the phrases in column B.

Column AColumn BReserved Fund Balances

Appropriated for AVTI Equipment
Appropriated for AVTI Repair
and Betterment
Appropriated for Unemployment
Insurance
Appropriated for Severance Pay
Appropriated for Bus Purchases
Appropriated for Statutory
Operating Debt Reduction
Appropriated for Maintenance
Levy Reduction
Appropriated for Current Use of
Taconite Payments
Appropriated for Encumbrances

Reserved for AVTI Equipment
Reserved for AVTI Repair
and Betterment
Reserved for Unemployment
Insurance
Reserved for Severance Pay
Reserved for Bus Purchases
Reserved for Statutory
Operating Debt Reduction
Reserved for Maintenance
Levy Reduction
Reserved for Current Use of
Taconite Payments
Reserved for Encumbrances

Unreserved Fund Balances

Appropriated for Building
Construction
Unappropriated Statutory
Operating Debt as of
June 30, 1977
Unappropriated from July 1,
1977
Unappropriated

Designated for Building
Construction
Undesignated Statutory
Operating Debt as of
June 30, 1977
Undesignated from July 1,
1977
Undesignated

Sec. 26. [REPEALER.]

Minnesota Statutes 1986, sections 124.05, subdivision 2, 124.185 and 125.611, subdivisions 8 and 9 are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 6 and 13 are effective for public school students beginning in the 1987-1988 school year.

ARTICLE 8

EDUCATIONAL IMPROVEMENT
AND TECHNOLOGY

Section 1. Minnesota Statutes 1986, section 121.609, subdivision 4, is amended to read:

Subd. 4. [REGIONAL SERVICES.] The department of education shall contract with educational cooperative service units or other regional educational service agencies to provide assistance to the school districts in an educational cooperative service unit region in implementing educational effectiveness. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. If more than one agency submits a proposal to provide services to school districts within an educational cooperative service unit region, the department shall encourage the agencies to develop a joint proposal. Every two years, the department shall evaluate the performance of the regional service providers and shall consider new proposals to provide regional services.

Sec. 2. [123.59] [EDUCATION DISTRICTS.]

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase options for learning and access to educational opportunities by facilitating cooperation and coordination among school districts and between school districts and post-secondary institutions.

Subd. 2. [CRITERIA.] An education district may be formed by a group of school districts that, at the time of formation, is a group of at least five districts having at least 10,000 pupils in average daily membership or a group of at least ten districts or a group of districts having at least 7,500 square miles and, in any case, has an agreement to cooperatively provide educational services.

Subd. 3. [EDUCATION DISTRICT BOARD.] Based on needs of member districts, an education district board shall coordinate the programs and services of the education district. The board shall consist of one representative appointed by the school board of each district forming the education district, except that the boards of the districts forming the education district may designate a board already established under section 123.33, 123.351, 123.51, 123.58, chapter 136D, or section 471.59 to be the education district board. The board shall select its officers from among its members and shall specify the terms of officers.

Subd. 4. [JOINDER AND WITHDRAWAL.] A process for additional districts to join the education district and for districts to withdraw from the education district shall be determined at the time of the education district formation.

Subd. 5. [DUTIES AND POWERS OF THE EDUCATION DISTRICT BOARD.] (a) The education district board shall develop and implement a plan as specified in subdivision 7 for delivering educational services needed in the education district.

(b) The board may employ personnel as necessary to provide and support the programs and services of the education district. The board may discharge personnel according to provisions of law applicable to independent school districts. Education district staff shall participate in retirement programs and may participate in any other programs available to school district staff.

(c) The board may enter into contracts with school districts and other public and private agencies to provide services needed in the education district.

(d) The board may provide a procedure for institutions other than a school district to join the education district.

(e) The board shall be governed, unless otherwise provided, by laws applicable to independent school districts.

(f) The board shall submit a report each year about the activities of the education district to member districts on a date agreed to by the districts and by October 1 to the state board of education.

(g) The board is encouraged to publish and make available information about education district programs to the residents of an education district.

Subd. 6. [ADVISORY COUNCIL.] An advisory council, consisting of representatives from the program areas covered by the education district plan, shall be appointed by the education district board.

Subd. 7. [EDUCATION DISTRICT PLAN.] An education district board shall develop a comprehensive plan for continuous learning. The plan must address methods to improve the educational opportunities available in the education district.

The plan must be approved by all member districts and be submitted for review to all educational cooperative service units serving the area in which the school districts forming the education district are located. After review by the ECSU, the plan must be submitted to the state board of education for its review and comment. The education district board shall review the plan annually and make appropriate changes.

Subd. 8. [MANDATORY PLAN COMPONENTS.] The education district plan must provide for the following:

(1) coordination of member district and education district programs for handicapped pupils, gifted and talented pupils, at risk pupils, secondary vocational education, improved learning, community education, early childhood family education, career education and low incidence academic programs;

(2) research, planning, and development functions, including acquiring and disseminating research information, developing methods to implement research, such as educational effectiveness programs and improving education based on educational research; and

(3) methods to meet needs for pupil health services, library services for professional staff and counseling services for students.

Subd. 9. [OPTIONAL PLAN COMPONENTS.] The education district plan may also include but not be limited to the following:

(1) methods for secondary pupils to enroll in courses in other school districts and in post-secondary institutions;

(2) methods for sharing administrative support and management services;

(3) professional development programs, including implementation of excellence in teaching and curriculum programs according to sections 126.70 to 126.72;

(4) programs that use learning time available during the summer;

(5) use of technology to deliver education programs and provide management assistance; or

(6) methods for involving parents in planning education programs.

Subd. 10. [ATTENDANCE IN OTHER DISTRICTS.] An education district board may, with the approval of all of the member districts, provide for a pupil who is a resident of a member district to attend programs or courses offered by another district that is a member of the education district. A pupil and parent shall consult with a career teacher, counselor, or principal about attending the nonresident district. The board may develop procedures for reimbursement of the cost of providing instruction to a nonresident pupil or the board may follow section 124.18, subdivision 2. The resident district shall count its resident pupils attending programs or courses in another district for the purpose of state aid and levy limitations. A resident or nonresident district may provide transportation for pupils attending programs or courses in another district.

Subd. 11. [ATTENDANCE AT POST-SECONDARY INSTITUTIONS.] An education district board may, with the approval of all of the member districts, provide for a secondary pupil who is a resident of a member district to enroll in courses offered by or in conjunction with post-secondary institutions. A pupil and parent shall consult with a career teacher, counselor, or principal about attending

post-secondary courses. Credit shall be determined according to sections 123.3512 and 123.3513. Reimbursement for instruction offered by the post-secondary institution may be determined according to an agreement between the post-secondary institution and the education district board. A resident or nonresident district may provide transportation for a pupil enrolled in a course offered by a post-secondary institution. This subdivision does not prevent a pupil from attending a post-secondary institution under section 123.3514.

Subd. 12. [FILLING TEACHING POSITIONS.] When an education district board or a school board of a district that is a member of the education district is filling a position resulting from implementation of the education district plan, the board may offer the position, as an exchange teacher according to section 125.13, to any teacher who is currently employed by a district that is a member of an education district. If the position is not filled by a teacher who is currently employed in a member district, the board shall offer the position to an available teacher, in the order of seniority on a combined seniority list of all available teachers in districts that are members of the education district. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher in a district that is a member of the education district who (1) was placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan not more than one year before the formation of the education district by a district that is a member of the education district, (2) was placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of the education district, (3) has been notified of being placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of an education district, or (4) is placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of the education district in the same school year that the position is filled. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Subd. 13. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the comprehensive plan for learning. The educational cooperative service units may provide any other services requested by the education district.

Subd. 14. [REPORT TO LEGISLATURE.] By January 15 of each year, the state board of education shall report to the education

committees of the legislature about the education districts that are established and the programs offered. The report due January 15, 1989, shall include recommendations for resolving inequities in teacher salaries and other compensation, revenues and tax bases between the school districts which are members of an education district.

Sec. 3. Minnesota Statutes 1986, section 125.03, subdivision 5, is amended to read:

Subd. 5. "Teachers" for the purpose of examination means persons applying for initial teaching licenses or persons applying for additional fields of licensure to provide direct instruction to pupils in prekindergarten, elementary, secondary, and special education programs. It does not mean persons applying for licenses as supervisory or support personnel nor does it mean librarians, school social workers, school psychologists, audio-visual directors or coordinators, or media generalists or supervisors.

Sec. 4. Minnesota Statutes 1986, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] The authority to license teachers as defined in section 125.03, subdivision 1, is vested in the board of teaching except that the authority to license supervisory and support personnel as defined in section 125.03, subdivision 4, is vested in the state board of education. Licenses shall be issued to such persons as the board of teaching or the state board of education finds to be competent for their respective positions. For teachers, as defined in section 125.03, subdivision 5, competency includes successful completion of an examination of academic knowledge in each field of licensure and, for persons applying for initial licenses, an examination of skills in reading, writing, and mathematics for a person applying for initial licenses. Qualifications of teachers and other professional employees except supervisory and support personnel shall be determined by the board of teaching under the rules which it promulgates. Licenses under the jurisdiction of the board of teaching shall be issued through the licensing section of the department of education. Licenses under the jurisdiction of the state board of education shall be issued through the licensing section of the department of education.

Sec. 5. Minnesota Statutes 1986, section 126.81, subdivision 2, is amended to read:

Subd. 2. [GRANTS FOR EXEMPLARY TEACHER EDUCATION PROGRAMS.] The board of teaching shall award at least three grants to public post-secondary institutions to develop exemplary teacher education programs. The majority of grants shall be awarded for programs that are conducted jointly by an approved teacher education institution and one or more school districts.

Sec. 6. Minnesota Statutes 1986, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall adopt rules to license public school teachers and interns subject to chapter 14. The board shall adopt rules for examination of teachers, as defined in section 125.03, subdivision 5. The rules may allow for completion of the examination of skills in reading, writing, and mathematics before entering or during a teacher education program. The board shall adopt rules to approve teacher education programs. The board of teaching shall provide the leadership and shall adopt rules by October 1, 1988, for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teaching education program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

These rules shall encourage require teacher educators to obtain periodic classroom elementary or secondary teaching experience. The board shall also grant licenses to interns and to candidates for initial licenses and. The board shall design and implement an assessment system which requires candidates for initial licensure and first continuing licensure to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels. The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses. The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of education and the state board of vocational technical education.

Sec. 7. [125.20] [TEACHER EDUCATION CURRICULUM.]

Subdivision 1. [PURPOSE.] The legislature recognizes that revision of teacher education curricula is best conducted by faculty at teacher education institutions. It also recognizes that any revision is a substantial task beyond regularly assigned faculty duties. The purpose of this section is to support the work of curriculum revision.

Subd. 2. [ACTIVITIES.] The board of teaching shall provide leadership in developing curriculum conferences and other activities in at least six regions of the state, for teacher educators and their school partners, to assist in revising teacher education programs to meet the objectives for teacher education curriculum described in section 125.185, subdivision 4.

Sec. 8. [125.21] [RESEARCH ON PROGRAM EFFECTIVENESS.]

Subdivision 1. [PURPOSE.] The legislature recognizes a growing and substantial concern about the effectiveness and breadth of the existing undergraduate curriculum for teacher education students. It also recognizes the absence of definitive research about the most effective curricula to adequately prepare teachers for entrance into the teaching profession. The purpose of this section is to support research on the comparative effectiveness of different teacher education program structures, after new programs have been designed and implemented, and the first graduates are in service.

Subd. 2. [RESPONSIBILITY.] By July 1, 1989, the board of teaching shall begin to evaluate the effectiveness of pre-baccalaureate, post-baccalaureate, and other alternative program structures for preparing candidates for entrance into the teaching profession. The evaluation shall be conducted by independent research centers or evaluators who are not associated with a Minnesota teacher education institution and shall be longitudinal in nature. By July 1, 1990, the board of teaching shall make a preliminary report on the effectiveness of alternative program structures to the education and finance committees of the legislature.

Sec. 9. [125.22] [LOCAL PROFESSIONAL DEVELOPMENT PROGRAMS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] A school board, in consultation with a professional development advisory committee established under subdivision 2, shall develop and adopt a written professional development plan. The school district shall review its plan annually and make revisions as necessary.

Subd. 2. [ADVISORY COMMITTEE.] A school board which develops a professional development plan and applies for aid under this section must establish a local professional development advisory committee. The advisory committee must be composed of a majority of teachers representing various grade levels and subject areas and must also include representation of parents and administrators.

Subd. 3. [ELIGIBILITY FOR REVENUE.] Upon approval of the professional development plan by the commissioner, the district is eligible to receive additional revenue equal to \$10 times its actual pupil units for the current school year in the third tier of the foundation program under section 124A.10.

Subd. 4. [CONTENTS OF THE PLAN.] A school district, in its professional development plan, must identify:

(1) a planning team that includes a variety of staff who serve different ages of students and parents of different age group students;

(2) short-term and long-term staff development needs;

(3) goals to be achieved, the means for achieving the goals, and how the professional development efforts will affect student learning;

(4) professional development plans that give attention to school site decision making, research-based consideration of learning styles, opportunities for practice, and learners at risk;

(5) methods to expand the professional work calendar for the school year to incorporate additional in-service days;

(6) methods to ensure that all personnel who serve learners with unique needs will be included in the program; and

(7) procedures for evaluating progress toward the goals.

Subd. 5. [TECHNICAL ASSISTANCE.] The department of education shall assist districts with information about professional development, research, assessment, planning, implementation, and evaluation of staff development processes and plans.

Subd. 6. [USES OF LOCAL PROFESSIONAL DEVELOPMENT REVENUE.] School districts may use local professional development revenue for any of the purposes designated in:

(1) excellence in teaching and curriculum under sections 126.70 to 126.72;

(2) the Minnesota improved learning and principal-teacher, counselor-teacher, and career teacher act under sections 129B.42 to 129B.47;

(3) programs validated at the technology demonstration sites under section 129B.36;

(4) the coordinated model for educational improvement developed by the department of education; and

(5) any other local professional development programs approved by the commissioner.

Subd. 7. [APPROVAL OF PLAN.] The commissioner shall approve or disapprove a plan within 60 days of receiving the plan submitted

by a district. A plan that is disapproved may be revised and resubmitted for approval.

Sec. 10. [125.23] [TEACHER ASSISTANCE THROUGH MENTORSHIP PROGRAM.]

Subdivision 1. [TEACHER MENTORING PROGRAM.] School districts are encouraged to participate in a competitive grant program that explores the potential of various teacher mentoring programs.

Subd. 2. [TEACHER MENTORING TASK FORCE.] The commissioner shall appoint a teacher mentoring task force including representatives of the two teachers unions, the two principals organizations, school boards association, administrators association, board of teaching, parent teacher association, post-secondary institutions, foundations, and the private sector. Representation on the task force by minority populations shall reflect the proportion of minorities in the public schools.

The task force shall:

(1) make recommendations for a system of incentives at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession;

(2) determine ways in which teachers can be empowered through expanding to new and more professional roles; and

(3) develop the application forms, criteria, and procedures for the mentorship program.

Subd. 3. [APPLICATIONS.] The commissioner of education shall make application forms available by October 1, 1987. By December 1, 1987, a school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. By January 1, 1988, the commissioner, in consultation with the teacher mentoring task force, shall approve or disapprove the applications. To the extent possible, the approved applications must reflect a variety of mentorship program models, include a variety of coalitions and be geographically distributed throughout the state. The commissioner of education shall encourage the selected sites to consider the use of the assessment procedures developed by the board of teaching.

Subd. 4. [CRITERIA FOR SELECTION.] At a minimum, applicants must express commitment to:

(1) allow staff participation;

- (2) assess skills of both beginning and mentor teachers;
- (3) provide appropriate in-service to needs identified in the assessment;
- (4) provide leadership to the effort;
- (5) cooperate with higher education institutions;
- (6) provide facilities and other resources; and
- (7) share findings, materials, and techniques with other school districts.

Subd. 5. [ADDITIONAL FUNDING.] Applicants are required to seek additional funding and assistance from sources such as school districts, post-secondary institutions, foundations, and the private sector.

Subd. 6. [REPORT TO THE LEGISLATURE.] By January 1, 1988, the commissioner of education shall report to the legislature on the teacher mentoring task force recommendations for a system of incentives at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession.

By January 1 of 1989 and 1990, the commissioner of education shall report to the legislature on the design, development, implementation, and evaluation of the mentorship program.

Sec. 11. [125.24] [ADMINISTRATORS ACADEMY.]

Subdivision 1. [SERVICES.] An administrators academy is established. The academy shall provide at least the following services:

- (1) an administrator assessment that results in an individual professional development plan;
- (2) research and development assistance that provides current research and data of interest to administrators; and
- (3) brokerage assistance to provide services and resources to help administrators with needs identified in their individual professional development plan.

Subd. 2. [GOVERNANCE.] The commissioner of education shall appoint a 17 member committee to govern the administrators academy. Eight members must be from among administrators who are receiving or have received the services of the academy. In addition, a representative of each of the following organizations:

Minnesota department of education, Minnesota association of school administrators, Minnesota elementary school principals, Minnesota secondary school principals, University of Minnesota, state university system, and a representative from the private colleges must be appointed by the organization each represents. Parents and teachers shall also have representation on the governing board.

Subd. 3. [REPORT TO THE LEGISLATURE.] The department of education shall report to the legislature by January 1, 1989, on the services provided by the administrators academy.

Sec. 12. Minnesota Statutes 1986, section 126.65, is amended to read:

126.65 [FINDINGS.]

The legislature finds that a process for curriculum evaluation and planning is needed for continued improvement of the educational program for all public school children in the state, and to allow for better evaluation of educational programs by local communities. The legislature further finds that such a process is needed to facilitate decisions by school boards and communities as to concerning education curriculum planning and evaluation for curriculum improvement and deciding which services can best be provided by the public schools and which services can or should be provided by other institutions such as the family, the private sector or other public agencies in addition to the public education programs. The legislature further finds that efficient use of educational resources is needed with regard to educational technology and interdistrict cooperation.

Sec. 13. Minnesota Statutes 1986, section 126.66, subdivision 1, is amended to read:

Subdivision 1. The school board of each school district in the state shall adopt a written planning, ~~evaluation~~ evaluating, and reporting policy which establishes instructional goals ~~and~~, a curriculum review cycle, measurable learner objectives for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is ~~encouraged to~~ shall consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Sec. 14. Minnesota Statutes 1986, section 126.66, is amended by adding a subdivision to read:

Subd. 1a. [MODEL STATE CORE CURRICULUM.] The department of education, in cooperation with the state curriculum advisory committee, shall develop a process for the development of a model state core curriculum consisting of a limited number of critical learner outcomes for each subject area. The process and outcomes must be approved by the state board of education.

The model state core curriculum must be research based and is intended to constitute only a portion of each district's total curriculum in each subject area. The model core curriculum must include higher levels of thinking and learning. The board shall adopt an implementation, review and improvement cycle by which strengths and weaknesses are assessed through sample measurement of student learning, and improvement plans are developed and implemented.

The department in cooperation with the state curriculum advisory committee shall develop standard procedures for planning, evaluating, and reporting processes in local districts.

Sec. 15. Minnesota Statutes 1986, section 126.66, is amended by adding a subdivision to read:

Subd. 3a. [SCHOOL TEAMS.] Each school in every district shall establish a team to develop and implement a school improvement plan based upon identified needs in curriculum and instruction. The team would be representative of parents, teachers, administrators, professional support staff, and other community persons. The team would advise the local board and the local advisory committee in the development of an instructional improvement plan that provides for the alignment of the curriculum, assessment of student progress, and instruction.

