

## THIRTY-NINTH DAY

St. Paul, Minnesota, Thursday, April 25, 1991

The Senate met at 12:00 noon and was called to order by the President.

### CALL OF THE SENATE

Ms. Ranum imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Milan Ingman.

The roll was called, and the following Senators answered to their names:

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Knaak	Morse	Samuelson
Benson, J.E.	Flynn	Kroening	Neuville	Solon
Berg	Frank	Laidig	Novak	Spear
Berglin	Frederickson, D.J.	Langseth	Olson	Storm
Bernhagen	Frederickson, D.R.	Larson	Pappas	Stumpf
Bertram	Gustafson	Lessard	Pariseau	Traub
Brataas	Halberg	Luther	Piper	Vickerman
Chmielewski	Hottinger	Marty	Pogemiller	Waldorf
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Reichgott	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 23, 1991

The Honorable Jerome M. Hughes  
President of the Senate

Dear Senator Hughes:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 34, 254, 391 and 734.

Warmest regards,

Arne H. Carlson, Governor

April 24, 1991

The Honorable Jerome M. Hughes  
President of the Senate

Dear Senator Hughes:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 713.

Warmest regards,  
Arne H. Carlson, Governor

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 326:

H.F. No. 326: A bill for an act relating to elections; providing for time off to vote in primaries; amending Minnesota Statutes 1990, section 204C.04.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Osthoff, Scheid and Abrams have been appointed as such committee on the part of the House.

House File No. 326 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1991

Mr. Pogemiller, for Mr. Hughes, moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 326, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 375 and 422.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1991

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 375: A bill for an act relating to marriage; providing for solemnization of marriages by certain court officers; amending Minnesota Statutes 1990, section 517.04.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 379, now on General Orders.

H.F. No. 422: A bill for an act relating to cities; providing for distribution of public notices in cities of the fourth class in the metropolitan area; amending Minnesota Statutes 1990, section 331A.03.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 334, now on General Orders.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1507 and 1503. The motion prevailed.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 325: A bill for an act relating to health; mental health; assigning additional duties to the commissioner of human services in the area of mental health; requiring the commissioner to adopt and revise rules relating to case management services; modifying the requirement for county maintenance of effort; including community residential treatment as a service covered by medical assistance; appropriating money; amending Minnesota Statutes 1990, sections 245.461, subdivision 3, and by adding a subdivision; 245.4711, by adding a subdivision; 245.48; 245.487, by adding a subdivision; 245.4881, by adding a subdivision; and 256B.0625, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 245.461, subdivision 3, is amended to read:

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, ~~1990~~ 1994, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.461 to 245.486 and on additional resources needed to further implement those sections.

Sec. 2. Minnesota Statutes 1990, section 245.461, is amended by adding a subdivision to read:

*Subd. 5. [FUNDING FROM THE FEDERAL GOVERNMENT AND OTHER SOURCES.] The commissioner shall seek and apply for federal and other nonstate, nonlocal government funding for the mental health services specified in sections 245.461 to 245.486, in order to maximize nonstate, nonlocal dollars for these services.*

Sec. 3. Minnesota Statutes 1990, section 245.462, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] “Community support services program” means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

- (1) client outreach,
- (2) medication monitoring,
- (3) assistance in independent living skills,
- (4) development of employability and work-related opportunities,
- (5) crisis assistance,
- (6) psychosocial rehabilitation,
- (7) help in applying for government benefits, and
- (8) ~~the development, identification, and monitoring of living arrangements housing support services.~~

The community support services program must be coordinated with the case management services specified in section 245.4711.

Sec. 4. Minnesota Statutes 1990, section 245.462, subdivision 18, is amended to read:

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] “Mental health professional” means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist *in adult psychiatric and mental health nursing* by the American nurses association or who has a master’s degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master’s supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master’s degree in social work from an accredited college or university, with at least 4,000 hours of post-master’s supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master’s degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master’s supervised experience in the delivery of clinical services in the treatment of mental illness.