Sec. 16. Minnesota Statutes 1986, section 126.66, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By ~~September~~ October 1 of each year, the school board shall adopt a report which shall include the following:

(a) annual instructional goals which were addressed for that year in the planning, evaluation, and reporting process;

(b) appropriate evaluation of the annual instructional goals;

(c) the results of the professional staff evaluation including local assessment data obtained pursuant to section 126.67, subdivision 2, and any additional appropriate test data;

- (d) the results of the consumer evaluation;
- (e) the annual school district improvement plans; and
- (f) a plan for implementing an assurance of mastery program the standard reporting procedures as developed by the department of education and the state curriculum advisory committee.

Every other year the report shall include an evaluation of the assessment programs pursuant to subdivision 7 and a report on the assurance of mastery program.

The school board shall disseminate the report to all residents of the district by publication in the local newspaper with the largest circulation in the district, by newsletter, or through the United States postal service. The report shall be on file and available for inspection by the public. A copy of the report which is disseminated to the community shall be sent to the commissioner of education by September 1 of each year. The school board shall provide a copy of the commissioner's response to the report to the curriculum advisory committee. All activities and reports pursuant to this section shall comply with chapter 13, and any other law governing data on individuals in school districts.

Sec. 17. Minnesota Statutes 1986, section 126.67, subdivision 1, is amended to read:

Subdivision 1. [TECHNICAL ASSISTANCE.] ~~Insofar as possible,~~ The department of education and educational cooperative service units shall make technical assistance for planning and evaluation available to school districts. The department shall collect the annual evaluation reports from districts as provided in section 126.66, subdivision 5, and shall make these data available upon request to any district seeking to use it for comparisons of pupil performance. If requested, the department of education shall provide technical assistance to a district developing assurance of mastery programs, achievement testing programs, competency testing programs, or other methods of measuring group or individual pupil progress.

Sec. 18. Minnesota Statutes 1986, section 126.67, subdivision 1a, is amended to read:

Subd. 1a. [STATE CURRICULUM ADVISORY COMMITTEE; LEGISLATIVE REPORT.] The commissioner shall appoint an 11-member state curriculum advisory committee to advise the state board and the department on the planning, evaluation, and reporting process. The committee shall consist of nine members, one appointed from each educational cooperative service unit, and two at-large members. The committee shall include representation from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past

member of a school district curriculum advisory committee. The committee shall provide information and recommendations on at least the following:

(1) department procedures for approving reports and disseminating information;

(2) exemplary planning, evaluation, and reporting processes; and

(3) recommendations for improving the planning, evaluation, and reporting process; and

(4) the development of a process for the identification and implementation of critical learner outcomes.

By ~~January~~ February 1 of each year, the commissioner, in consultation with the state curriculum advisory committee, shall prepare a report for the education committees of the legislature on the planning, evaluation, and reporting program, which shall include the recommendations of the state curriculum advisory committee.

Sec. 19. Minnesota Statutes 1986, section 126.67, subdivision 2a, is amended to read:

Subd. 2a. [DISTRICT ASSESSMENTS.] As part of the planning, evaluation, and reporting process, each year a district shall, in at least three grades, conduct assessments among at least a sample of pupils in two curriculum areas. ~~One curriculum area shall be communication, mathematics, science, or social studies. The second area shall be selected by the district for each subject area in that year of the curriculum review cycle. The district's curriculum review cycle for communication, mathematics, science and social studies must not extend beyond five years.~~ Assessments may not be conducted in the same curriculum area during two consecutive years. The district may use tests from the assessment item bank, the local assessment option developed by the department, or other tests. As they become available, districts shall use state developed measures to assure state progress toward the state core curriculum. Funding is provided for districts that choose to use the local assessment program or the assessment item bank.

Sec. 20. Minnesota Statutes 1986, section 126.67, subdivision 3a, is amended to read:

Subd. 3a. [ASSURANCE OF MASTERY.] Each school board shall adopt a policy establishing a process to assure individual pupil mastery in communications and mathematics. This process shall include at least the following:

(1) procedures, which may include multiple or separate criteria, for the evaluation and identification of nonspecial education pupils and pupils with limited English proficiency who are not making sufficient progress in the mastery of communications and mathematics;

(2) procedures for implementation in grades kindergarten to 12, ~~beginning in the 1986-1987 school year~~, and requiring evaluation of progress toward mastery at least once during grades K to 3, once during grades 4 to 6, once during grades 7 to 9, and once during grades 10 to 12;

(3) procedures for parent conferences to establish an individualized remediation or modified instruction plan for each pupil who is not making sufficient progress toward mastery of communication or mathematic skills; and

(4) procedures which shall consider and address the special needs of handicapped pupils and pupils with limited English proficiency.

Sec. 21. Minnesota Statutes 1986, section 126.67, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL TESTING.] The department upon written agreement with local school districts may perform additional testing and evaluation of students. The department may collect a reasonable fee not to exceed the actual cost of services. The department also may receive funds from public and private entities outside of the state of Minnesota for products and services provided as a part of the assessment item bank program. Any funds received as a result of item bank usage outside of the state must be exclusively dedicated to the improvement of measurement within Minnesota.

Sec. 22. Minnesota Statutes 1986, section 126.67, subdivision 9, is amended to read:

Subd. 9. [MODEL LEARNER EXPECTATIONS OUTCOMES.] The department shall develop and maintain sets of model learner expectations outcomes. The department shall make the expectations outcomes available for a district, for assistance purposes, to use at the option of the district. The expectations outcomes shall be for pupils in kindergarten to grade 12 in at least the ~~core~~ curriculum areas of communication, mathematics, science, and social studies. The state core curriculum consisting of critical learner outcomes should be developed from these model learner outcomes. The department shall consult with each of the public post-secondary educational systems and with the higher education coordinating board in developing model learner expectations outcomes appropriate for entrance into post-secondary institutions.

Sec. 23. Minnesota Statutes 1986, section 129B.041, subdivision 1, is amended to read:

Subdivision 1. [COPYRIGHT.] Products of projects and programs funded pursuant to sections 129B.01 to 129B.05, including curriculum and instructional materials, computer and telecommunications software, and associated manuals and reports, may be copyrighted by the council department in the name of the state and may be sold. However, the state shall sell the products to all school districts and public agencies in the state at prices that do not exceed the cost of reproduction and distribution. Products sold shall be clearly labeled as products developed pursuant to a grant or loan from the council on quality education.

Sec. 24. Minnesota Statutes 1986, section 129B.041, subdivision 3, is amended to read:

Subd. 3. [REVOLVING FUND.] The education product and loan repayment revolving account is established in the state treasury. Repayment of loans, made according to section 129B.04, subdivision 2, and Sale proceeds up to the cost of reproduction and distribution from the sale of products under this section shall be deposited in this account. All funds in this account are annually appropriated to the department of education and shall be used to reproduce and distribute products of projects and programs funded pursuant to Minnesota Statutes 1986, sections 129B.01 to 129B.05.

Sec. 25. [129B.11] [PROGRAM IMPROVEMENT GRANTS.]

Subdivision 1. [PLANS; GRANT AWARDS.] The state board of education, with the advice of the state curriculum advisory committee and the advisory committee on technology in education for projects involving technology, shall make grants to groups of school districts to implement plans to improve education. The board may award grants to groups of districts which submit plans that include at least the following:

(1) program and curriculum changes which provide more learning opportunities for students;

(2) demonstration of a local commitment to the plan and in the case of plans utilizing technology, local financial support including public and private partnerships;

(3) involvement of school district teaching staff in development of the plan;

(4) demonstration that the plan is consistent with school district goals established under section 126.66; and

(5) the structural criteria established in subdivision 2.

The board may establish additional criteria and shall establish time-lines and the grant application procedure for making grants.

Subd. 2. [ELIGIBILITY.] To be eligible for a grant, a group of districts must meet one of the following criteria:

(1) create a consolidated district according to section 122.23, with the consolidated school district having at least 600 pupils in average daily membership;

(2) establish an education district according to section 2;

(3) form a group of districts that has an agreement under section 122.535 or 122.541 for discontinuing grades when the districts entering the agreement have a total of at least 240 pupils in average daily membership in grades 10, 11, and 12; or

(4) enter into a joint powers agreement for a technology cooperative where the school districts in the cooperative are contiguous but are significant distances apart so that other forms of cooperation are not practical.

Subd. 3. [AMOUNTS.] The board may determine the amount of the grant, but a grant shall not exceed \$250,000 for a group of districts.

Sec. 26. [129B.321] [STATE'S RIGHTS COURSEWARE ADVISORY COMMITTEE.] A state's rights courseware advisory committee is established. The committee shall consist of 15 educators knowledgeable about courseware who shall be appointed by the commissioner of education. To the extent possible, the committee shall be gender and geographically balanced, and representative of schools populations.

Sec. 27. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8d. [PROGRAM IMPROVEMENT LEVY.] In 1987 and thereafter, a district or a district that is a member of a group of districts that receives a grant under section 25 may levy an amount raised by the lesser of 1.5 mills times the adjusted assessed valuation of the district or an amount that, together with the grant received under section 25 does not exceed the actual cost of implementing the education improvement plan.

Sec. 28. [TECHNOLOGY LEVY.]

In 1987, a district that is a technology demonstration site, that received a technology grant under Laws 1985, First Special Session chapter 12, article 8, section 50, 51, 52, or 53, or that has become a member of one of these technology cooperatives since it has received the technology grants, may levy the lesser of an amount equal to one mill times the adjusted assessed valuation of the district or the unreimbursed cost of the expenses associated with the purchase of equipment and the operation of the site and additional program costs attributable to the site.

Sec. 29. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums in this section in the fiscal years ending June 30 in the years designated.

Subd. 2. [TECHNICAL ASSISTANCE; LOCAL STAFF DEVELOPMENT.] There is appropriated for providing technical assistance for local staff development plans under section 9 and for administrative costs in implementing the mentorship programs under section 10:

\$75,000 ... 1988,

\$75,000 ... 1989.

Subd. 3. [MENTORSHIP PROGRAMS.] There is appropriated for the mentorship programs under section 10:

\$250,000.....1988,

\$250,000.....1989.

Subd. 4. [ADMINISTRATOR'S ACADEMY.] There is appropriated for the administrator's academy under section 11:

\$167,300.....1988,

\$167,300.....1989.

Of the amounts appropriated for fiscal years 1988 and 1989, \$24,000 shall be used each year for the school management assessment center at the University of Minnesota.

Subd. 5. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to sections 121.608 and 121.609, there is appropriated:

\$690,300.....1988,

\$690,300.....1989.

Subd. 6. [AID FOR PLANNING, EVALUATION, AND REPORTING PROCESS.] For aid for the planning, evaluation, and reporting process according to Minnesota Statutes, section 123.7431, there is appropriated:

\$1,014,300.....1988,

\$1,021,800.....1989.

Subd. 7. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting, there is appropriated:

\$478,000.....1988,

\$736,000.....1989.

Up to \$45,000 each year shall be used for assisting districts with the assurance of mastery program. Up to \$95,000 each year shall be used to develop and maintain model learner expectations. Up to \$18,000 each year shall be used for the state curriculum advisory committee. Up to \$270,000 each year shall be used for the assessment item bank. Up to \$233,000 of the amount for 1989 shall be used for the local assessment program. Up to \$50,000 of the amount for 1988 and up to \$75,000 of the amount for 1989 may be used by the department for administrative costs.

Subd. 8. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:

\$63,900.....1988.

The appropriation for fiscal year 1988 includes \$63,900 for grants for fiscal year 1987 payable in fiscal year 1988.

Subd. 9. [CURRICULUM AND TECHNOLOGY INTEGRATION.] For curriculum and technology integration services, there is appropriated:

\$1,480,100.....1988,

\$1,340,100.....1989.

Up to \$935,100 each year shall be used for technology services. Up to \$355,000 each year shall be used for courseware integration

centers. Up to \$50,000 each year may be used for disseminating information about technology innovations identified in the technology demonstration sites. Up to \$140,000 of the appropriation for 1988 shall be used to purchase principles of technology courseware.

Subd. 10. [PROGRAM IMPROVEMENT GRANTS.] For the purposes of awarding program improvement grants under section 25, there is appropriated:

\$1,500,000.....1988.

This amount shall be available until the end of the biennium. Up to five percent of this amount may be used for evaluation and administration.

Subd. 11. [CANCELLATION AND PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 30. [APPROPRIATIONS; BOARD OF TEACHING.]

Subdivision 1. There is appropriated from the general fund to the board of teaching the sums indicated in this section. Any unexpended balance remaining from the appropriations in this section for 1988 does not cancel and is available for the second year of the biennium.

Subd. 2. [ASSESSMENT OF TEACHER PERFORMANCE.] For the purposes of designing an assessment procedure for the plan required in Laws 1985, First Special Session chapter 12, article 8, section 48, there is appropriated:

\$166,000....1988.

\$166,000....1989.

Subd. 3. [TEACHER EDUCATION CURRICULUM.] For the purposes of section 7, there is appropriated:

\$200,000....1988.

The appropriation shall be available until the end of the biennium.

Subd. 4. [EXEMPLARY TEACHER EDUCATION PROGRAMS.]
For development of exemplary teacher education programs under section 126.81, and dissemination and replication of program models:

\$135,000.....1988,

\$135,000.....1989.

Sec. 31. [REPEALER.]

Minnesota Statutes 1986, sections 129B.01, 129B.02, 129B.04, 129B.041, subdivision 4, 129B.05, 129B.35 and 129B.37 are repealed.

ARTICLE 9

LIBRARIES

Section 1. Minnesota Statutes 1986, section 134.10, is amended to read:

134.10 [BOARD VACANCIES; COMPENSATION.]

The library board president shall report vacancies in the board to the council or the board of county commissioners. The council or board of county commissioners shall fill the vacancies by appointment for the unexpired term. Library board members shall receive no compensation for their services but may be reimbursed for actual and necessary traveling expenses incurred in the discharge of library board duties and activities or a per diem allowance according to section 375.47 in place of the expenses.

Sec. 2. [134.341] [COUNTY FINANCIAL SUPPORT.]

In order to ensure the availability of public library service to every person in the state, beginning January 1, 1989, every county shall provide financial support for public library services at no less than minimum amounts as specified in sections 134.33 and 134.34 and shall participate in the designated regional public library system to which it is assigned by the state board of education under section 134.34, subdivision 3. Each county board of commissioners shall appoint at least one county resident to serve as a representative to the regional public library system board and may appoint more than one representative under terms and conditions of the regional public library system contract.

Sec. 3. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants pursuant to sections 134.32 to 134.35 for the provision of library service there is appropriated:

\$4,899,680.....1988,

\$4,974,800.....1989.

The appropriation for 1988 includes \$671,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$4,228,580 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$746,220 for aid for fiscal year 1988 payable in fiscal year 1989 and \$4,228,580 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$4,974,800 for fiscal year 1988 and \$4,974,800 for fiscal year 1989.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants pursuant to sections 134.353 and 134.354 to multicounty, multitype library systems there is appropriated:

\$189,800.....1988,

\$189,700.....1989.

The appropriation for 1988 includes \$28,500 for aid for fiscal year 1987 payable in fiscal year 1988 and \$161,300 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$28,400 for fiscal year 1988 payable in fiscal year 1989, and \$161,300 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$189,700 for fiscal year 1988 and \$189,700 for fiscal year 1989.

Subd. 4. [ONLINE COMPUTER-BASED LIBRARY CATALOG SYSTEM.] For the installation of an online computer-based library catalog system in state agency libraries there is appropriated:

\$250,000.....1988.

This sum shall be available until June 30, 1989.

To implement this subdivision, the department of education office of library development and services may increase its complement by .5 position for fiscal years 1988 and 1989 only.

ARTICLE 10

DEPARTMENT OF EDUCATION, MINNESOTA RESOURCE CENTER FOR THE ARTS, STATE ACADEMIES FOR THE BLIND AND DEAF

Section 1. [128A.08] [SERVICE, SEMINAR, AND CONFERENCE FEES.]

Subdivision 1. [DEPOSIT; CREDIT.] Fees and rental income, excluding rent for land and living residences, collected by the Minnesota state academy for the deaf and the Minnesota state academy for the blind for services, seminars, and conferences must be deposited in the state treasury and credited to the academies' revolving fund.

Subd. 2. [ADMINISTRATOR'S VOUCHERS.] Money may be paid from the academies' revolving fund only by vouchers authorized by the academies' administrator and is appropriated to the academies' administrator to defray expenses of the services, seminars, and conferences.

Sec. 2. [BUSINESS AND TRADE SCHOOLS.]

By July 1, 1987, the governor shall designate an appropriate state agency or office, other than the department and state board of education, to exercise jurisdiction over the private business, trade, and correspondence schools. The authority of the commissioner and state board of education, as provided in chapter 141, shall be transferred to the authority appointed by the governor. By January 15, 1988, the governor shall submit a bill to the legislature making all statutory changes required by the transfer of authority made under this section.

Sec. 3. [DEPARTMENT OF EDUCATION; APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund, unless otherwise indicated, to the department of education for operation of the agency the sums indicated in this section for the fiscal years ending June 30 in the years designated. The approved complement is:

<u>State</u>	-	<u>1988</u>	=	<u>228.5</u>
		<u>1989</u>	=	<u>226.8</u>
<u>Federal</u>	-	<u>1988</u>	=	<u>146.4</u>
		<u>1989</u>	=	<u>146.4</u>
<u>Other</u>	-	<u>1988</u>	=	<u>10.5</u>
		<u>1989</u>	=	<u>10.5</u>
<u>Total</u>	-	<u>1988</u>	=	<u>385.4</u>
		<u>1989</u>	=	<u>383.7</u>

If necessary, the commissioner, with the approval of the commissioner of finance, may transfer complement between these categories not to exceed the total for each year.

The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the house education finance division and the senate education aids subcommittee. During the biennium, the commissioner of education may transfer money among the various object of expenditure categories and activities within each program, unless restricted by executive order.

Subd. 2. [EDUCATION SERVICES.]

\$6,878,500.....1988,

\$6,806,000.....1989.

\$60,000 each year is from the public health fund. \$20,700 each year is from the trunk highway fund.

\$157,500 in 1988 and \$67,800 in 1989 is for providing appropriate and comprehensive information to school children about acquired immune deficiency syndrome.

The Governor's Council on Youth is discontinued.

\$50,000 each year is for support of the department's additional responsibilities related to youth. The complement of the department includes one additional position in the community education section for this purpose.

The complement of the secondary vocational section is reduced by two.

Subd. 3. [EDUCATION ADMINISTRATION AND FINANCE.]

\$5,098,800.....1988,

\$5,108,600.....1989.

The commissioner of education shall maintain no more than six total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.

Sec. 4. [FARIBAULT ACADEMIES.]

There is appropriated from the general fund to the state board of education the sums indicated in this section for the operation of the Faribault academies in the fiscal years ending June 30 in the years designated.

\$6,140,400.....1988,

\$6,122,400.....1989.

The approved complement is:

	<u>State</u>	-	<u>1988</u>	=	<u>182.5</u>
					<u>1989</u> = <u>182.5</u>
	<u>Federal</u>	-	<u>1988</u>	=	<u>8.0</u>
					<u>1989</u> = <u>7.0</u>
	<u>Total</u>	-	<u>1988</u>	=	<u>190.5</u>
					<u>1989</u> = <u>189.5</u>

If necessary, the state board, with the approval of the commissioner of finance, may transfer complement between categories.

Up to \$107,600 in 1988 and up to \$107,600 in 1989 is for repairs, replacements, and betterment.

Up to \$53,300 in 1988 and up to \$53,300 in 1989 is for repair and purchase of equipment.

Any unexpended balance remaining from the appropriation in this section in 1988 shall not cancel but is available in 1989.

Sec. 5. [REPEALER.]

Minnesota Statutes 1986, chapter 129C, is repealed."

Delete the title and insert:

"A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; changing the capital expenditure formula; changing the secondary vocational funding formula; in-

creasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1, and by adding a subdivision; 121.88, subdivision 2, and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1, and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124.275; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.17; 129B.20; 129B.21; 129B.35; 129B.37; and 275.125, subdivision 5d."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 586, A bill for an act relating to the Minnesota zoological garden; requiring board appointments to be subject to the advice and

consent of the senate; amending Minnesota Statutes 1986, section 85A.01, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 85A.01, subdivision 1, is amended to read:

Subdivision 1. The Minnesota zoological garden is established under the supervision and control of the Minnesota zoological board. The board consists of ~~15~~ 30 public and private sector members having a background or interest in zoological societies or zoo management or an ability to generate community interest in the Minnesota zoological garden. Twenty-nine members shall be appointed by the ~~governor~~ board after consideration of a list supplied by board members serving on a nominating committee. To the extent possible, the board shall appoint members who are residents of the various geographical regions of the state. Terms, compensation, and removal of members and filling of vacancies are as provided in section 15.0575. In making appointments, the ~~governor~~ board shall utilize the appointment process as provided under section 15.0597 and consider, among other factors, the ability of members to garner support for the Minnesota zoological garden. In consultation with By increasing private sector support for the Minnesota zoological garden, the board shall seek to increase accessibility to the zoo by minimizing admission fees and by increasing public transportation to the zoo. One member shall be appointed by the Dakota county board the board shall nominate and the governor shall appoint as one of the 15 members of the zoo board a who must be a resident of Dakota county and who may be a member of the county board.

A member of the board may not be an employee of or have a direct or immediate family financial interest in a business that provides goods or services to the zoo. A member of the board may not be an employee of the zoo.

Sec. 2. Minnesota Statutes 1986, section 85A.01, is amended by adding a subdivision to read:

Subd. 5. Members of the board are not required to file a statement of economic interest with the state ethical practices board under section 10A.09.

Sec. 3. [TRANSITION.]

Notwithstanding section 1, the additional 15 members appointed to the state zoological board after July 1, 1987, shall be initially

appointed by the governor after consideration of a list supplied by members of the zoological board serving on a nominating committee.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 3 are effective July 1, 1987. Section 2 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the Minnesota zoological garden; increasing the size of the zoological board; exempting members of the board from filing statements of economic interest; permitting the board to appoint new members to the board; amending Minnesota Statutes 1986, section 85A.01, subdivision 1, and by adding a subdivision."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 716, A bill for an act relating to education; appropriating funds from litigation to the state university board; authorizing the board to directly purchase equipment; clarifying that the state university board may consider the qualifications of bidders in capital project awards; allowing the board to receive nonstate funds for building on state land and to control bidding, contract awards, and construction; authorizing the board to buy land; requiring the real estate management division of the department of administration to perform certain duties; authorizing the board to trade state land; requiring legislative consultation before the board proceeds with construction, land purchases, or trades; amending Minnesota Statutes 1986, sections 136.142, by adding a subdivision; 136.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 136.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 2

Page 3, delete lines 10 to 36 and insert:

"(c) The board shall proceed with acquisition consistent with the policies and rules established by the department of administration."

Page 4, delete lines 1 to 11

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "authorizing"

Page 1, line 4, delete everything before "clarifying"

Page 1, line 16, delete "sections" and insert "section"

Page 1, line 17, delete "136.24, by adding a subdivision,"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 791, A bill for an act relating to financial institutions; permitting additional detached facilities; amending Minnesota Statutes 1986, sections 47.52; and 49.34, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 23, strike "according to the last previous United States census" and insert "as determined by the commissioner from the latest available data from the state demographer"

Page 1, line 25, after "less" insert "as determined by the commissioner from the latest available data from the state demographer,"

Page 2, after line 14, insert:

"Sec. 2. [47.76] [REQUIRED SAVINGS ACCOUNT.]

A federal or state chartered financial institution, including, but not limited to, a bank, savings and loan association, savings bank, or credit union, shall offer to a Minnesota resident a savings account to promote thrift that has no service charge or fee, if such an account has an average monthly balance of more than \$50."

Page 2, line 15, delete "2" and insert "3"

Page 2, line 18, before "Notwithstanding" insert "(a)"

Page 2, line 29, before "Where" insert:

"(b) In addition to the authority granted in paragraphs (a) and (c), and notwithstanding the geographic limitations of subdivision 1 and the limitations on number of facilities and consent requirements contained in section 47.52, a state bank whose main banking office is located within the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington may apply to the commissioner, pursuant to the procedures contained in sections 47.51 to 47.56 and 49.35 to 49.41, to acquire another state bank or national banking association and its detached facilities through merger, consolidation, or purchase of assets and assumption of liabilities and operate them as detached facilities of the successor bank if each resulting detached facility is located within the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington.

(c)"

Amend the title as follows:

Page 1, line 5, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 47"

With the recommendation that when so amended the bill pass.

The report was adopted.

Greenfield from the Committee on Health and Human Services to which was referred:

H. F. No. 939, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing for peer review of services and fees; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10, subdivisions 1, 3, and by adding a subdivision; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1986, section 148.101.

Reported the same back with the following amendments:

Page 1, lines 27 and 28, reinstate the stricken language

Page 6, line 21, after the period insert "Unless otherwise required by law, written records need not be retained for more than seven years and"

Page 8, line 22, delete “; and” and insert “. As used in this clause, “advertise” means solicitation by the licensee by means of handbills, posters, circulars, motion pictures, radio, newspapers, television, or in any other manner. In addition to the board’s power to punish for violations of this clause, violation of this clause is also a misdemeanor;”

Page 8, line 23, after “(h)” insert “Accepting for services rendered assigned payments from any third-party payor as payment in full, if the effect is to eliminate the need of payment by the patient of any required deductible or copayment applicable in the patient’s health benefit plan, except as hereinafter provided; or collecting a fee or charge for a service or treatment different from the fee or charge the licensee submits to a third-party payor for that service or treatment, except as hereinafter provided. This clause is intended to prohibit offerings to the public of the above listed practices and those actual practices as well, except that in instances where the intent is not to collect an excessive remuneration from the third-party payor but rather to provide services at a reduced rate to a patient unable to afford the deductible or copayment, the services may be performed for a lesser charge or fee. The burden of proof for establishing that this is the case shall be on the licensee; and

(i)”

Page 8, delete lines 24 to 29

Page 9, line 30, delete “A state or local”

Page 9, delete lines 31 and 32

Page 9, line 33, delete everything before “If”

Page 9, line 34, delete “the society has received” and insert “a state or local chiropractic society receives”

Page 9, line 36, delete “on which it has not taken any disciplinary action”

Page 10, line 1, delete “and the reason why it has”

Page 10, line 2, delete “not taken action on it”

Page 12, line 22, delete “either or both of the following: (1)”

Page 12, line 23, delete “adjustment; (2) chiropractic manipulation;”

Page 12, line 26, delete “persons” and insert “person”

Page 12, line 27, delete "use" and insert "uses" and delete "are" and insert "is"

Page 12, line 30, delete "or"

Page 13, line 24, delete "health care"

Page 13, line 25, delete "provider" and insert "licensed chiropractor"

Page 13, delete lines 34 to 36

Page 14, delete lines 1 to 4 and insert:

"(c) "Unconscionable fees" means charges submitted for services performed that are unnecessary or unreasonable charges in the judgment of the peer review committee. In determining the unconscionability of costs, the committee may consider, among other appropriate factors, charges by health care providers other than chiropractors for the same or similar services."

Page 14, delete lines 8 and 9

Reletter the remaining clauses in sequence

Page 14, line 10, before "treatment" insert "chiropractic"

Page 14, line 11, delete everything after "a" and insert "chiropractor"

Page 14, line 12, delete everything before the period

Page 14, line 19, delete "one" and insert "two" and delete "is a consumer, and one of whom is a health" and insert "are consumers"

Page 14, line 20, delete "insurance company representative"

Page 14, line 24, after "board" insert ", and may consist of different individuals for review of different cases,"

Page 14, line 25, delete "a determination made"

Page 14, line 26, delete "of"

Page 14, line 26, delete "medical"

Page 14, line 29, after "provider" insert "or any other facts or evidence pertinent to the controversy"

Page 14, line 30, delete "It is the intent of the legislature"

Page 14, delete lines 31 to 35 and insert "The board shall review directly or by contract information relating to certain chiropractic providers for the purposes identified in section 145.61."

Page 14, line 36, delete "further"

Page 15, line 6, delete "If the board directs, peer review shall"

Page 15, delete line 7

Page 15, line 8, delete "the board or by the board's contractual arrangements."

Page 15, line 9, delete the second "the" and insert "its findings under subdivision 2."

Page 15, delete line 10

Page 15, line 11, delete everything before "The peer"

Page 15, line 17, delete "health care provider" and insert "chiropractor"

Page 15, line 20, delete "For each peer review request,"

Page 15, delete line 21

Page 15, line 22, delete "person submitting the request," and insert "Any third party provider making a peer review request may be charged a fee"

Page 15, line 26, delete "health care provider" and insert "chiropractor"

Page 15, line 28, delete "health care provider" and insert "chiropractor"

Page 15, line 31, delete "health care"

Page 15, line 32, delete "provider" and insert "chiropractor"

Page 15, line 33, delete "submitted to it" and insert "reviewed"

Page 15, line 34, delete "health care provider" and insert "chiropractor"

Page 16, line 1, delete "appropriate" and insert "unconscionable"

Page 16, line 33, delete "No"

Page 16, delete lines 34 to 36

Page 17, delete lines 1 to 4

Page 17, line 5, delete "as a result of peer review proceedings." and insert "All data and information acquired by the board or the peer review committee, in the exercise of its duties and functions, shall be subject to the same disclosure and confidentiality protections as provided for data and information of other review organizations under section 145.64."

Page 17, line 10, after the period insert "The peer review committee shall file with the board a complaint against a health care provider if it determines that reasonable cause exists to believe the health care provider has violated any portion of this chapter or rules adopted under it, for which a licensed chiropractor may be disciplined. The peer review committee shall transmit all complaint information it possesses to the board."

Page 17, line 12, after the period insert "The patient records obtained by the board pursuant to this section must be used solely for the purposes of the board relating to peer review or the disciplinary process."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 944, A bill for an act relating to retirement; Minnesota state retirement system; teachers retirement association; authorizing early unreduced retirement under the rule of 90; amending Minnesota Statutes 1986, sections 352.116, by adding a subdivision; and 354.44, subdivision 6.

Reported the same back with the following amendments:

Page 2, after line 34, insert:

"Sec. 3. Minnesota Statutes 1986, section 354A.31, subdivision 5, is amended to read:

Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.]
Upon retirement at age 65 with at least ten years of service credit or,

at age 62 with at least 30 years of service credit, or at any age when the member's attained age plus credited allowable service totals 90 years, a coordinated member shall be entitled to a normal retirement annuity calculated pursuant to subdivision 4.

Sec. 4. Minnesota Statutes 1986, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] Except as provided by the rule of 90 stated in subdivision 5, upon retirement at an age prior to age 65 with ten years of service credit or prior to age 62 with at least 30 years of service credit, a coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity reduced by one-half of one percent for each month that the coordinated member is under the age of 65 if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit but is over the age of 59, and reduced by one-fourth of one percent for each month that the coordinated member is under the age of 60."

Page 2, line 35, delete "3" and insert "5"

Page 2, line 36, delete "and 2" and insert "to 4"

Amend the title as follows:

Page 1, line 3, after the second semicolon insert "first class city teachers retirement funds;"

Page 1, line 6, delete "and" and after "6" insert "; and 354A.31, subdivisions 5 and 6"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 986, A bill for an act relating to financial institutions; authorizing certain charges on open-end loan account arrangements; amending Minnesota Statutes 1986, section 48.185, subdivision 4.

Reported the same back with the following amendments:

Page 2, line 6, delete "each advance, purchase, or satisfaction" and insert "any monthly or other periodic payment period"

Page 2, line 11, after "or" insert "returned"

Page 2, line 15, delete "the" and insert "a"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1035, A bill for an act relating to education; providing for teacher seniority and severance pay in districts entering into agreements for secondary education and tuitioning agreements; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; 122.541, subdivision 1; and 123.39, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 122.535, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall be effective on July 1 and shall be for a specified or indefinite number of years. The agreement shall set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district as an exchange teacher according to section 125.13, or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. The school board and the exclusive representative of the teachers in each district entering into an agreement may negotiate a plan for the assignment or employment of teachers or the placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. If a plan is not negotiated before May 1, teachers who are employed in these districts and who have acquired continuing contract rights must be placed on unrequested leave of absence as provided in section 125.12, subdivision 6b, in the fields in which they are licensed and have taught within the previous five years in the inverse order in which

they were employed by the districts according to a combined seniority list of teachers. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Sec. 2. Minnesota Statutes 1986, section 122.541, subdivision 1, is amended to read:

Subdivision 1. The boards of two or more school districts may, after consultation with the department of education, enter into an agreement providing for the discontinuance by a district of any of grades kindergarten through 12 or portions of those grades, including any subject, and the instruction in a cooperating district of the pupils in the discontinued grades or portions of grades, including any subject; provided, the board of a district discontinuing a grade pursuant to the agreement shall continue to maintain a school enrolling pupils in at least three grades. Before making final an agreement permitted by this subdivision, the boards shall provide a copy of this agreement to the commissioner of education."

Delete the title and insert:

"A bill for an act relating to education; providing for combined seniority lists of certain teachers in districts entering into agreements for secondary education; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; and 122.541, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1144, A bill for an act relating to education; requiring a subsidy be paid to retired teachers for health insurance; authorizing a levy.

Reported the same back with the following amendments:

Page 1, lines 7 and 8, delete the headnote and insert "Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:"

Page 1, line 9, before "Each" insert "Subd. 12b. [HEALTH INSURANCE SUBSIDY LEVY.]"

Page 1, line 21, after "2." insert "[62E.082]"

Page 1, line 22, after the second "teacher" insert "of a school district levying under section 1,"

Page 1, line 24, after the first comma insert "and who retired"

Page 2, line 3, delete "Special" and insert "The"

Page 2, line 4, delete "No. 1"

Page 2, delete lines 23 and 24

Page 2, line 25, delete everything before "Section 3"

Amend the title as follows:

Page 1, line 2, delete "requiring" and insert "authorizing" and before "be" insert "to"

Page 1, line 4, before the period insert "; amending Minnesota Statutes 1986, section 275.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62E; repealing Minnesota Statutes 1986, section 62E.081"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Education.

The report was adopted.

Greenfield from the Committee on Health and Human Services to which was referred:

H. F. No. 1183, A bill for an act relating to human services; establishing service principles and rate-setting procedures for day training and habilitation services provided to adults with mental retardation and related conditions; amending Minnesota Statutes 1986, sections 245.782, subdivision 5; 252.21; 252.22; 252.23; 252.24, subdivisions 1 and 4; 252.25; 256B.501, subdivisions 1, 2, and 8; 256E.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252; repealing Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a; repealing Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 245.782, subdivision 5, is amended to read:

Subd. 5. "Day care facility" means any facility, public or private, which for gain or otherwise regularly provides one or more persons with care, training, supervision, habilitation, rehabilitation, or developmental guidance on a regular basis, for periods of less than 24 hours per day, in a place other than the person's own home. Day care facilities include, but are not limited to: family day care homes, group family day care homes, day care centers, day nurseries, nursery schools, developmental achievement centers for children, day training and habilitation services for adults, day treatment programs, adult day care centers, and day services.

Sec. 2. Minnesota Statutes 1986, section 252.21, is amended to read:

252.21 [COUNTY BOARDS MAY MAKE GRANTS FOR DEVELOPMENTAL ACHIEVEMENT CENTER SERVICES FOR PERSONS CHILDREN WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

In order to assist county boards in carrying out responsibilities for the provision of daytime developmental achievement center services for eligible persons children with mental retardation or related conditions for whom local educational agencies are not mandated to provide services under chapter 120, the county board or boards are hereby authorized to make grants, within the limits of the money appropriated, to developmental achievement centers for services to persons children with mental retardation or related conditions. In order to fulfill its responsibilities to persons children with mental retardation or related conditions as required by section sections 120.17 and 256E.08, subdivision 1, a county board may, beginning January 1, 1983, contract with developmental achievement centers or other providers.

Sec. 3. Minnesota Statutes 1986, section 252.22, is amended to read:

252.22 [APPLICANTS FOR ASSISTANCE; TAX LEVY.]

Any city, town, ~~or~~ governmental entity, nonprofit corporation, or any combination thereof, may apply to the county board for assistance in establishing and operating a developmental achievement center and program for persons children with mental retardation or related conditions. Application for such assistance shall be on forms supplied by the board. Each applicant shall annually submit to the board its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the board.

Any city, town, or county is authorized, at the discretion of its governing body, to make grants from special tax revenues or from its general revenue fund to any nonprofit organization, governmental or

corporate, within or outside its jurisdiction, that has established a developmental achievement center for ~~persons~~ children with mental retardation or related conditions. Nothing contained herein shall in any way preclude the use of funds available for this purpose under any existing statute or charter provision relating to cities, towns and counties.

Sec. 4. Minnesota Statutes 1986, section 252.23, is amended to read:

252.23 [ELIGIBILITY REQUIREMENTS.]

A developmental achievement center shall satisfy all of the following requirements to be eligible for assistance under sections 252.21 to 252.26:

(1) provide ~~daytime activities for any or all of the following classes of persons: developmental services to children with mental retardation or related conditions who can benefit from the program of services; including those school age children who have been excused or excluded from school;~~

Children and adults with mental retardation or related conditions who are unable to attend school and who are not eligible for educational services under chapter 120 because of their chronological age and are unable to independently engage in ordinary community activities; and

(2) Provide counseling services to parents or guardians of persons with mental retardation or related conditions who may register at the center;

(3) ~~comply with all rules duly promulgated~~ adopted by the commissioner of human services.

Sec. 5. Minnesota Statutes 1986, section 252.24, subdivision 1, is amended to read:

Subdivision 1. [SELECTION OF DEVELOPMENTAL ACHIEVEMENT CENTERS.] The county board shall administer developmental achievement services; ~~including training and habilitation services provided by licensed developmental achievement centers to residents of intermediate care facilities for the mentally retarded.~~ The county board shall ensure that transportation is provided for ~~persons~~ children who fulfill the eligibility requirements of section 252.23, clause (1), utilizing the most efficient and reasonable means available. The county board may contract for developmental achievement services and transportation from a center which is licensed under the provisions of sections 245.781 to 245.813, 252.28, and 257.175, and in the board's opinion, best provides daytime develop-

mental achievement services for persons children with mental retardation or related conditions within the appropriation and medical assistance resources made available for this purpose. Daytime developmental achievement services administered by the county board shall comply with standards established by the commissioner pursuant to subdivision 2 and applicable federal regulations.

Sec. 6. Minnesota Statutes 1986, section 252.24, subdivision 4, is amended to read:

Subd. 4. [FEES.] The county board may, with the approval of the commissioner, establish a schedule of fees for daytime developmental achievement services as provided in section 256E.08, subdivision 6. No person child, or family of a child, with mental retardation or a related condition shall be denied daytime developmental achievement services because of an inability to pay such a fee.

Sec. 7. Minnesota Statutes 1986, section 252.25, is amended to read:

252.25 [BOARD OF DIRECTORS.]

Every city, town, or governmental entity, nonprofit corporation, or combination thereof, establishing a developmental achievement center for persons children with mental retardation or related conditions shall, before it comes under the terms of sections 252.21 to 252.26, appoint a board of directors for the center program. When any city or town singly establishes such a center, such board shall be appointed by the chief executive officer of the city or the chair of the governing board of the town. When any combination of cities, towns, or nonprofit corporations, establishes such a center, the chief executive officers of the cities or nonprofit corporations and the chair of the governing bodies of the towns shall appoint the board of directors. If a nonprofit corporation singly establishes such a center, its chief executive officer shall appoint the board of directors of the center. Membership on a board of directors while not mandatory, should be representative of local health, education and welfare departments, medical societies, mental health centers, associations concerned with mental retardation and related conditions, civic groups and the general public. Nothing in sections 252.21 to 252.26 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to such board of directors, or public schools from administering programs under their present administrative structure.