Sec. 5. Minnesota Statutes 1990, section 245.4711, is amended by adding



a subdivision to read:

*Subd. 9. [REVISION OF RULES.] (a) The commissioner, by July 1, 1992, shall revise existing rules governing case management services, in order to:*

- (1) make improvements in rule flexibility;*
- (2) establish a comprehensive coordination of services;*
- (3) increase the rate of reimbursement for case management services;*
- (4) require case managers to arrange for standardized assessments of side effects related to the administration of psychotropic medication;*
- (5) establish a reasonable caseload limit for case managers;*
- (6) provide reimbursement for transportation costs for case managers;*
- and*
- (7) review the eligibility criteria for case management services covered by medical assistance.*

*(b) Until rule amendments are adopted under paragraph (a), in-county travel by case managers is reimbursable under the medical assistance program subject to the six-hour limit on case management services.*

Sec. 6. Minnesota Statutes 1990, section 245.472, is amended by adding a subdivision to read:

*Subd. 4. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for residential services are based on the clinical needs of the adult. The county board shall ensure that each entity under contract with the county to provide residential treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. All contracts for the provision of residential services must include provisions guaranteeing clients the right to appeal under section 245.477 and to be advised of their appeal rights.*

Sec. 7. Minnesota Statutes 1990, section 245.473, is amended by adding a subdivision to read:

*Subd. 3. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for acute care inpatient services are based on the clinical needs of the adult. The county board shall ensure that each entity under contract with the county to provide acute care hospital treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. All contracts for the provision of acute care hospital inpatient treatment services must include provisions guaranteeing clients the right to appeal under section 245.477 and to be advised of their appeal rights.*

Sec. 8. Minnesota Statutes 1990, section 245.473, is amended by adding a subdivision to read:

*Subd. 4. [INDIVIDUAL PLACEMENT AGREEMENT.] Except for services reimbursed under chapters 256B and 256D, the county board shall enter into an individual placement agreement with a provider of acute care hospital inpatient treatment services to an adult eligible for services under this section. The agreement must specify the payment rate and the terms and conditions of county payment for the placement.*

Sec. 9. Minnesota Statutes 1990, section 245.484, is amended to read: 245.484 [RULES.]

*The commissioner shall adopt emergency rules to govern implementation of case management services for eligible children in section 245.4881 and professional home-based family treatment services for medical assistance eligible children, in section 245.4884, subdivision 3, by January 1, 1992, and must adopt permanent rules by January 1, 1993.*

The commissioner shall adopt permanent rules as necessary to carry out sections 245.461 to 245.486 and ~~Laws 1989, chapter 282, article 4, sections 1 to 53~~ 245.487 to 245.4887. *The commissioner shall reassign agency staff as necessary to meet this deadline.*

Sec. 10. Minnesota Statutes 1990, section 245.487, subdivision 4, is amended to read:

*Subd. 4. [IMPLEMENTATION.] (a) The commissioner shall begin implementing sections 245.487 to 245.4887 by February 15, 1990, and shall fully implement sections 245.487 to 245.4887 by ~~January~~ July 1, 1992 1993.*

*(b) Annually until February 15, 1992 1994, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.487 to 245.4887 and on additional resources needed to further implement those sections. The report shall include information on county and state progress in identifying the needs of cultural and racial minorities and in using special mental health consultants to meet these needs.*

Sec. 11. Minnesota Statutes 1990, section 245.487, is amended by adding a subdivision to read:

*Subd. 6. [FUNDING FROM THE FEDERAL GOVERNMENT AND OTHER SOURCES.] The commissioner shall seek and apply for federal and other nonstate, nonlocal government funding for mental health services specified in sections 245.487 to 245.4887, in order to maximize nonstate, nonlocal dollars for these services.*

Sec. 12. Minnesota Statutes 1990, section 245.4871, subdivision 27, is amended to read:

*Subd. 27. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:*

*(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by the American nurses association or who has a master's degree in nursing or one of the behavioral sciences or related fields*

*from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;*

(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;

(3) in psychology, the mental health professional must be a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;

(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.

Sec. 13. Minnesota Statutes 1990, section 245.4871, subdivision 31, is amended to read:

Subd. 31. [PROFESSIONAL HOME-BASED FAMILY TREATMENT.] "Professional home-based family treatment" means intensive mental health services provided to children *because of a severe emotional disturbance* (1) who are at risk of out-of-home placement; (2) who are in out-of-home placement; or (3) who are returning from out-of-home placement ~~because of an emotional disturbance~~. Services are provided to the child and the child's family primarily in the child's home environment ~~or other location~~. *Services may also be provided in the child's school, child care setting, or other community setting appropriate to the child. Examples of appropriate locations include, but are not limited to, the child's school, day care center, home, and any other living arrangement of the child.* Services must be provided on an individual family basis, must be child-oriented and family-oriented, and must be designed *using information from diagnostic and functional assessments* to meet the specific mental health needs of the child and the child's family. *Examples of services include family and are:* (1) individual therapy ~~and~~; (2) family therapy; (3) client outreach; (4) assistance in developing individual living skills ~~training and~~; (5) assistance in developing parenting skills necessary to address the needs of the child; (6) assistance with leisure and recreational services; (7) crisis assistance, including crisis respite care and arranging for crisis placement; and (8) assistance in locating respite and child care. Services must be coordinated with other ~~service providers~~ *services provided to the child and family.*

Sec. 14. Minnesota Statutes 1990, section 245.4871, is amended by adding a subdivision to read:

Subd. 33a. [SPECIAL MENTAL HEALTH CONSULTANT.] "Special mental health consultant" is a mental health practitioner or professional with special expertise in treating children from a particular cultural or racial minority group.