Sec. 8. [252.40] [SERVICE PRINCIPLES AND RATE-SETTING PROCEDURES FOR DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION AND RELATED CONDITIONS.]

Sections 8 to 15 apply to day training and habilitation services for adults with mental retardation and related conditions when the services are authorized to be funded by a county and provided under a contract between a county board and a vendor as defined in section 9. Nothing in sections 8 to 15 absolves intermediate care facilities for persons with mental retardation or related conditions of the responsibility for providing active treatment and habilitation under federal regulations with which those facilities must comply to be certified by the Minnesota department of health.

Sec. 9. [252.41] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 8 to 15.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of the department of human services.

Subd. 3. [DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION, RELATED CONDITIONS.] "Day training and habilitation services for adults with mental retardation and related conditions" means services that:

(1) include supervision, training, assistance, and supported employment, work-related activities, or other community-integrated activities designed and implemented in accordance with the individual service and individual habilitation plans required under Minnesota Rules, parts 9525.0015 to 9525.0165, to help an adult reach and maintain the highest possible level of independence, productivity, and integration into the community;

(2) are provided under contract with the county where the services are delivered by a vendor licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services; and

(3) are regularly provided to one or more adults with mental retardation or related conditions in a place other than the adult's own home or residence.

Day training and habilitation services reimbursable under this section do not include special education and related services as defined in the Education of the Handicapped Act, United States Code, title 20, chapter 33, section 1401, clauses (6) and (17), or vocational services funded under section 110 of the Rehabilitation Act of 1973, United States Code, title 29, section 720, as amended.

Subd. 4. [INDEPENDENCE.] "Independence" means the extent to which persons with mental retardation or related conditions exert control and choice over their own lives.

Subd. 5. [INTEGRATION.] "Integration" means that persons with mental retardation and related conditions:

(1) use the same community resources that are used by and available to individuals who are not disabled;

(2) participate in the same community activities in which nondisabled individuals participate; and

(3) regularly interact and have contact with nondisabled individuals.

Subd. 6. [PRODUCTIVITY.] "Productivity" means that persons with mental retardation or a related condition:

(1) engage in income-producing work designed to improve their income level, employment status, or job advancement; or

(2) engage in activities that contribute to a business, household, or community.

Subd. 7. [REGIONAL CENTER.] "Regional center" means any one of the eight state-operated facilities under the direct administrative authority of the commissioner that serve persons with mental retardation and related conditions. The following facilities are regional centers: Anoka-Metro Regional Treatment Center; Brainerd Regional Human Services Center; Cambridge Regional Treatment Center; Faribault Regional Center; Fergus Falls Regional Treatment Center; Moose Lake Regional Treatment Center; St. Peter Regional Treatment Center; and Willmar Regional Treatment Center.

Subd. 8. [SUPPORTED EMPLOYMENT.] "Supported employment" means employment of a person with a disability so severe that the person needs ongoing training and support to get and keep a job in which:

(1) the person engages in paid work at a work site where individuals without disabilities who do not require public subsidies also may be employed;

(2) public funds are necessary to provide ongoing training and support services throughout the period of the person's employment; and

(3) the person has the opportunity for social interaction with individuals who do not have disabilities and who are not paid caregivers.

Subd. 9. [VENDOR.] "Vendor" means a nonprofit legal entity that:

(1) is licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services to adults with mental retardation and related conditions; and

(2) does not have a financial interest in the legal entity that provides residential services to the same person or persons to whom it provides day training and habilitation services. A vendor other than a regional center that is providing both residential and day training and habilitation services to the same person on the effective date of this section must be in compliance with this clause by January 1, 1989. This clause does not apply to regional centers.

Sec. 10. [252.42] [SERVICE PRINCIPLES.]

The design and delivery of services eligible for reimbursement under the rates established in section 14 should reflect the following principles:

(1) Services must suit a person's chronological age and be provided in the least restrictive environment possible, consistent with the needs identified in the person's individual service and individual habilitation plans under Minnesota Rules, parts 9525.0015 to 9525.0165.

(2) A person with mental retardation or a related condition whose individual service and individual habilitation plans authorize employment or employment-related activities shall be given the opportunity to participate in employment and employment-related activities in which nondisabled persons participate.

(3) A person with mental retardation or a related condition participating in work shall be paid wages commensurate with the rate for comparable work and productivity except as regional centers are governed by section 246.151.

(4) A person with mental retardation or a related condition shall receive services which includes services offered in settings used by the general public and designed to increase the person's active participation in ordinary community activities.

(5) A person with mental retardation or a related condition shall participate in the patterns, conditions, and rhythms of everyday living and working that are consistent with the norms of the mainstream of society.

Sec. 11. [252.43] [COMMISSIONER'S DUTIES.]

The commissioner shall supervise county boards' provision of day training and habilitation services to adults with mental retardation and related conditions. The commissioner shall:

(1) determine the need for day training and habilitation services under section 252.28;

(2) approve payment rates established by a county under section 14, subdivision 1;

(3) adopt rules for the administration and provision of day training and habilitation services under sections 8 to 15 and sections 245.781 to 245.812 and 252.28, subdivision 2;

(4) enter into interagency agreements necessary to ensure effective coordination and provision of day training and habilitation services;

(5) monitor and evaluate the costs and effectiveness of day training and habilitation services; and

(6) provide information and technical help to county boards and vendors in their administration and provision of day training and habilitation services.

Sec. 12. [252.44] [COUNTY BOARD RESPONSIBILITIES.]

(a) When the need for day training and habilitation services in a county has been determined under section 252.28, the board of commissioners for that county shall:

(1) authorize the delivery of services according to the individual service and habilitation plans required as part of the county's provision of case management services under Minnesota Rules, parts 9525.0015 to 9525.0165. For calendar years for which section 252.46, subdivisions 2 to 10, apply, the county board shall not authorize a change in service days from the number of days authorized for the previous calendar year unless there is documentation for the change in the individual service plan. An increase in service days must also be supported by documentation that the goals and objectives assigned to the vendor cannot be met more economically and effectively by other available community services and that without the additional days of service the individual service plan could not be implemented in a manner consistent with the service principles in section 252.42;

(2) contract with licensed vendors, as specified in paragraph (b), under sections 256E.01 to 256E.12 and 256B.092 and rules adopted under those sections;

(3) ensure that transportation is provided or arranged by the vendor in the most efficient and reasonable way possible;

(4) set payment rates under section 14;

(5) monitor and evaluate the cost and effectiveness of the services; and

(6) reimburse vendors for the provision of authorized services according to the rates, procedures, and regulations governing reimbursement.

(b) With all vendors except regional centers, the contract must include the approved payment rates, the projected budget for the contract period, and any actual expenditures of previous and current contract periods. With all vendors, including regional centers, the contract must also include the amount, availability, and components of day training and habilitation services to be provided, the performance standards governing service provision and evaluation, and the time period in which the contract is effective.

Sec. 13. [252.45] [VENDOR'S DUTIES.]

A vendor's responsibility under clauses (1), (2), and (3) extends only to the provision of services that are reimbursable under state and federal law. A vendor under contract with a county board to provide day training and habilitation services shall:

(1) provide the amount and type of services authorized in the individual service plan and specified in the individual habilitation plan under Minnesota Rules, parts 9525.0015 to 9525.0165;

(2) design the services to achieve the outcomes assigned to the vendor in the individual service plan and specified in the individual habilitation plan;

(3) provide or arrange for transportation of persons receiving services to and from service sites;

(4) enter into agreements with community-based intermediate care facilities for persons with mental retardation and related conditions to ensure compliance with applicable federal regulations; and

(5) comply with state and federal law.

Sec. 14. [252.46] [PAYMENT RATES.]

Subdivision 1. [RATES ESTABLISHED THROUGH 1988.] Payment rates to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board before January 1, 1989, are governed by subdivisions 2 to 10.

"Payment rate" as used in subdivisions 2 to 10 refers to three kinds of payment rates: a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site; a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

Subd. 2. [1987 AND 1988 MINIMUM.] Unless a variance is granted under subdivision 6, the minimum payment rates set by a county board for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect January 1, 1986, and January 1, 1987, respectively.

Subd. 3. [1987 AND 1988 MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect December 1, 1986, and December 1, 1987, respectively, increased by no more than the projected percentage change in the urban consumer price index, all items, published by the department of labor, for the upcoming calendar year over the current calendar year.

Subd. 4. [NEW VENDORS.] Payment rates established by a county before January 1, 1989, for a new vendor for which there were no previous rates must not exceed 125 percent of the average payment rates in the regional development commission district under sections 462.381 to 462.396 in which the new vendor is located.

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner by November 1, 1987, and at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must require the county board's written verification of the individual documentation required under section 12, clause (a). If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment

rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Subd. 6. [VARIANCES.] A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request with the recommended payment rates. The county board shall review all vendors' payment rates that are 20 percent lower than the average rates for the regional development commission district to which the county belongs. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. This review must occur prior to November 1, 1987. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs. The written variance request must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates to change the number of direct service staff or the level of qualifications of the staff.

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes demonstrate compliance with minimum licensing standards governing minimum staffing ratios and staff qualifications.

(4) The vendor documents that the change in staff numbers or qualifications cannot be achieved by reallocating current staff or by reallocating financial resources to provide or purchase the necessary services.

(5) The county board submits evidence that the need for additional staff cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(6) The county board submits a description of the nature and cost of the proposed changes. Allowable costs are limited to salaries, related fringe benefits, and payroll taxes.

(7) The county board's recommended payment rates do not exceed 125 percent of the average payment rates in the regional development commission district in which the vendor is located.

Subd. 7. [TIME REQUIREMENTS AND APPEALS PROCESS FOR VARIANCES.] The commissioner shall notify in writing county boards requesting variances within 60 days of receiving the variance request from the county board. The notification shall give reasons for denial of the variance, if it is denied.

Subd. 8. [COMMISSIONER'S NOTICE TO BOARDS, VENDORS.] The commissioner shall notify the county boards and vendors of:

(1) the average regional payment rates and 125 percent of the average regional payment rates for each of the regional development commission districts designated in sections 462.381 to 462.396; and

(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected change in the urban consumer price index, all items, published by the department of labor, for the upcoming calendar year over the current calendar year.

Subd. 9. [APPROVAL OR DENIAL OF RATES.] The commissioner shall approve the county board's recommended payment rates when the rates and verification justifying the projected service units comply with subdivisions 2 to 10. The commissioner shall notify the county board in writing of the approved payment rates within 60 days of receipt of the rate recommendations. If the rates are not approved, or if rates different from those originally recommended are approved, the commissioner shall within 60 days of receiving the rate recommendation notify the county board in writing of the reasons for denying or substituting a different rate for the recommended rates. Approved payment rates remain effective until the commissioner approves different rates in accordance with subdivisions 2 and 3.

Subd. 10. [VENDOR'S REPORT, AUDIT.] The vendor shall report to the commissioner and the county board on forms prescribed by the commissioner at times specified by the commissioner. The reports shall include programmatic and fiscal information. Fiscal information shall be provided in accordance with an annual audit that complies with the requirements of Minnesota Rules, parts 9550.0010 to 9550.0092. The audit must be done in accordance with generally accepted auditing standards to result in statements that include a balance sheet, income statement, changes in financial position, and the certified public accountant's opinion.

Subd. 11. [IMPROPER TRANSACTIONS.] Transactions that have the effect of circumventing subdivisions 1 to 10 must not be

considered by the commissioner for the purpose of payment rate approval under the principle that the substance of the transaction prevails over the form.

Subd. 12. [RATES ESTABLISHED AFTER 1988.] Payment rates established by a county board on or after January 1, 1989, must be determined under permanent rules adopted by the commissioner. No county shall pay a rate that is less than the minimum rate determined by the commissioner.

In developing procedures for setting minimum payment rates and procedures for establishing payment rates, the commissioner shall consider the following factors:

(1) a vendor's payment rate and historical cost in the previous year;

(2) current economic trends and conditions;

(3) costs that a vendor must incur to operate efficiently, effectively and economically and still provide training and habilitation services that comply with quality standards required by state and federal regulations;

(4) increased liability insurance costs;

(5) costs incurred for the development and continuation of supported employment services;

(6) cost variations in providing services to people with different needs;

(7) the adequacy of reimbursement rates that are more than 15 percent below the statewide average; and

(8) other appropriate factors.

The commissioner may develop procedures to establish differing hourly rates that take into account variations in the number of clients per staff hour, to assess the need for day training and habilitation services, and to control the utilization of services.

In developing procedures for setting transportation rates, the commissioner may consider allowing the county board to set those rates or may consider developing a uniform standard.

Medical assistance rates for home and community-based services provided under section 256B.501 by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 8 to 15.

Sec. 15. [252.47] [RULES.]

To implement sections 8 to 15, the commissioner shall adopt permanent rules under sections 14.01 to 14.38. The commissioner shall establish an advisory task force to advise and make recommendations to the commissioner during the rulemaking process. The advisory task force must include legislators, vendors, residential service providers, counties, consumers, department personnel, and others as determined by the commissioner.

Sec. 16. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to 14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section ~~256B.50, subdivision 1~~ 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death

or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of

seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20.

Sec. 17. Minnesota Statutes 1986, section 256B.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meaning given them.

(a) "Commissioner" means the commissioner of human services.

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1982, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

(d) ~~"Training and habilitation services" are those health and social services needed to ensure optimal functioning of persons with mental retardation or related conditions. Training and habilitation services shall be provided to a client away from the residence unless medically contraindicated by an organization which does not have a direct or indirect financial interest in the organization which provides the person's residential services. This requirement shall not apply to any developmental achievement center which has applied for licensure prior to April 15, 1983.~~

Sec. 18. Minnesota Statutes 1986, section 256B.501, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] The commissioner shall establish procedures and rules for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions which qualify as vendors providers of medical assistance, and waivered services, and for provision of training and habilitation services. Approved rates shall be established on the basis of methods and standards that the commissioner finds adequate to provide for the costs that must be incurred for the quality care of residents in efficiently and economically operated facilities and services. The procedures shall specify the costs that are allowable for payment through medical assistance. The commissioner may use experts from outside the department in the establishment of the procedures.

Sec. 19. Minnesota Statutes 1986, section 256B.501, subdivision 8, is amended to read:

Subd. 8. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS.] The commissioner shall establish by December 31, 1983, procedures to be followed by the counties to seek authorization from the commissioner for medical assistance reimbursement ~~for waived services or training and habilitation services~~ for very dependent persons with special needs in an amount in excess of the rates allowed pursuant to subdivisions 2, and 4, 5, and 6, including rates established under section 252.46 when they apply to services provided to residents of intermediate care facilities for persons with mental retardation or related conditions, and procedures to be followed for rate limitation exemptions for intermediate care facilities for persons with mental retardation or related conditions. No excess payment or limitation exemption shall be authorized unless the need for the service is documented in the individual service plan of the person or persons to be served, the type and duration of the services needed are stated, and there is a basis for estimated cost of the services.

The commissioner shall evaluate the services provided pursuant to this subdivision through program and fiscal audits.

Sec. 20. Minnesota Statutes 1986, section 256E.09, subdivision 3, is amended to read:

Subd. 3. [PLAN CONTENT] The biennial community social services plan published by the county shall include:

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, including efforts the county proposes to make in providing for early intervention, prevention and education aimed at minimizing or eliminating the need for services for groups of persons identified in section 256E.03, subdivision 2;

(d) A statement describing how the county will fulfill its responsibilities identified in section 256E.08, subdivision 1 to the groups of persons described in section 256E.03, subdivision 2, and a description of each community social service proposed and identification of the agency or person proposed to provide the service. The plan shall specify how the county proposes to make the following services available for persons identified by the county as in need of services:

daytime developmental achievement services for children, day training and habilitation services for adults, subacute detoxification services, residential services and nonresidential social support services as appropriate for the groups identified in section 256E.03, subdivision 2;

(e) The amount of money proposed to be allocated to each service;

(f) An inventory of public and private resources including associations of volunteers which are available to the county for social services;

(g) Evidence that serious consideration was given to the purchase of services from private and public agencies; and

(h) Methods whereby community social service programs will be monitored and evaluated by the county.

Sec. 21. [TASK FORCE.]

Subdivision 1. [TASK FORCE CREATED.] The director of the state planning agency shall form and chair a task force to review and make recommendations by February 1, 1988, regarding the appropriate roles of development achievement centers and sheltered workshops in providing supported work opportunities to people with disabilities.

Subd. 2. [MEMBERSHIP.] The task force must include the chairs of the health and human services committees of the Minnesota senate and house of representatives, or their designees, sheltered workshops, developmental achievement centers, county government, the departments of human services and jobs and training, the special education unit of the department of education, the state planning agency, advocacy organizations and the Minnesota supported employment project advisory committee. The state planning agency shall consult with the associations representing sheltered workshops and developmental achievement centers and attempt to select service provider members representing all programmatic and philosophical perspectives.

Subd. 3. [EXTENDED EMPLOYMENT PROGRAMS.] For purposes of this section, "extended employment programs" means programs providing paid work and service hours as a step in the rehabilitation process for those who cannot readily be absorbed in the competitive labor market, or during such time as employment opportunities for them in the competitive labor market do not exist. Extended employment programs include the following:

(1) long-term employment programs as defined at Minnesota Rules, part 3300.2050, subpart 16;

(2) work activity programs as defined at Minnesota Rules, part 3300.2050, subpart 33;

(3) work component programs as defined at Minnesota Rules, part 3300.2050, subpart 34;

(4) community-based employment programs as defined at Minnesota Rules, part 3300.2050, subpart 3.

Subd. 4. [SCOPE OF THE TASK FORCE.] The task force shall review and make recommendations to the legislature and affected state departments on the following:

(1) the role and function of development achievement centers, sheltered workshops, and other services providing employment to people who are severely disabled;

(2) mechanisms for identifying and placing clients in appropriate services;

(3) current and recommended funding methods for developmental achievement centers and extended employment programs and the relationship between funding and placement of clients;

(4) current regulations and program standards including accountability requirements and outcome measures. Recommendations for common standards for all similar programs shall be included;

(5) improved ways of providing employment services to all disabled persons regardless of the severity of their disabilities, including persons not currently receiving services through existing programs; and

(6) the need and scope of demonstration projects to determine how existing funding can be consolidated or unified to expand community-based/supported employment opportunities for persons with severe disabilities and whether specific rule waiver authority is required to accomplish this purpose.

Subd. 5. [COSTS.] The costs of the task force, if any, shall be shared equally by the state planning agency, the department of human services, and the department of jobs and training.

Subd. 6. [COOPERATION OF STATE DEPARTMENTS.] The commissioners shall cooperate with the task force and provide information and support as requested.

Sec. 22. [REPEALER.]

(a) Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a, are repealed.

(b) Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310, are repealed.

Sec. 23. [EFFECTIVE DATE.]

Except as otherwise provided in section 14, sections 1 to 21 are effective the day following final enactment. The rates established under section 14, subdivision 11, are effective January 1, 1989. Except as specifically repealed by this act, the provisions of Minnesota Rules, parts 9525.1200 to 9525.1330 remain in effect until amended or repealed by the commissioner.

Amend the title as follows:

Page 1, line 4, delete "adults" and insert "persons"

Page 1, line 8, after "252.25;" insert "256B.02, subdivision 8;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Begin from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1200, A bill for an act relating to human rights; defining "employee" to include commission salespersons for certain purposes; clarifying certain provisions; amending Minnesota Statutes 1986, sections 181.81, subdivision 1; and 363.01, by adding a subdivision.

Reported the same back with the following amendments:

Page 3, line 16, delete "that term"

Page 3, line 17, delete "is"

Page 3, line 18, delete everything after "state"

Page 3, delete lines 19 and 20

Page 3, line 21, delete "salesperson"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1365, A bill for an act relating to liquor; authorizing the city of Little Canada to issue two additional on-sale licenses.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1460, A bill for an act relating to athletic and sporting events; creating the Minnesota amateur sports commission and providing its powers and duties; requiring the sponsorship of certain amateur athletic events; authorizing an admission tax; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 240A.

Reported the same back with the following amendments:

Page 6, line 26, delete "shall" and insert "are urged to"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1482, A bill for an act relating to insurance; liquor liability assigned risk plan; regulating assigned risk plan premiums; amending Minnesota Statutes 1986, section 340A.409, subdivision 3.

Reported the same back with the following amendments:

Page 3, line 19, after the period insert "The rating plan approved by the commissioner shall provide for surcharge factors based on claims reported and losses paid."

With the recommendation that when so amended the bill pass.

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

Reported the same back with the following amendments:

Page 2, line 18, delete "facility".

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

S. F. No. 916, A bill for an act relating to workers' compensation; providing a permanent partial disability rating for certain losses; proposing coding for new law in Minnesota Statutes, chapter 176.

Reported the same back with the following amendments:

Page 1, line 9, after "December" delete "1" and insert "31"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 71, 753, 791, 986, 1035, 1200, 1365, 1482 and 1629 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 922, 345, 235 and 916 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Segal and Pappas introduced:

H. F. No. 1631, A bill for an act relating to education; requiring the commissioner of education to study the feasibility of establishing regional language schools.

The bill was read for the first time and referred to the Committee on Education.

Jaros, Trimble, Munger, Kludt and Clark introduced:

H. F. No. 1632, A bill for an act relating to building standards; adopting a uniform act for the application of building and fire-related codes to existing buildings; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Pelowski introduced:

H. F. No. 1633, A bill for an act relating to education; allowing a school district to use someone other than a traffic or police officer to control traffic in certain circumstances; amending Minnesota Statutes 1986, section 169.06, subdivision 4.

The bill was read for the first time and referred to the Committee on Education.

Blatz, Trimble, Ogren, Tompkins and McLaughlin introduced:

H. F. No. 1634, A bill for an act relating to child care; expanding eligibility for child care sliding fee program; providing for reimbursement of child care provider accreditation fees; creating an office of child care providers assistance in the department of human services; increasing the number of certain licensing inspections; requiring a study of day care funding sources; requiring a privately operated child care in capitol complex; establishing state policy for certain inspections; exempting construction materials and equipment from sales tax; creating a tuition tax credit; creating an employer tax credit for child care operations; establishing state grants to county government; appropriating money; amending Minnesota Statutes 1986, sections 16B.04, subdivision 2; 16B.39, by adding a subdivision; 245.783, by adding a subdivision; 245.884; 256.01, subdivision 2; 268.91, subdivision 4, and by adding a subdivision; 290.06, by adding subdivisions; and 297A.25, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 256.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 1635, A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation; with certain conditions; decreasing the state portion of instructional cost at area vocational technical institutes; requiring tuition rates to be based on credit hours; appropriating funds from litigation to the state university board; requiring the state university board to consider qualifications of bidders in capital projects; allowing the state university board to receive nonstate funds for constructing a building on state land, and to control bidding, contract awards, and construction; specifying duties of the higher education coordinating board in mission differentiation and program approval; expanding the higher education coordinating board's role in student planning; establishing a child care grant program; providing for increased admissions counseling; creating task forces on quality assessment and common course numbering; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 135A.04; 135A.06; 136.142, by adding a subdivision; 136A.02, subdivision 6; 136A.04, subdivision 1; 136A.05; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.025, subdivision 1; 137.31, subdivision 3; 645.445, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136; 136A; and 136C.

The bill was read for the first time and laid over one day.

HOUSE ADVISORIES

The following House Advisories were introduced:

Sarna, McEachern, O'Connor, Quinn and Beard introduced:

H. A. No. 27, A proposal to study a new House rule regarding hearings on bills before the Committee on Appropriations.

The advisory was referred to the Committee on Rules and Legislative Administration.

Kahn, McLaughlin and Sviggum introduced:

H. A. No. 28, A proposal to study the feasibility of obtaining a minor league baseball franchise(s) for cities within the state.

The advisory was referred to the Committee on Local and Urban Affairs.

Osthoff, Scheid, Wagenius, Frerichs and Vanasek introduced:

H. A. No. 29, A proposal for a code of ethics for legislators and other public employees.

The advisory was referred to the Committee on Rules and Legislative Administration.

Vanasek moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Voss requested immediate consideration of H. F. No. 529.

H. F. No. 529 was reported to the House.

Voss and Schreiber moved to amend H. F. No. 529, the first engrossment, as follows:

Page 249, line 31, delete "June 1" and insert "June 15"

Page 250, line 22, delete "July 1" and insert "July 15"

Page 253, line 17, delete "July 1" and insert "July 15"

Page 254, after line 27, insert:

"Sec. 6. [270.485] [SENIOR ACCREDITATION.]

The legislature finds that the property tax system would be enhanced by requiring that every county assessor and senior appraiser in the department of revenue's property tax review division obtain senior accreditation from the state board of assessors. By January 1, 1989, every county assessor and senior appraiser, including the department's regional representatives, must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain senior accreditation by January 1, 1989, the failure shall be grounds for dismissal, disciplinary action, or corrective action. After December 30, 1988, the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative after June 30, 1987, shall attain permanent status until the employee obtains senior accreditation."

Page 258, line 23, strike "1" and insert "15"

Page 258, line 26, strike "1" and insert "15"

Page 258, line 36, delete "December 1" and insert "November 15"

Page 260, line 20, delete "1" and insert "15"

Page 260, line 23, reinstate the stricken "April 1st" and delete "March 15"

Page 260, line 24, delete "20" and insert "31"

Page 262, line 18, delete "first" and insert "last"

Page 262, line 19, delete "June 30" and insert "July 15"

Page 263, line 22, delete "1 to 7, 9, 10, and 12 to 17" and insert "1 to 5, 7, 8, 10, 11, and 13 to 18"

Page 263, line 24, delete "11" and insert "12"

Renumber the sections in article 6

Page 422, line 24, delete "\$4,000,000" and insert "\$3,900,000"

Page 422, after line 34, insert:

"(4) \$100,000 is appropriated to the commissioner of revenue from the general fund for the biennium ending June 30, 1989. This amount is to be used by the commissioner to reimburse the cost for the average expenses incurred in obtaining the senior accreditation of each county assessor and of the department of revenue's senior appraisers and regional representatives."

The question was taken on the Voss and Schreiber amendment and the roll was called. There were 119 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Shaver
Anderson, R.	Gruenes	Marsh	Otis	Simoneau
Battaglia	Gutknecht	McDonald	Ozment	Skoglund
Bauerly	Hartle	McEachern	Pappas	Solberg
Beard	Haukoos	McKasy	Pauly	Sparby
Begich	Heap	McLaughlin	Pelowski	Stanisus
Bennett	Himle	McPherson	Peterson	Steensma
Bertram	Hugoson	Milbert	Quinn	Swenson
Blatz	Jacobs	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rice	Valento
Carruthers	Johnson, R.	Nelson, C.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlick	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knuth	Olson, E.	Scheid	Wenzel
Dille	Kostohryz	Olson, K.	Schoenfeld	Winter
Dorn	Krueger	Omann	Schreiber	Wynia
Forsythe	Larsen	Onnen	Seaberg	Spk. Norton
Frerichs	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Bishop	Frederick	Poppenhagen	Richter	Thiede
Carlson, D.	Johnson, V.	Price	Sviggum	Uphus

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE

On the motion of Schreiber and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Bennett	Heap	McKasy	Poppenhagen	Steensma
Bertram	Himle	McLaughlin	Price	Sviggunn
Bishop	Hugoson	McPherson	Quinn	Swenson
Blatz	Jacobs	Milbert	Quist	Thiede
Boo	Jefferson	Miller	Redalen	Tjornhom
Brown	Jennings	Minne	Reding	Tompkins
Burger	Jensen	Morrison	Rest	Trimble
Carlson, D.	Johnson, A.	Munger	Rice	Tunheim.
Carlson, L.	Johnson, R.	Murphy	Richter	Uphus
Carruthers	Johnson, V.	Nelson, C.	Riveness	Valento
Clark	Kahn	Nelson, D.	Rodosovich	Vanasek
Clausnitzer	Kalis	Neuenschwander	Rose	Vellenga
Cooper	Kelly	O'Connor	Rukavina	Voss
Dauner	Kelso	Ogren	Sarna	Wagenius
DeBlieck	Kinkel	Olsen, S.	Schafer	Waltman
Dempsey	Kludt	Olson, E.	Scheid	Welle
Dille	Knuth	Olson, K.	Schoenfeld	Wenzel
Dorn	Kostohryz	Omann	Schreiber	Winter
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

Vanasek moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Marsh moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Pages 274 to 277, delete section 10

Page 277, line 25, delete everything after the period

Page 277, delete line 26

Renumber the sections in sequence

Amend the title as follows:

Page 3, line 9, delete "429,"

A roll call was requested and properly seconded.

The question was taken on the Marsh amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 40 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	McKasy	Poppenhagen	Swenson
Bennett	Gutknecht	McPherson	Quist	Thiede
Bertram	Heap	Miller	Richter	Tjornhom
Blatz	Hugoson	Olsen, S.	Schafer	Tompkins
Clausnitzer	Jensen	Omamn	Schreiber	Uphus
Dempsey	Johnson, V.	Onnen	Shaver	Valento
Forsythe	Marsh	Ozment	Stanisus	Waltman
Frederick	McDonald	Pauly	Sviggum	Wenzel

Those who voted in the negative were:

Anderson, G.	Haukoos	Lasley	Olson, K.	Schoenfeld
Beard	Himle	Lieder	Orenstein	Seaberg
Bishop	Jacobs	Long	Osthoff	Segal
Brown	Jaros	McEachern	Otis	Simoneau
Burger	Jefferson	McLaughlin	Pappas	Skoglund
Carlson, D.	Jennings	Milbert	Pelowski	Solberg
Carlson, L.	Johnson, A.	Minne	Peterson	Sparby
Carruthers	Johnson, R.	Morrison	Price	Steensma
Clark	Kalis	Munger	Quinn	Trimble
Cooper	Kelly	Murphy	Redalen	Vanasek
Dauner	Kelso	Nelson, C.	Reding	Vellenga
DeBlieck	Kinkel	Nelson, D.	Rest	Voss
Dille	Kludt	Nelson, K.	Riveness	Wagenius
Dorn	Knuth	Neuenschwander	Rodosovich	Welle
Frerichs	Kostohryz	O'Connor	Rukavina	Winter
Greenfield	Krueger	Ogren	Sarna	Wynia
Hartle	Larsen	Olson, E.	Scheid	Spk. Norton

The motion did not prevail and the amendment was not adopted.

Schreiber moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Page 6, line 14, delete "and"

Page 7, line 1, before the period insert "; and

(4) the pension income of a qualified recipient and spouse if the spouse is a qualified recipient. The maximum amount of this exclusion is the following amount:

(i) \$11,000 reduced by the amount of the qualified recipient's and spouse's combined federal adjusted gross income in excess of \$17,000.

(ii) Notwithstanding clause (i), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income and applies without regard to the limitation in clause (iv).

(iii) Notwithstanding clause (i) to the extent included in federal adjusted gross income, all railroad retirement benefits of a qualified

recipient are excludable without limitation as to level of benefits received, maximum amount, or income offset.

(iv) In the case of pension income received from the correctional employees retirement program established pursuant to chapter 352; the state patrol retirement fund established pursuant to chapter 352B; the public employees police and fire fund established pursuant to chapter 353; the retirement funds enumerated in section 69.77, subdivision 1a; or similar retirement plans established by another state or a political subdivision of another state, an individual is a qualified recipient without regard to age.

For purposes of this clause the following terms have the meanings given:

(i) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986.

(ii) "Federal adjusted gross income" is the federal adjusted gross income as determined under the Internal Revenue Code for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(iii) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer:

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof; or

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 408, or 409, of the Internal Revenue Code.

(iv) "Qualified recipient" means an individual who, at the end of the taxable year, is aged 65 or older or is disabled as defined in section 290A.03, subdivision 9."

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:

not over \$4,000

over \$4,000, but not

over \$11,000

over \$11,000, but not

over \$21,000

over \$21,000

the tax is:

4 percent

\$160 plus 6 percent of the
excess over \$4,000

\$580 plus 8 percent of the
excess over \$11,000

\$1,380 plus 9 percent of
the excess over \$21,000

(2) For taxable years beginning after December 31, 1987

if taxable income is:

not over \$19,000

over \$19,000

the tax is:

6 percent

\$1,140 plus 8 percent of
the excess over \$19,000"

Page 14, delete lines 26 to 36

Page 15, delete lines 1 to 19 and insert:

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:

not over \$3,000

over \$3,000, but not

over \$9,000

over \$9,000, but not

over \$16,000

over \$16,000

the tax is:

4 percent

\$120 plus 6 percent
of the excess over \$3,000

\$480 plus 8 percent
of the excess over \$9,000

\$1,040 plus 9 percent
of the excess over \$16,000

(2) For taxable years beginning after December 31, 1987

if taxable income is:

not over \$13,000

over \$13,000

the tax is:

6 percent

\$780 plus 8 percent
of the excess over \$13,000"

Page 16, delete lines 13 to 36 and insert:

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:

not over \$3,500

over \$3,500, but not

over \$10,000

over \$10,000, but not

over \$18,500

over \$18,500

the tax is:

4 percent

\$140 plus 6 percent
of the excess over \$3,500

\$530 plus 8 percent
of the excess over \$10,000

\$1,210 plus 9 percent
of the excess over \$18,500

(2) For taxable years beginning after December 31, 1987

if taxable income is:

not over \$16,000

over \$16,000

the tax is:

6 percent

\$960 plus 8 percent

of the excess over \$16,000"

Page 17, delete lines 1 to 6

Page 17, line 35, delete "1990" and insert "1988"

Page 18, line 7, delete "1991" and insert "1989"

Page 18, line 14, strike the old language and delete the new language and insert "cost of living adjustment determined under"

Page 18, line 16, strike everything after "1986"

Page 18, lines 17 to 30, delete the new language and strike the old language

Pages 18 and 19, delete section 12

Renumber the sections and correct internal references in article 1

Page 86, line 4, delete "and for property placed in service"

Page 86, delete lines 5 to 7 and insert "no modifications shall be made;"

Page 86, line 13, delete everything after the comma

Page 86, delete line 14

Page 86, line 15, delete "Public Law Number 99-514,"

Page 86, line 18, delete "clauses (1) and (3)" and insert "clause (1)"

Page 86, line 31, delete "and seven year"

Page 100, line 12, reinstate the stricken semicolon

Page 100, line 13, reinstate the stricken "(c)"

Page 100, line 15, before the period insert "insurance companies subject to the gross premiums tax"

Page 101, line 16, delete "(a)"

Page 101, line 30, delete "ten" and insert "9.2"

Page 101, delete lines 31 to 34

Page 102, line 6, delete "5" and insert "10"

Page 102, line 11, delete "2.5" and insert "5"

Page 106, delete lines 21 and 22 and insert:

"(1) six percent of the corporation's alternative minimum taxable income, over"

Page 106, delete lines 34 to 36

Page 107, delete lines 1 to 36 and insert:

"Subd. 3. [DEFINITIONS.] (a) For purposes of this section, "alternative minimum taxable income" means the corporation's alternative minimum taxable income as determined under section 55(b)(2) of the Internal Revenue Code,

(1) increased by the amount added to federal taxable income under section 36, clauses (1) to (5), (8), and (9) and

(2) decreased by

(i) the amount subtracted from federal taxable income under section 37, clauses (2), (5), and (6);

(ii) by the amount of the net operating loss deduction permissible under section 290.095 for the taxable year computed under the principles provided in section 56(d) of the Internal Revenue Code except that no carryback shall be allowed; and

(iii) by the exemption amount determined under section 55(d) of the Internal Revenue Code, and

(3) apportioned to Minnesota under section 75 or section 290.171 as elected by the taxpayer.

(b) For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986."

Page 108, delete lines 1 to 3

Page 108, delete section 58

Pages 125 to 143, delete section 74

Page 145, line 16, delete "(i)" and delete ", other"

Page 145, line 17, delete "than the United States government,"

Page 145, line 20, delete "or (ii) the property is shipped from" and insert a period

Page 145, delete lines 21 and 22

Pages 159 to 161, delete section 81

Page 175, line 28, delete "290.175," and delete "6, and" and insert "and 6;"

Page 175, line 29, delete "8," and after "2," insert "290.35,"

Renumber the sections in Article 2 in sequence and correct internal references

Page 277, after line 28, insert:

"Section 1. Minnesota Statutes 1986, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a)."

Renumber the sections in Article 8 in sequence and correct internal references

Pages 296 to 314, delete Article 9

Page 316, line 1, delete "75 percent of"

Page 316, line 4, delete "\$550,000,000" and insert "five percent of the general fund budget for the fiscal year"

Page 316, line 24, delete "(a)"

Page 316, line 26, delete "less" and insert "more"

Page 316, delete lines 27 to 31

Page 316, line 32, delete everything before the period and insert "originally estimated and the commissioner estimates that general fund revenues will exceed by \$25,000,000 or more the amount needed to increase the budget and cash flow reserve account to the amount specified in Minnesota Statutes, section 16A.1541, the commissioner shall proportionately reduce the individual income tax rates provided under Minnesota Statutes, section 290.06, subdivision 2, by the amount necessary to eliminate the surplus. The revised rates apply for taxable years beginning during calendar year 1988"

Page 316, line 34, delete "increased" and insert "revised"

Page 316, line 36, delete "contingent" and insert "revised"

Page 317, delete lines 3 to 6

Pages 374 to 377, delete sections 18 to 20

Renumber the sections in Article 11 and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Marsh	Poppenhagen	Swenson
Bennett	Frederick	McDonald	Quist	Thiede
Bertram	Frerichs	McKasy	Redalen	Tjornhom
Bishop	Gruenes	McPherson	Richter	Tompkins
Blatz	Gutknecht	Miller	Rose	Uphus
Boo	Hartle	Morrison	Schafer	Valento
Burger	Haukoos	Olsen, S.	Schreiber	Waltman
Carlson, D.	Heap	Omann	Seaberg	
Clausnitzer	Himle	Onnen	Shaver	
Dempsey	Hugoson	Ozment	Stanius	
Dille	Johnson, V.	Pauly	Sviggum	

Those who voted in the negative were:

Anderson, G.	Jennings	McEachern	Pappas	Sparby
Battaglia	Jensen	McLaughlin	Pelowski	Steensma
Bauerly	Johnson, A.	Milbert	Peterson	Trimble
Beard	Johnson, R.	Minne	Price	Tunheim
Begich	Kahn	Munger	Quinn	Vanasek
Brown	Kalis	Murphy	Reding	Vellenga
Carlson, L.	Kelly	Nelson, C.	Rest	Voss
Carruthers	Kelso	Nelson, D.	Riveness	Wagenius
Clark	Kinkel	Nelson, K.	Rodosovich	Welle
Cooper	Kludt	Neuenschwander	Rukavina	Wenzel
Dauner	Knuth	O'Connor	Sarna	Winter
DeBlicke	Kostohryz	Ogren	Scheid	Wynia
Dorn	Krueger	Olson, E.	Schoenfeld	Spk. Norton
Greenfield	Larsen	Olson, K.	Segal	
Jacobs	Lasley	Orenstein	Simoneau	
Jaros	Lieder	Osthoff	Skoglund	
Jefferson	Long	Otis	Solberg	

The motion did not prevail and the amendment was not adopted.

Osthoff moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Page 6, line 34, delete "In order to qualify for the subtraction under"

Page 6, delete lines 35 and 36

Page 7, delete line 1

Page 37, line 2, after the comma insert "the subtraction provided under section 290.01, subdivision 19b, clause (3),"

A roll call was requested and properly seconded.