Sec. 15. Minnesota Statutes 1990, section 245.4873, subdivision 6, is amended to read:

Subd. 6. [PRIORITIES.] By January 1, 1992, the commissioner shall require that each of the treatment services and management activities described in sections 245.487 to 245.4887 be developed for children with emotional disturbances within available resources based on the following ranked priorities. *The commissioner shall reassign agency staff and use consultants as necessary to meet this deadline:*

- (1) the provision of locally available mental health emergency services;
- (2) the provision of locally available mental health services to all children with severe emotional disturbance;
- (3) the provision of early identification and intervention services to children who are at risk of needing or who need mental health services;
- (4) the provision of specialized mental health services regionally available to meet the special needs of all children with severe emotional disturbance, and all children with emotional disturbances;
- (5) the provision of locally available services to children with emotional disturbances; and
- (6) the provision of education and preventive mental health services.

Sec. 16. Minnesota Statutes 1990, section 245.4874, is amended to read:

245.4874 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local children's mental health service proposal required under section 245.4887, and approved by the commissioner. The county board must:

- (1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;
- (2) assure that parents and providers in the county receive information about how to gain access to services provided according to sections 245.487 to 245.4887;
- (3) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost effectiveness of their delivery;
- (4) assure that mental health services delivered according to sections 245.487 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic assessment and individual treatment plan;
- (5) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;
- (6) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;
- (7) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient

treatment, or informal admission to a regional treatment center;

(8) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(9) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871; ~~and~~

(10) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age; *and*

*(11) assure that special mental health consultants are used as necessary to assist the county board in assessing and providing appropriate treatment for children of cultural or racial minority heritage.*

Sec. 17. Minnesota Statutes 1990, section 245.4881, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By July 1, 1991, the county board shall provide case management services for each child with severe emotional disturbance who is a resident of the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

*(b) Except as permitted by law and the commissioner under demonstration projects, case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.*

Sec. 18. Minnesota Statutes 1990, section 245.4882, is amended by adding a subdivision to read:

*Subd. 4. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for residential treatment services are based on the clinical needs of the child. The county board shall ensure that each entity under contract to provide residential treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. The county board shall ensure that, at least ten days prior to discharge, the operator of the residential treatment facility shall provide written notification of the discharge to the child's parent or caretaker, the local education agency in which the child is enrolled, and the receiving education agency to which the child will be transferred upon discharge. When the child has an individual education plan, the notice shall include a copy of the individual education plan. All contracts for the provision of residential services must include provisions guaranteeing clients the right to appeal under section 245.4886 and to be advised of their appeal rights.*

Sec. 19. Minnesota Statutes 1990, section 245.4882, is amended by adding a subdivision to read:

*Subd. 5. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for acute care hospital inpatient treatment services are based on the clinical needs of the child and, if appropriate, the child's family. The county board shall ensure that each entity under contract with the county to provide acute care hospital treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts should specify the specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. All contracts for the provision of acute care hospital inpatient treatment services must include provisions guaranteeing clients the right to appeal under section 245.4886 and to be advised of their appeal rights.*

Sec. 20. Minnesota Statutes 1990, section 245.4884, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF FAMILY COMMUNITY SUPPORT SERVICES.] By July 1, 1991, county boards must provide or contract for sufficient family community support services within the county to meet the needs of each child with severe emotional disturbance who resides in the county and the child's family. Children or their parents may be required to pay a fee in accordance with section 245.481.

Family community support services must be designed to improve the ability of children with severe emotional disturbance to:

- (1) ~~handle~~ manage basic activities of daily living;
- (2) ~~improve functioning~~ function appropriately in home, school, and community settings;
- (3) participate in leisure time or community youth activities;
- (4) set goals and plans;
- (5) reside with the family in the community;
- (6) participate in after-school and summer activities;
- (7) make a smooth transition among mental health and education services provided to children; and
- (8) make a smooth transition into the adult mental health system as appropriate.

In addition, family community support services must be designed to improve overall family functioning if clinically appropriate to the child's needs, and to reduce the need for and use of placements more intensive, costly, or restrictive both in the number of admissions and lengths of stay than indicated by the child's diagnostic assessment.

Sec. 21. Minnesota Statutes 1990, section 245.4885, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] The county board shall, ~~upon prior