The question was taken on the Osthoff amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	McKasy	Poppenhagen	Svigum
Bennett	Frerichs	McPherson	Quist	Swenson
Bishop	Gruenes	Milbert	Redalen	Thiede
Blatz	Gutknecht	Miller	Rice	Tjornhom
Boo	Hartle	Morrison	Richter	Tompkins
Burger	Haukoos	Olsen, S.	Rose	Uphus
Carlson, D.	Heap	Omann	Sarna	Valento
Clausnitzer	Himle	Onnen	Schafer	Waltman
Cooper	Hugoson	Orenstein	Schreiber	Wenzel
DeBlieck	Jensen	Osthoff	Seaberg	
Dempsey	Johnson, V.	Ozment	Shaver	
Dille	Marsh	Pauly	Stanisus	
Ersythe	McDonald	Pelowski	Steensma	

Those who voted in the negative were:

Anderson, G.	Jefferson	Lieder	Pappas	Sparby
Battaglia	Jennings	Long	Peterson	Trimble
Bauerly	Johnson, A.	McLaughlin	Price	Tunheim
Beard	Johnson, R.	Minne	Quinn	Vanasek
Begich	Kahn	Munger	Reding	Vellenga
Bertram	Kalis	Murphy	Rest	Voss
Brown	Kelly	Nelson, C.	Riveness	Wagenius
Carlson, L.	Kelso	Nelson, D.	Rodosovich	Welle
Carruthers	Kinkel	Nelson, K.	Rukavina	Winter
Clark	Kludt	Neuenschwander	Scheid	Wynia
Dauner	Knuth	O'Connor	Schoenfeld	Spk. Norton
Dorn	Kostohryz	Ogren	Segal	
Greenfield	Krueger	Olson, E.	Simoneau	
Jacobs	Larsen	Olson, K.	Skoglund	
Jaros	Lasley	Otis	Solberg	

The motion did not prevail and the amendment was not adopted.

Wenzel and Beard offered an amendment to H. F. No. 529, the first engrossment, as amended.

Schreiber requested a division of the amendment.

The portion of the Wenzel and Beard amendment to be voted upon first reads as follows:

Page 13, line 19, delete "8.2" and insert "8.3"

Page 13, line 21, delete "9.2" and insert "9.3"

Page 13, line 30, delete "8.4" and insert "8.5"

Page 13, line 32, delete "9.4" and insert "9.5"

Page 15, line 5, delete "8.2" and insert "8.3"

Page 15, line 7, delete "9.2" and insert "9.3"

Page 15, line 16, delete "8.4" and insert "8.5"

Page 15, line 18, delete "9.4" and insert "9.5"

Page 16, line 28, delete "8.2" and insert "8.3"

Page 16, line 30, delete "9.2" and insert "9.3"

Page 17, line 3, delete "8.4" and insert "8.5"

Page 17, line 5, delete "9.4" and insert "9.5"

A roll call was requested and properly seconded.

The question was taken on the portion of the Wenzel and Beard amendment to be voted upon first and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 10 yeas and 122 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Jaros	Ogren	Welle
Beard	Cooper	Krueger	Sarna	Wenzel

Those who voted in the negative were:

Anderson, R.	Gutknecht	Marsh	Ozment	Skoglund
Battaglia	Hartle	McDonald	Pappas	Solberg
Bauerly	Haukoos	McEachern	Pauly	Sparby
Begich	Heap	McKasy	Pelowski	Stanius
Bennett	Himle	McLaughlin	Peterson	Steensma
Bertram	Hugoson	McPherson	Poppenhagen	Sviggum
Bishop	Jacobs	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Boo	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Rest	Trimble
Carlson, L.	Johnson, R.	Murphy	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Richter	Uphus
Clark	Kahn	Nelson, D.	Riveness	Valento
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlick	Kelso	O'Connor	Rukavina	Voss
Dempsey	Kinkel	Olsen, S.	Schafer	Wagenius
Dille	Kludt	Olson, E.	Scheid	Waltman
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Larsen	Onnen	Seaberg	Spk. Norton
Frerichs	Lasley	Orenstein	Segal	
Greenfield	Lieder	Osthoff	Shaver	
Gruenes	Long	Otis	Simoneau	

The motion did not prevail and the amendment was not adopted.

The portion of the Wenzel and Beard amendment to be voted upon last reads as follows:

Page 6, line 14, delete "and"

Page 7, line 1, before the period insert "; and

(4) the first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This subtraction does not apply to compensation defined in section 290.06, subdivision 20"

A roll call was requested and properly seconded.

The question was taken on the portion of the Wenzel and Beard amendment to be voted upon last and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jennings	Omamn	Stanius
Anderson, R.	DeBlieck	Johnson, R.	Onnen	Sviggum
Bauerly	Dempsey	Johnson, V.	Ozment	Swenson
Beard	Dille	Knuth	Pauly	Thiede
Bennett	Forsythe	Krueger	Poppenhagen	Tjornhom
Bertram	Frederick	Marsh	Quist	Tompkins
Bishop	Frerichs	McDonald	Redalen	Uphus
Blatz	Gruenes	McKasy	Richter	Valento
Boo	Hartle	McPherson	Rose	Waltman
Brown	Haukoos	Miller	Sarna	Wenzel
Burger	Heap	Morrison	Schafer	
Carlson, D.	Himle	Nelson, C.	Schreiber	
Clausnitzer	Hugoson	Olsen, S.	Seaberg	

Those who voted in the negative were:

Battaglia	Jensen	Lieder	Ogren	Reding
Begich	Johnson, A.	Long	Olson, E.	Rest
Carlson, L.	Kahn	McLaughlin	Olson, K.	Rice
Carruthers	Kalis	Milbert	Orenstein	Riveness
Clark	Kelly	Minne	Osthoff	Rodosovich
Dauner	Kelso	Munger	Otis	Rukavina
Dorn	Kinkel	Murphy	Pappas	Scheid
Greenfield	Kludt	Nelson, D.	Pelowski	Schoenfeld
Jacobs	Kostohryz	Nelson, K.	Peterson	Segal
Jaros	Larsen	Neuenschwander	Price	Shaver
Jefferson	Lasley	O'Connor	Quinn	Simoneau

Skoglund
Solberg
Sparby

Steensma
Trimble
Tunheim

Vanasek
Vellenga
Voss

Wagenius
Welle
Winter

Wynia
Spk. Norton

The motion did not prevail and the amendment was not adopted.

H. F. No. 529 was read for the third time, as amended.

The Speaker called Simoneau to the Chair.

The Speaker resumed the Chair.

H. F. No. 529, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the methods of administering, collecting, and enforcing taxes; changing the computation, administration, and payment of aids, credits, and refunds; imposing taxes; limiting taxing powers; transferring governmental powers and duties; allocating bonding authority; making entitlement allocations to the cities of Minneapolis and St. Paul; making technical corrections and clarifications; imposing and increasing fees, interest, and penalties; appropriating money; amending Minnesota Statutes 1986, sections 16A.15, subdivisions 1 and 6; 16A.1541; 16A.26; 16A.275; 60A.13, subdivision 1a; 60A.15, subdivision 1; 60A.199, subdivisions 1, 2, 3, 5, 7, 8, 9, 10, and 11; 60A.209, subdivisions 1 and 3; 60A.24; 60C.06, by adding a subdivision; 64B.39, subdivision 4; 67A.11, subdivision 3; 69.011, subdivisions 1 and 2; 69.021, subdivisions 1, 2, and 3; 69.54; 69.55; 79.34, subdivision 1, and by adding a subdivision; 88.49, by adding a subdivision; 121.904, subdivisions 11a and 11b; 124.195, subdivision 2; 124.2131, subdivisions 1, 2, 3, 5, 6, 7, 8, and 11; 124.38, subdivision 8; 124A.02, subdivisions 3a and 8; 124A.035, subdivision 5; 124A.08, subdivision 5; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 176.129, by adding a subdivision; 176A.08; 239.10; 270.066; 270.074, subdivision 3; 270.075, subdivision 1; 270.10, subdivisions 1 and 4; 270.11, subdivisions 1 and 2; 270.12, subdivisions 2 and 3; 270.13; 270.72, subdivisions 1 and 2; 270.77; 270.80, subdivision 2; 270.87; 270A.07, subdivision 1; 271.21, subdivision 2; 272.01, subdivisions 2 and 3; 272.02, subdivision 1, and by adding a subdivision; 272.115, subdivision 2; 273.061, subdivisions 1 and 8; 273.065; 273.11, by adding a subdivision; 273.1102; 273.1103; 273.12; 273.13, subdivision 22; 273.1312, subdivision 4; 273.1313, subdivisions 1, 2, and by adding a subdivision; 273.1314, subdivisions 8, 9, 10, and by adding a subdivision; 273.1392; 273.1393; 273.19, subdivisions 1, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 274.14; 274.16; 275.07, subdivision 1; 275.125, subdivisions 9, 9b, and 15; 275.51, subdivision 3h; 276.04; 276.11; 277.01; 278.05, subdivision 4; 279.01, subdivision 1; 282.014; 282.02; 282.33, subdivision 1; 287.05, subdivision 1; 287.09; 287.12; 287.21, subdivision 1; 287.22;

287.25; 287.29, subdivision 1; 290.01, subdivisions 4, 5, 7, 19, 20, 22, and by adding subdivisions; 290.02; 290.03; 290.032, subdivisions 1 and 2; 290.05, subdivisions 1, 2, and 3; 290.06, subdivisions 1, 2c, 2d, and by adding a subdivision; 290.068, subdivisions 1, 2, 3, 4, and 5; 290.069, subdivisions 2a and 4b; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1, 2, and 3; 290.095, subdivisions 1, 2, 3, 4, 7, 9, and 11; 290.12, subdivision 2; 290.131, subdivision 1; 290.132, subdivision 1; 290.133, subdivision 1; 290.134, subdivision 1; 290.135, subdivision 1; 290.136, subdivision 1; 290.138, subdivision 3; 290.14; 290.17; 290.171; 290.20, subdivision 1, and by adding a subdivision; 290.21, subdivisions 3 and 4; 290.23, subdivisions 3 and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.34, subdivision 2; 290.35; 290.36; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.41, subdivisions 2 and 3; 290.42; 290.45, subdivisions 1 and 2; 290.46; 290.48, subdivision 10; 290.491; 290.50, subdivision 1; 290.53, subdivisions 1, 2, 3a, 4, and by adding subdivisions; 290.56, subdivisions 2, 3, and 4; 290.92, subdivisions 2a, 4a, 5, 5a, 6, 7, 9, 11, 12, 13, 14, 15, 18, 24, and 25; 290.93, subdivision 10; 290.934, subdivision 2; 290.9725; 290.9726, subdivisions 1, 2, and 4; 290.974; 290A.03, subdivisions 3, 8, and by adding a subdivision; 290A.04, subdivision 2; 290A.06; 290A.011, subdivision 2; 290A.18; 290A.19; 291.131, subdivisions 1, 2, 4, and by adding a subdivision; 295.01, subdivision 10; 295.32; 295.34, subdivision 1; 295.39; 295.40; 295.41; 295.43; 296.02, subdivision 2, and by adding a subdivision; 296.025, subdivision 2, and by adding a subdivision; 296.17, subdivisions 3, 7, and 11; 296.18, subdivision 7; 297.01, subdivisions 2, 4, 7, and 10; 297.02, subdivisions 1 and 6; 297.03, subdivisions 1, 5, and 6; 297.04, subdivisions 4, 6, and 9; 297.07, subdivisions 1, 3, 4, and 5; 297.11, subdivisions 3 and 5; 297.23, subdivision 1; 297.31, subdivisions 2, 3, and 7; 297.32, subdivisions 1, 2, and 8; 297.33, subdivisions 4 and 5; 297.35, subdivisions 1, 3, 5, and 8; 297.36; 297A.01, subdivisions 3, 4, 8, and 15; 297A.14; 297A.151; 297A.18; 297A.211, subdivision 2; 297A.25, subdivisions 7, 11, 12, and by adding subdivisions; 297A.256; 297A.26, subdivision 1; 297A.27, subdivision 1; 297A.275; 297A.39, subdivisions 1, 2, 4, and by adding a subdivision; 297A.43; 297B.01, subdivision 8; 297B.10; 297C.03, subdivision 1, and by adding a subdivision; 297C.04; 297C.05, subdivision 2; 297C.06; 297C.09; 297D.02; 297D.07; 297D.09; 297D.10; 297D.12, subdivision 1; 297D.13; 298.01, subdivision 1, and by adding subdivisions; 298.026; 298.027; 298.028, subdivision 1; 298.03, subdivision 1; 298.031, subdivision 2; 298.08; 298.09, subdivision 1; 298.25; 298.28, subdivision 4; 299F.21, subdivisions 1, 2, and by adding subdivisions; 325D.30; 325D.32, subdivisions 4, 10, 11, and 12; 325D.33, subdivisions 1, 2, and by adding subdivisions; 325D.38, subdivision 1; 325D.40, subdivision 1; 349.12, subdivisions 11 and 13; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4, 6, 7, and by adding subdivisions; 360.531, subdivision 2; 462C.11, subdivisions 2 and 3; 473.556, subdivision 4; 473F.02, subdivision 12; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13,

subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; 474A.21; 475.53, subdivision 4; 477A.012, subdivision 1; 477A.013; 477A.018, subdivisions 1, 2, 3, 6, and by adding a subdivision; Laws 1985, First Special Session chapter 14, article 3, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 239; 270; 272; 273; 276; 290; 290A; 294; 297; 297A; 297C; 298; 349; 429, and 474A; repealing Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9; 64B.24; 69.021, subdivision 3a; 124.38, subdivision 10; 270.75, subdivision 8; 270.89; 282.021; 290.01, subdivisions 20a, 20b, 20d, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.077, subdivision 3; 290.079; 290.08; 290.082; 290.085; 290.088; 290.089; 290.09; 290.095, subdivisions 8 and 10; 290.12, subdivision 4; 290.13; 290.139; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; 290.361; 290.9726, subdivisions 3, 5, and 6; 290A.04, subdivisions 2e and 2g; 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 295.32; 295.33; 295.34; 295.36; 295.365; 295.366; 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivisions 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6; 297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297A.25, subdivisions 13, and 19; 297A.26, subdivision 3; 297C.03, subdivisions 2 and 3; 297C.05, subdivision 4; 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; 298.04; 298.28, subdivision 14; 298.40; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; 298.67; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; 299.14; 325D.41; 360.654; 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1981, chapters 222, section 6; 223, section 6, subdivision 3; Laws 1985, First Special Session chapter 14, article 14, section 3; Laws 1986, First Special Session chapter 1, article 5, section 8.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 74 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Johnson, A.	McLaughlin	Pelowski	Solberg
Battaglia	Kahn	Milbert	Peterson	Sparby
Bauerly	Kalis	Minne	Price	Steensma
Beard	Kelly	Munger	Quinn	Trimble
Begich	Kelso	Murphy	Reding	Tunheim
Brown	Kinkel	Nelson, C.	Rest	Vanasek
Carlson, L.	Kludt	Nelson, D.	Rice	Vellenga
Carruthers	Knuth	Nelson, K.	Riveness	Voss
Dauner	Kostohryz	Neuenschwander	Rodosovich	Wagenius
DeBlick	Krueger	O'Connor	Rukavina	Welle
Dorn	Larsen	Ogren	Sarna	Wenzel
Greenfield	Lasley	Olson, E.	Schoenfeld	Winter
Jacobs	Lieder	Olson, K.	Segal	Wynia
Jaros	Long	Otis	Simoneau	Spk. Norton
Jefferson	McEachern	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dille	Jensen	Orenstein	Seaberg
Bennett	Forsythe	Johnson, R.	Osthoff	Shaver
Bertram	Frederick	Johnson, V.	Ozment	Stanius
Bishop	Frerichs	Marsh	Pauly	Sviggun
Blatz	Gruenes	McDonald	Poppenhagen	Swenson
Boo	Gutknecht	McKasy	Quist	Thiede
Burger	Hartle	McPherson	Redalen	Tjornhom
Carlson, D.	Haukoos	Miller	Richter	Tompkins
Clark	Heap	Morrison	Rose	Uphus
Clausnitzer	Himle	Olsen, S.	Schafer	Valento
Cooper	Hugoson	Omann	Scheid	Waltman
Dempsey	Jennings	Onnen	Schreiber	

The bill was passed, as amended, and its title agreed to.

Vanasek moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Long.

CALL OF THE HOUSE LIFTED

Vanasek moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 839, A bill for an act relating to public safety; local emergency telephone service; requiring automatic location identification for public safety answering points; amending Minnesota Statutes 1986, section 403.02, subdivision 6, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rukavina moved that the House concur in the Senate amendments to H. F. No. 839 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 839, A bill for an act relating to public safety; local emergency telephone service; requiring automatic location identification for public safety answering points under certain circumstances; amending Minnesota Statutes 1986, section 403.02, subdivision 6, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 108 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jaros	Larsen	Nelson, D.
Anderson, R.	Dauner	Jefferson	Lasley	Nelson, K.
Battaglia	DeBlicck	Jennings	Lieder	Neuenschwander
Bauerly	Dempsey	Jensen	Long	O'Connor
Beard	Dorn	Johnson, R.	Marsh	Ogren
Begich	Forsythe	Kahn	McDonald	Olsen, S.
Bennett	Frederick	Kalis	McKasy	Olson, E.
Bertram	Greenfield	Kelly	McPherson	Olson, K.
Bishop	Gruenes	Kelso	Milbert	Omamm
Blatz	Gutknecht	Kinkel	Minne	Onnen
Burger	Hartle	Kludt	Morrison	Orenstein
Carlson, L.	Heap	Knuth	Munger	Otis
Carruthers	Himle	Kostohryz	Murphy	Ozment
Clark	Jacobs	Krueger	Nelson, C.	Pappas

Pauly	Rose	Segal	Swenson	Voss
Peterson	Rukavina	Shaver	Tompkins	Welle
Price	Sarna	Simoneau	Trimble	Wenzel
Quinn	Schafer	Skoglund	Tunheim	Winter
Redalen	Scheid	Solberg	Uphus	Wynia
Reding	Schoenfeld	Sparby	Valento	Spk. Norton
Riveness	Schreiber	Stanius	Vanasek	
Rodosovich	Seaberg	Steensma	Vellenga	

Those who voted in the negative were:

Clausnitzer	Hugoson	Miller	Sviggum	Waltman
Frerichs	Johnson, V.	Poppenhagen	Thiede	
Haukoos	McEachern	Richter	Tjornhom	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 750, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in East Grand Forks, Polk county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Lieder moved that the House concur in the Senate amendments to H. F. No. 750 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 750, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in East Grand Forks, Polk county.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, L.	DeBlick	Greenfield
Anderson, R.	Bertram	Carruthers	Dempsey	Gruenes
Battaglia	Bishop	Clark	Dille	Gutknecht
Bauerly	Blatz	Clausnitzer	Dorn	Hartle
Beard	Brown	Cooper	Forsythe	Haukoos
Begich	Burger	Dauner	Frederick	Heap

Himle	Larsen	O'Connor	Reding	Steensma
Hugoson	Lasley	Ogren	Rice	Sviggum
Jacobs	Lieder	Olsen, S.	Richter	Swenson
Jaros	Long	Olson, E.	Rodosovich	Thiede
Jefferson	Marsh	Olson, K.	Rose	Tjornhom
Jennings	McEachern	Omann	Rukavina	Trimble
Jensen	McKasy	Onnen	Sarna	Tunheim
Johnson, A.	McLaughlin	Orenstein	Schafer	Uphus
Johnson, R.	McPherson	Otis	Scheid	Valento
Johnson, V.	Milbert	Ozment	Schoenfeld	Vanasek
Kahn	Miller	Pappas	Schreiber	Vellenga
Kalis	Minne	Pauly	Seaberg	Voss
Kelly	Morrison	Pelowski	Segal	Waltman
Kelso	Munger	Peterson	Shaver	Welle
Kinkel	Murphy	Poppenhagen	Simoneau	Wenzel
Kludt	Nelson, C.	Price	Skoglund	Winter
Knuth	Nelson, D.	Quinn	Solberg	Spk. Norton
Kostohryz	Nelson, K.	Quist	Sparby	
Krueger	Neuenschwander	Redalen	Stanius	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1296.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 678 and 863.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1296, A bill for an act relating to Gillette Children's Hospital; clarifying the hospital's exemption from certain tax provisions; amending Minnesota Statutes 1986, section 250.05, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 678, A bill for an act relating to natural resources; authorizing Rice Creek watershed district to increase the administrative fund amount.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 863, A bill for an act relating to horse racing; authorizing the racing commission to issue an additional license for a racetrack in the seven-county metropolitan area to be used for standard-bred racing; amending Minnesota Statutes 1986, sections 240.06, by adding a subdivision; and 240.14, subdivision 1.

The bill was read for the first time.

Reding moved that S. F. No. 863 and H. F. No. 905, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders pending for today, Wednesday, April 29, 1987:

H. F. Nos. 1327, 1507, 856, 674 and 668; S. F. No. 282; H. F. Nos. 905, 283, 872, 1111, 1193, 1308, 1444, 388, 413, 609, 305, 630, 931 and 1045; S. F. No. 482; H. F. No. 730; S. F. No. 53; H. F. Nos. 226 and 268.

CONSENT CALENDAR

S. F. No. 157 was reported to the House.

Blatz and Quinn moved to amend S. F. No. 157, as follows:

Page 5, line 25, delete "January" and insert "August"

The motion prevailed and the amendment was adopted.

S. F. No. 157, A bill for an act relating to property interests; enacting the uniform statutory rule against perpetuities; amending Minnesota Statutes 1986, section 500.17, subdivision 2; proposing

coding for new law as Minnesota Statutes, chapter 501A; repealing Minnesota Statutes 1986, section 500.13.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanis
Bertram	Hugoson	McPherson	Poppenhagen	Steensma
Bishop	Jacobs	Milbert	Price	Swiggum
Blatz	Jaros	Miller	Quinn	Swenson
Brown	Jefferson	Minne	Quist	Thiede
Burger	Jennings	Morrison	Redalen	Tjornhom
Carlson, D.	Jensen	Munger	Reding	Tompkins
Carlson, L.	Johnson, A.	Murphy	Rest	Trimble
Carruthers	Johnson, R.	Nelson, C.	Rice	Tunheim
Clark	Johnson, V.	Nelson, D.	Richter	Uphus
Clausnitzer	Kahn	Nelson, K.	Riveness	Vanasek
Cooper	Kalis	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelly	O'Connor	Rose	Voss
DeBlieck	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knuth	Olson, E.	Schafer	Welle
Dorn	Kostohryz	Olson, K.	Scheid	Wenzel
Forsythe	Krueger	Omann	Schoenfeld	Winter
Frederick	Larsen	Onnen	Schreiber	Wynia
Frerichs	Lasley	Orenstein	Seaberg	Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 161, A bill for an act relating to veterans; requiring the commissioner to establish a certification process for veterans service officers; amending Minnesota Statutes 1986, section 197.605, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Carlson, D.	Clausnitzer
Anderson, R.	Begich	Blatz	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner
Bauerly	Bertram	Burger	Clark	DeBlieck

Dempsey	Kalis	Murphy	Quist	Steensma
Dille	Kelly	Nelson, C.	Redalen	Sviggun
Dorn	Kelso	Nelson, D.	Reding	Swenson
Forsythe	Kinkel	Nelson, K.	Rest	Thiede
Frederick	Kludd	Neuenschwander	Rice	Tjornhom
Frerichs	Knuth	O'Connor	Richter	Tompkins
Greenfield	Kostohryz	Ogren	Riveness	Trimble
Gruenes	Krueger	Olson, S.	Rodosovich	Tunheim
Gutknecht	Larsen	Olson, E.	Rose	Uphus
Hartle	Lasley	Olson, K.	Rukavina	Valento
Haukoos	Lieder	Omann	Sarna	Vanasek
Heap	Long	Onnen	Schafer	Vellenga
Himle	Marsh	Orenstein	Scheid	Voss
Hugoson	McDonald	Osthoff	Schoenfeld	Wagenius
Jacobs	McEachern	Otis	Schreiber	Waltman
Jaros	McKasy	Ozment	Seaberg	Welle
Jefferson	McLaughlin	Pappas	Segal	Wenzel
Jennings	McPherson	Pauly	Shaver	Winter
Jensen	Milbert	Pelowski	Simoneau	Wynia
Johnson, A.	Miller	Peterson	Skoglund	Spk. Norton
Johnson, R.	Minne	Poppenhagen	Solberg	
Johnson, V.	Morrison	Price	Sparby	
Kahn	Munger	Quinn	Stanius	

The bill was passed and its title agreed to.

S. F. No. 721, A bill for an act relating to veterans; requiring the placement of a plaque on the Capitol grounds recognizing certain prisoners of war and soldiers missing in action.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Kelso	Nelson, D.	Reding
Anderson, R.	Forsythe	Kinkel	Nelson, K.	Rest
Battaglia	Frederick	Kludd	Neuenschwander	Rice
Bauerly	Frerichs	Knuth	O'Connor	Richter
Beard	Greenfield	Kostohryz	Ogren	Riveness
Begich	Gruenes	Krueger	Olson, S.	Rodosovich
Bennett	Gutknecht	Larsen	Olson, E.	Rose
Bertram	Hartle	Lasley	Olson, K.	Rukavina
Bishop	Haukoos	Lieder	Omann	Sarna
Blatz	Heap	Long	Onnen	Schafer
Boo	Himle	Marsh	Orenstein	Scheid
Brown	Hugoson	McDonald	Osthoff	Schoenfeld
Burger	Jacobs	McEachern	Otis	Schreiber
Carlson, D.	Jaros	McKasy	Ozment	Seaberg
Carlson, L.	Jefferson	McLaughlin	Pappas	Segal
Carruthers	Jennings	McPherson	Pauly	Shaver
Clark	Jensen	Milbert	Pelowski	Simoneau
Clausnitzer	Johnson, A.	Miller	Peterson	Skoglund
Cooper	Johnson, R.	Minne	Poppenhagen	Solberg
Dauner	Johnson, V.	Morrison	Price	Sparby
DeBleck	Kahn	Munger	Quinn	Stanius
Dempsey	Kalis	Murphy	Quist	Steensma
Dille	Kelly	Nelson, C.	Redalen	Sviggun

Swenson
Thiede
Tjornhom
Tompkins

Trimble
Tunheim
Uphus
Valento

Vanasek
Vellenga
Voss
Wagenius

Waltman
Welle
Wenzel
Winter

Wynia
Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 1349, A bill for an act relating to state departments and agencies; renaming the division of emergency services; amending Minnesota Statutes 1986, section 12.04.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.
Anderson, R.
Battaglia
Bauerly
Beard
Begich
Bennett
Bertram
Bishop
Blatz
Boo
Brown
Burger
Carlson, D.
Carlson, L.
Carruthers
Clark
Clausnitzer
Cooper
Dauner
DeBlick
Dempsey
Dille
Dorn
Forsythe
Frederick

Frerichs
Greenfield
Gruenes
Gutknecht
Hartle
Haukoos
Heap
Himle
Hugoson
Jacobs
Jaros
Jefferson
Jennings
Jensen
Johnson, A.
Johnson, R.
Johnson, V.
Kahn
Kalis
Kelly
Kelso
Kinkel
Kludt
Knuth
Kostohryz
Krueger

Larsen
Lasley
Lieder
Long
Marsh
McDonald
McEachern
McKasy
McLaughlin
McPherson
Milbert
Miller
Minne
Morrison
Munger
Murphy
Nelson, C.
Nelson, D.
Nelson, K.
Neuenschwander
O'Connor
Ogren
Olsen, S.
Olson, E.
Olson, K.
Omman

Onnen
Orenstein
Osthoff
Otis
Ozment
Pappas
Pauly
Pelowski
Peterson
Poppenhagen
Price
Quinn
Quist
Redalen
Reding
Rest
Rice
Richter
Riveness
Rodosovich
Rose
Rukavina
Sarna
Schafer
Scheid
Schoenfeld

Schreiber
Seaberg
Segal
Shaver
Simoneau
Skoglund
Solberg
Sparby
Stanis
Steensma
Sviggum
Swenson
Tjornhom
Tompkins
Trimble
Tunheim
Uphus
Valento
Vanasek
Vellenga
Voss
Waltman
Welle
Wenzel
Winter
Wynia
Spk. Norton

Those who voted in the negative were:

Thiede

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 463 was reported to the House.

Greenfield moved to amend H. F. No. 463, the first engrossment, as follows:

Page 20, after line 34, insert:

"Sec. 31. [MINNEAPOLIS TEACHERS RESTRUCTURING OF RETIREMENT BENEFITS; POSTRETIREMENT ADJUSTMENT MECHANISM.]

(a) In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Minneapolis teachers retirement fund association to amend its articles of incorporation by repealing article IX, subsection (18), authorizing lump sum postretirement adjustments payable to retirees or beneficiaries.

(b) In accordance with Minnesota Statutes, section 354A.12, subdivision 4, if the repeal authorized by paragraph (a) occurs, approval is granted for the Minneapolis teachers retirement fund association to amend or make an addition to its articles of incorporation as follows:

(1) Article IX, subsection (11), authorizing formula retirement annuity benefits, may be amended to authorize all teachers who retired before June 1, 1985, other than persons receiving a money purchase annuity under article IX, subsection (3), receiving a C death benefit under article IX, subsection (4), item C, or receiving a total disability benefit under article IX, subsection (5), to receive as of the first day of the month following the effective date of the amendment a recomputed annuity determined according to the 1975 revised formula annuity without regard to the 30-year service limitation applicable to teachers who retired after May 1, 1974, and before June 1, 1985;

(2) Article IX, subsection (14) D, providing an annual automatic annuity increase of 1½ percent to all annuitants who have been receiving an annuity for at least 24 months and who have attained the age of 65 may be amended to increase the annual automatic increase annuity to two percent per fiscal year on January 1, or July 1, whichever applies, and to extend eligibility for that increase annuity to all annuitants who have been receiving an annuity for at least 12 months, irrespective of the attained age of the annuitant;

(3) Article IX, subsection (14), may be amended by adding a provision authorizing an increase in the annuity of any annuitant who retired on or before July 1, 1986, in the amount of four percent of the annuity the member is otherwise eligible to receive on July 1, 1987, including any other increases granted as of that date under articles of incorporation amendments authorized by the section but excluding the annual automatic increase annuity payable under article IX, subsection (14), item D, on July 1, 1987, for each full year

that the member has been retired and receiving an annuity, to a maximum of 20 percent;

(4) Article IX, subsection (14), may be amended by adding a provision authorizing payment, as of July 1, 1987, of an increase in a normal retirement annuity, joint and survivor annuity or term certain optional annuity of retired teachers of the positive dollar amount difference between a minimum normal retirement annuity equal to \$25 per month for each full year of teaching service, to a maximum of 30 years, and the amount of the normal retirement annuity, joint and survivor annuity or term certain optional annuity payable on June 1, 1987, to retired teachers who were members of the basic program, who ceased active teaching service in the city public schools, who are receiving a normal retirement annuity and who have not withdrawn a portion of required member deposits upon applying for the normal retirement annuity. If the difference is not a positive dollar amount, no increase shall be payable and no reduction shall be imposed. For persons to whom a remainder portion of a joint and survivor annuity or a term certain optional annuity is payable, a proportional increase is payable; and

(5) Article IX may be amended by adding a new subsection providing for an investment related postretirement adjustment mechanism. An annual postretirement may be paid if there is any excess investment income. The determination shall be made by the board of trustees in consultation with the actuary retained by the legislative commission on pensions and retirement. The fund has excess investment income if the time weighted total rate of return earned by the fund over the most recent three-year fiscal year period has exceeded the rate of eight percent or the applicable postretirement interest rate assumption specified in Minnesota Statutes, section 356.215, subdivision 4d, whichever is greater. In determining the total rate of return, the board shall use the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11) and in effect on January 1, 1987. The amount by which the excess investment income exceeds the minimum interest rate shall be expressed as a percentage and carried to four decimal places. An annual postretirement adjustment is payable to a person who is receiving an annuity under article IX, subsections (8), (9), or (11), or article XI, subsection (5), who is receiving a death benefit under article IX, subsection (4), or who is receiving a joint and survivor annuity or term certain optional annuity under article IX, subsection (2), clauses (b) or (c), and who has received the annuity or benefit in the person's own right or in combination with the initial recipient of the annuity for at least 12 months as of the determination date. The determination date is June 30 and determinations shall be made as soon as practicable after that date. The board of trustees shall determine the percentage amount of the postretirement adjustment payable, but the percentage amount shall not exceed the amount by which the excess investment income exceeds the minimum interest rate. The

board of trustees shall include in the provision criteria to govern the exercise of its discretion in determining the instances under which an annual postretirement adjustment of less than the full determined percentage is payable. The annual postretirement adjustment is payable on January 1 following the determination date and is payable for the duration of the annuity or benefit.

Sec. 32. [WITHDRAWAL OF AUTHORITY.]

The authority for the amendment of article IX of the articles of incorporation of the Minneapolis teachers retirement fund association adding subsection (18) to provide a lump sum postretirement adjustment to certain annuitants and survivor benefit recipients under Laws 1981, chapter 159, section 1, clause (1) is withdrawn."

Page 20, line 36, after "1987." insert "Sections 31 and 32 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "standards;" insert "changing certain teachers benefits;"

The motion prevailed and the amendment was adopted.

Sarna moved to amend H. F. No. 463, the first engrossment, as amended, as follows:

Page 20, after line 34, insert:

"Sec. 31. Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended by Laws 1953, chapter 127, section 4; Laws 1965, chapter 534, section 1; Laws 1967, chapter 825, section 1; Laws 1969, chapter 258, section 1; Laws 1973, chapter 272, section 1; Laws 1975, chapter 428, section 1; and Laws 1983, chapter 88, section 7, is amended to read:

Sec. 7. [MINNEAPOLIS, CITY OF; ~~POLICEMEN'S~~ POLICE PENSIONS.]

The ~~police~~men's police pension fund shall be used only for the payment of:

(a) Service, disability or dependency pensions;

(b) Salaries of the secretary of the association in an amount not to exceed 30 percent of the base salary of a top-grade patrolman and of

the president of the association in an amount not to exceed ten percent of the base salary of a top-grade patrolman;

(c) Expenses of officers and employees of the association in connection with the protection of the fund;

(d) All expenses of operating and maintaining the association;

(e) Hospital and medical insurance for pensioners who have completed 20 years or more of service or permanent disabilitants and widows surviving spouses of deceased active members, disabilitants, or service pensioners who have completed 20 years or more of service of one unit per month, such one unit to be added to the pension otherwise provided for herein; provided that a pensioner or widow surviving spouse may in writing authorize a deduction from their pension for an insurance plan adopted by the association;

(f) Health and welfare benefits of one unit per month in addition to other benefits for members who retire after July 1, 1980, and have completed 20 years or more of service or members who are permanent disabilitants; and

(g) Other expenses authorized by law.

Sec. 32. Laws 1949, chapter 406, section 5, subdivision 1, as amended by Laws 1953, chapter 127, section 5, subdivision 1; Laws 1969, chapter 560, section 1; and Laws 1983, chapter 88, section 8, is amended to read:

Subdivision 1. [PERSON'S MINNEAPOLIS POLICE; PERSONS ENTITLED TO RECEIVE.] The association shall grant pensions payable from the policemen's police pension fund in monthly installments, in the manner and for the following purposes:

(1) Any active member of the age of 50 years or more, and any deferred pensioner who performs has performed duty as a member of the police department of the city for 20 five years or more, upon his written application after retiring from such duty, shall and reaching at least age 50 is entitled to be paid monthly during his lifetime a for life a service pension equal to 32 units and an additional unit for each year of such service in excess of 20 years, but after completion of the 25th year of service the member shall receive 40 units thereafter.

(2) Any active member who performs duty as a member of the police department of the city for 20 years or more who retires from such duty before he attains the age of 50 years, upon his written application after reaching the age of 50 years shall be paid monthly during his lifetime a pension equal to 32 units and an additional unit for each year of such service in excess of 20 years, but after

completion of the 25th year of service the member shall receive 40 units thereafter eight units. For full years of service beyond five years, the service pension increases to a maximum of 40 units, as follows:

Sixth through 20th years. 1.6 units per year

21st through 24th years. 1.0 units per year

25th year. 4.0 units.

Fractional years of service may not be used in computing pensions.

(3) ~~To (2)~~ Any active member who shall, after ~~ten~~ five years' service but with less than 20 years' service with the police department of the city, ~~become~~ becomes superannuated so as to be permanently unable to perform his assigned duties, ~~there shall be paid monthly during his lifetime for life a pension equal to 12 two units for ten five years of service and an additional two units for each completed full year of such service over ten five years and less than 20 years.~~

(4) ~~To (3)~~ Any active member not eligible for a service pension who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service which permanently unfits him the member for the performance of police duties, ~~there shall be paid monthly during his lifetime for life a pension equal to 32 units while so disabled.~~

Sec. 33. Laws 1949, chapter 406, section 5, subdivision 3, as amended by Laws 1953, chapter 127, section 5, subdivision 2; and Laws 1983, chapter 88, section 9, is amended to read:

Subd. 2. [PAYMENTS, MEMBER SEPARATED FROM THE SERVICE MINNEAPOLIS POLICE; REFUNDS PROHIBITED.] ~~If an active member of the police department of the city is separated from the service after having completed not less than five years of service, under such circumstances that no pension benefits are payable to him or to his widow or to his children, the association shall return to him the sum of \$500, with an additional \$100 for each completed year of service in excess of five. In the event the member is reinstated to police duty all moneys paid him shall be returned to the pension fund within six months from the date of the reinstatement. Failure to do so relieves the association from any liability as to prior years of service credit as to reinstatement date. In case of the death of the member any such sums shall be paid to his heirs, executors, or administrators. No refund of contributions may be made upon separation from service; provided, however, that if an active member dies leaving no surviving spouse or children, the member's heirs, executors, or administrators are entitled to a refund of \$100 for each completed year of service.~~

Sec. 34. Laws 1949, chapter 406, section 6, subdivision 1, as amended by Laws 1953, chapter 127, section 6; and Laws 1967, chapter 820, section 1, is amended to read:

Subdivision 1. [MINNEAPOLIS POLICE SURVIVOR BENEFITS; PERSONS TO WHOM GRANTED.] The association shall grant pensions or benefits payable from the policemen's police pension fund to any member or to any widow surviving spouse or to any child under 18 years of age or any member from the time and for the following purposes:

When a service pensioner, disability pensioner, or deferred pensioner, or an active member of a relief association dies, leaving

(1) a widow surviving spouse, who was his a legally married wife spouse, residing with him the decedent, and who was married while or prior to the time he the decedent was on the payroll of the police department; and who, in case the deceased member was a service or deferred pensioner, was legally married to the member at least one year before his retirement from the police department; or

(2) a child or children, who were living while the deceased was on the payroll of the police department or born within nine months after the decedent was withdrawn from such the payroll, the widow surviving spouse and child, or children, shall be entitled to a pension, or pensions, as follows:

(a) To the widow surviving spouse of a deceased active member or disabilitant, a pension of 18 units per month for life. If the surviving spouse remarries, the pension ceases as of the date of the remarriage.

(b) To the surviving spouse of a deceased deferred or retired member, a pension of 18 4.5 units per month for her natural life; but, plus an additional nine-tenths of one unit per month for every year of service of the decedent beyond five years to a maximum of 18 units. If she remarry the surviving spouse remarries, the pension shall cease ceases as of the date of the remarriage.

(b) (c) To each child of a deceased active member or disabilitant, a pension of six units per month until the child reaches the age of 18 years; or in the case of a child in full-time attendance during the normal school year, in a school approved by the board of directors, until the child receives a bachelor's degree or attains the age of 22 years, whichever occurs first.

(d) To each child of a deceased deferred or retired member, a pension of 1.5 units per month plus three-tenths of one unit per month for every year of service of the decedent beyond five years to a maximum of six units until the child reaches the age of 18 years; or, in the case of a child in full-time attendance during the normal

school year in a school approved by the board of directors, until the child receives a bachelor's degree or attains the age of 22 years, whichever is first.

The total pensions hereunder for the ~~widow~~ surviving spouse and children of a deceased member shall not exceed 32 units per month.

Sec. 35. Laws 1980, chapter 607, article 15, section 9, is amended to read:

Sec. 9. [MINNEAPOLIS POLICE AND FIRE; HEALTH AND WELFARE BENEFIT.] Notwithstanding any law to the contrary, any person who, after July 1, 1980, retires on a service pension with at least 20 years of service or a permanent disability benefit from the Minneapolis police relief association or the Minneapolis firefighters relief association shall be entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit unless the city of Minneapolis elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The monthly health and welfare benefit shall be an amount equal to one unit as defined pursuant to Laws 1963, Chapter 315, Section 1, Subdivision 3, for the Minneapolis police relief association, or Minnesota Statutes, section 69.45, for the Minneapolis firefighters relief association, whichever is applicable. The monthly health and welfare benefit shall be paid to the retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.

Sec. 36. [SAVINGS CLAUSE.]

Nothing in sections 33 to 37 impairs or diminishes the benefits paid to members, spouses, or children of a member of the Minneapolis police relief association or the entitlement that members, spouses, or children had to benefits before the effective date of sections 33 to 37."

Page 20, line 36, delete "DATE" and insert "DATES"

Page 20, after line 36, insert:

"Sections 33 to 38 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021."

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after "standards;" insert "regulating Minneapolis police pensions;"

Page 1, line 16, delete "and"

Page 1, line 17, after the semicolon insert "Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 5, subdivisions 1, as amended, and 3, as amended; section 6, subdivision 1, as amended; and Laws 1980, chapter 607, article 15, section 9;"

The motion prevailed and the amendment was adopted.

H. F. No. 463, A bill for an act relating to retirement; various public retirement plans and funds; lowering vesting standards; changing certain teachers benefits; regulating Minneapolis police pensions; amending Minnesota Statutes 1986, sections 352.113, subdivision 1; 352.115, subdivision 1; 352.12, subdivision 2; 352.22, subdivision 3; 352.72, subdivision 1; 352.93, subdivision 1; 352B.08, subdivision 1; 352B.11, subdivision 2; 352B.30, subdivision 1; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivision 1a; 353.33, subdivision 1; 353.34, subdivision 3; 353.651, subdivision 1; 353.657, subdivision 2a; 353.71, subdivision 1; 354.44, subdivision 1; 354.46, subdivision 2; 354.48, subdivision 1; 354.49, subdivision 3; 354.60; 354A.31, subdivisions 1, 5, and 6; 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.39; 356.30, subdivision 1; Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 5, subdivisions 1, as amended, and 3, as amended; section 6, subdivision 1, as amended; and Laws 1980, chapter 607, article 15, section 9; proposing coding for new law in Minnesota Statutes, chapter 423A.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlieck	Jensen	McEachern	Omann
Anderson, R.	Dempsey	Johnson, A.	McKasy	Onnen
Battaglia	Dille	Johnson, R.	McLaughlin	Orenstein
Bauerly	Dorn	Johnson, V.	McPherson	Osthoff
Beard	Forsythe	Kahn	Milbert	Otis
Begich	Frederick	Kalis	Miller	Ozment
Bennett	Frerichs	Kelly	Minne	Pappas
Bertram	Greenfield	Kelso	Morrison	Pauly
Bishop	Gruenes	Kinkel	Munger	Pelowski
Blatz	Gutknecht	Kludt	Murphy	Peterson
Brown	Hartle	Knuth	Nelson, C.	Poppenhagen
Burger	Haukoos	Kostohryz	Nelson, D.	Price
Carlson, D.	Heap	Krueger	Nelson, K.	Quinn
Carlson, L.	Himle	Larsen	Neuenschwander	Quist
Carruthers	Hugoson	Lasley	O'Connor	Redalen
Clark	Jacobs	Lieder	Ogren	Reding
Clausnitzer	Jaros	Long	Olsen, S.	Rest
Cooper	Jefferson	Marsh	Olson, E.	Rice
Dauner	Jennings	McDonald	Olson, K.	Richter

Riveness	Schreiber	Stanis	Tunheim	Welle
Rodosovich	Seaberg	Steensma	Uphus	Wenzel
Rose	Segal	Sviggum	Valento	Winter
Rukavina	Shaver	Swenson	Vanasek	Wynia
Sarna	Simoneau	Thiede	Vellenga	Spk. Norton
Schafer	Skoglund	Tjornhom	Voss	
Scheid	Solberg	Tompkins	Wagenius	
Schoenfeld	Sparby	Trimble	Waltman	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1327, A bill for an act relating to elections; specifying the time for precinct caucuses; amending Minnesota Statutes 1986, section 202A.14, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 113 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	Lasley	Omann	Seaberg
Bauerly	Gutknecht	Lieder	Orenstein	Segal
Beard	Hartle	Long	Otis	Shaver
Begich	Haukoos	Marsh	Ozment	Simoneau
Bennett	Heap	McDonald	Pappas	Skoglund
Bertram	Himle	McEachern	Pauly	Solberg
Bishop	Hugoson	McKasy	Pelowski	Stanis
Blatz	Jacobs	McLaughlin	Peterson	Steensma
Brown	Jaros	McPherson	Price	Tjornhom
Burger	Jefferson	Milbert	Quinn	Tompkins
Carlson, D.	Jennings	Minne	Redalen	Trimble
Carlson, L.	Jensen	Morrison	Reding	Tunheim
Carruthers	Johnson, R.	Munger	Rest	Uphus
Clark	Johnson, V.	Murphy	Rice	Valento
Clausnitzer	Kahn	Nelson, C.	Riveness	Vanasek
Cooper	Kelly	Nelson, D.	Rodosovich	Voss
Dauner	Kelso	Nelson, K.	Rose	Wagenius
DeBlieck	Kinkel	Neuenschwander	Rukavina	Waltman
Dempsey	Kludt	O'Connor	Sarna	Welle
Dille	Knuth	Ogren	Schafer	Winter
Dorn	Kostohryz	Olsen, S.	Scheid	Spk. Norton
Forsythe	Krueger	Olson, E.	Schoenfeld	
Frederick	Larsen	Olson, K.	Schreiber	

Those who voted in the negative were:

Anderson, R.	Miller	Poppenhagen	Thiede
Gruenes	Onnen	Sviggum	Wenzel
Kalis	Osthoff	Swenson	

The bill was passed and its title agreed to.

Voss was excused for the remainder of today's session.

H. F. No. 1507, A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing certain permits or approving certain plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1986, sections 105.37, by adding subdivisions; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Otis	Shaver
Anderson, R.	Greenfield	Long	Ozment	Simoneau
Battaglia	Gruenes	Marsh	Pappas	Skoglund
Bauerly	Gutknecht	McDonald	Pauly	Solberg
Beard	Hartle	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanisus
Bennett	Himle	McLaughlin	Popenhagen	Steensma
Bertram	Hugoson	McPherson	Price	Sviggum
Bishop	Jacobs	Milbert	Quinn	Swenson
Blatz	Jaros	Miller	Quist	Thiede
Boo	Jefferson	Minne	Redalen	Tjornhom
Brown	Jennings	Morrison	Reding	Tompkins
Burger	Jensen	Munger	Rest	Trimble
Carlson, D.	Johnson, R.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Uphus
Carruthers	Kahn	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBleck	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knuth	Olson, E.	Scheid	Wenzel
Dille	Kostohryz	Olson, K.	Schoenfeld	Winter
Dorn	Krueger	Omann	Schreiber	Wynia
Forsythe	Larsen	Onnen	Seaberg	Spk. Norton
Frederick	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 856 was reported to the House.

Bishop moved to amend H. F. No. 856, the first engrossment, as follows:

Page 1, line 20, after "eligible entity" insert "means the following agencies:

Anoka County Community Action Program; Arrowhead Economic Opportunity Agency; Bi-County Community Action Council; Clay-Wilkin Opportunity Council; Community Action for Suburban

Hennepin County; Duluth Community Action Program; Freeborn County Community Action Agency; Goodhue-Rice-Wabasha Citizens Action Council; Inter-County Community Council; Koochiching-Itasca Action Council; Lakes & Pines Community Action Council; Mahube Community Council; Minneapolis Community Action Agency; Minnesota Migrant Council; Minnesota Valley Action Council; Northwest Community Action; Olmsted Community Action Program; Otter Tail-Wadena Community Action Council; Prairie Five Community Action Council; Ramsey Action Programs; Region 6E Community Action Agency; Scott-Carver-Dakota Community Action Agency; Southeastern Minnesota Community Action Council; Southwestern Minnesota Opportunity Council; Tri-County Action Programs; Tri-County Community Action Programs; Tri-Valley Opportunity Council; West Central Minnesota Communities Action; Western Community Action; Wright County Community Action; Boise Forte Reservation Business Committee; Fond Du Lac Reservation; Grand Portage Reservation; Leech Lake Reservation; Lower Sioux Community Council; Mille Lacs Band of Chippewa Indians; Prairie Island Community Council; Red Lake Band of Chippewa Indians; Shakopee-Mdewakanton Community; Upper Sioux Community; and White Earth Reservation Tribal Council; and"

Page 1, line 22, after "from" insert "October 1,"

The motion prevailed and the amendment was adopted.

H. F. No. 856, A bill for an act relating to local government; designating certain counties eligible entities for community action funds; amending Minnesota Statutes 1986, section 268.53, subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frerichs	Jensen	Larsen
Anderson, R.	Carlson, L.	Greenfield	Johnson, A.	Lasley
Battaglia	Carruthers	Gruenes	Johnson, R.	Lieder
Bauerly	Clark	Gutknecht	Johnson, V.	Long
Beard	Clausnitzer	Hartle	Kahn	Marsh
Begich	Cooper	Haukoos	Kalis	McDonald
Bennett	Dauner	Heap	Kelly	McEachern
Bertram	DeBlieck	Himle	Kelso	McKasy
Bishop	Dempsey	Hugoson	Kinkel	McLaughlin
Blatz	Dille	Jacobs	Kludt	McPherson
Boo	Dorn	Jaros	Knuth	Milbert
Brown	Forsythe	Jefferson	Kostohryz	Miller
Burger	Frederick	Jennings	Krueger	Minne

Morrison	Orenstein	Rest	Shaver	Uphus
Munger	Osthoff	Rice	Simoneau	Valento
Murphy	Otis	Richter	Skoglund	Vanasek
Nelson, C.	Ozment	Riveness	Solberg	Vellenga
Nelson, D.	Pappas	Rodosovich	Sparby	Wagenius
Nelson, K.	Pauly	Rose	Stanisus	Waltman
Neuenschwander	Pelowski	Rukavina	Steensma	Welle
O'Connor	Peterson	Sarna	Sviggum	Wenzel
Ogren	Poppenhagen	Schafer	Swenson	Winter
Olsen, S.	Price	Scheid	Thiede	Wynia
Olson, E.	Quinn	Schoenfeld	Tjornhom	Spk. Norton
Olson, K.	Quist	Schreiber	Tompkins	
Omman	Redalen	Seaberg	Trimble	
Onnen	Reding	Segal	Tunheim	

The bill was passed, as amended, and its title agreed to.

H. F. No. 674, A bill for an act relating to crimes; dictating circumstances in which the court may stay execution of sentence following conviction for a second or subsequent offense relating to criminal sexual conduct; providing that information regarding a sexual assault victim is private; amending Minnesota Statutes 1986, sections 609.346, subdivisions 2 and 3; and 611A.06.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Segal
Anderson, R.	Gruenes	Lieder	Otis	Shaver
Battaglia	Gutknecht	Long	Ozment	Simoneau
Bauerly	Hartle	Marsh	Pappas	Skoglund
Beard	Haukoos	McDonald	Pauly	Solberg
Begich	Heap	McEachern	Pelowski	Sparby
Bennett	Himle	McKasy	Peterson	Stanisus
Bertram	Hugoson	McLaughlin	Poppenhagen	Steensma
Blatz	Jacobs	McPherson	Price	Sviggum
Boo	Jaros	Milbert	Quinn	Swenson
Brown	Jefferson	Miller	Quist	Thiede
Burger	Jennings	Minne	Redalen	Tjornhom
Carlson, D.	Jensen	Morrison	Reding	Tompkins
Carlson, L.	Johnson, A.	Munger	Rest	Trimble
Carruthers	Johnson, R.	Murphy	Rice	Tunheim
Clark	Johnson, V.	Nelson, C.	Richter	Uphus
Clausnitzer	Kahn	Nelson, D.	Riveness	Valento
Cooper	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlick	Kelso	O'Connor	Rukavina	Wagenius
Dempsey	Kinkel	Ogren	Sarna	Waltman
Dille	Kludt	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omman	Schreiber	Wynia
Frerichs	Larsen	Orenstein	Seaberg	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 668, A bill for an act relating to health; extending the moratorium on hospital capacity expansion; amending Laws 1984, chapter 654, article 5, section 57, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanisus
Bertram	Hugoson	McPherson	Poppenhagen	Steensma
Blatz	Jacobs	Milbert	Price	Sviggum
Boo	Jefferson	Miller	Quinn	Swenson
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Reding	Trimble
Carlson, L.	Johnson, R.	Murphy	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Rice	Uphus
Clark	Kahn	Nelson, D.	Richter	Valento
Clausnitzer	Kalis	Nelson, K.	Riveness	Vanasek
Cooper	Kelly	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Wagenius
DeBleck	Kinkel	Ogren	Rukavina	Waltman
Dempsey	Kludt	Olsen, S.	Sarna	Welle
Dille	Knuth	Olson, E.	Schafer	Wenzel
Dorn	Kostohryz	Olson, K.	Scheid	Winter
Forsythe	Krueger	Omann	Schoenfeld	Wynia
Frederick	Larsen	Onnen	Schreiber	Spk. Norton
Frerichs	Lasley	Orenstein	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 282 was reported to the House.

Nelson, K., moved that S. F. No. 282 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 283 was reported to the House.

Johnson, A., moved that H. F. No. 283 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 872, A bill for an act relating to hazardous waste facilities; providing for financial responsibility when an owner or

operator is bankrupt; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Orenstein	Segal
Anderson, R.	Gruenes	Lieder	Otis	Shaver
Battaglia	Gutknecht	Long	Ozment	Simoneau
Bauerly	Hartle	Marsh	Pappas	Skoglund
Beard	Haukoos	McDonald	Pauly	Solberg
Begich	Heap	McEachern	Pelowski	Sparby
Bennett	Himle	McKasy	Peterson	Stanis
Bertram	Hugoson	McLaughlin	Poppenhagen	Steensma
Blatz	Jacobs	McPherson	Price	Sviggum
Boo	Jaros	Milbert	Quinn	Swenson
Brown	Jefferson	Miller	Quist	Thiede
Burger	Jennings	Minne	Redalen	Tjornhom
Carlson, D.	Jensen	Morrison	Reding	Tompkins
Carlson, L.	Johnson, A.	Munger	Rest	Trimble
Carruthers	Johnson, R.	Murphy	Rice	Tunheim
Clark	Johnson, V.	Nelson, C.	Richter	Uphus
Clausnitzer	Kahn	Nelson, D.	Riveness	Valento
Cooper	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlieck	Kelso	O'Connor	Rukavina	Wagenius
Dempsey	Kinkel	Ogren	Sarna	Waltman
Dille	Kludt	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omann	Schreiber	Wynia
Frerichs	Larsen	Onnen	Seaberg	Spk. Norton

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 1111 was reported to the House.

Sviggum moved to amend H. F. No. 1111, the first engrossment, as follows:

Page 3, after line 13, insert:

"Sec. 2. Minnesota Statutes 1986, section 609.485, subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Whoever does any of the following may be sentenced as provided in subdivision 4:

(1) Escapes while held in lawful custody on a charge or conviction of a crime, or on an allegation or adjudication of a delinquent act;

(2) Transfers to another, who is in lawful custody on a charge or conviction of a crime, or introduces into an institution in which the latter is confined, anything usable in making such escape, with intent that it shall be so used;

(3) Having another in lawful custody on a charge or conviction of a crime, intentionally permits the other to escape; or

(4) Escapes while in a facility designated under section 253B.18, subdivision 1, pursuant to a court commitment order after a finding of not guilty by reason of mental illness or mental deficiency of a crime against the person, as defined in section 253B.02, subdivision 4a. Notwithstanding section 609.17, no person may be charged with or convicted of an attempt to commit a violation of this clause.

Sec. 3. Minnesota Statutes 1986, section 609.485, subdivision 4, is amended to read:

Subd. 4. [SENTENCE.] Except as otherwise provided in subdivision 3a, whoever violates this section may be sentenced as follows:

(1) If the person who escapes is in lawful custody on a charge or conviction of a felony, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

(2) If the person who escapes is in lawful custody after a finding of not guilty by reason of mental illness or mental deficiency of a crime against the person, as defined in section 253B.02, subdivision 4a, to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both.

(3) If such charge or conviction is for a gross misdemeanor, or if the person who escapes is in lawful custody on an allegation or adjudication of a delinquent act, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

(4) If such charge or conviction is for a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

(5) If the escape was a violation of subdivision 2, clause (1), (2), or (3) and was effected by violence or threat of violence against a person, the sentence may be increased to not more than twice those permitted in clauses (1), (3), and (4).

(6) Unless a concurrent term is specified by the court, a sentence under this section shall be consecutive to any sentence previously

imposed or which may be imposed for any crime or offense for which the person was in custody when the person escaped.

(7) Notwithstanding clause (6), if a person who was committed to the commissioner of corrections under section 260.185 escapes from the custody of the commissioner while 18 years of age, the person's sentence under this section shall commence on the person's nineteenth birthday or on the person's date of discharge by the commissioner of corrections, whichever occurs first. However, if the person described in this clause is convicted under this section after becoming 19 years old and after having been discharged by the commissioner, the person's sentence shall commence upon imposition by the sentencing court.

Sec. 4. [EFFECTIVE DATE.]

Sections 2 and 3 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; providing that it is a prima facie case for reference for prosecution as an adult if a child is alleged to have committed an aggravated felony against the person as a member of an organized gang; making it a crime for an alleged or adjudicated juvenile delinquent who is 18 years old to escape from lawful custody; amending Minnesota Statutes 1986, sections 260.125, subdivision 3; and 609.485, subdivisions 2 and 4."

The motion prevailed and the amendment was adopted.

Otis moved that H. F. No. 1111, as amended, be continued on Special Orders for one day. The motion prevailed.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Vanasek moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Anderson, G., moved that his name be stricken as an author on H. F. No. 392. The motion prevailed.

Jacobs moved that the name of Bennett be added as an author on H. F. No. 1148. The motion prevailed.

Pelowski moved that H. F. No. 1326 be recalled from the Committee on Taxes and be re-referred to the Committee on Appropriations. The motion prevailed.

Wynia and Murphy moved that H. F. No. 1045, now on Special Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

McPherson moved that H. F. No. 993 be returned to its author. The motion prevailed.

Dille; Nelson, D.; Nelson, K.; Sparby and Haukoos introduced:

House Resolution No. 43, A House resolution requesting local school boards to adopt a districtwide policy prohibiting the use of tobacco products on school premises.

The resolution was referred to the Committee on Rules and Legislative Administration.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the following change in standing committee assignments:

Taxes: Remove the names of Osthoff and Scheid.

ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, April 30, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Thursday, April 30, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives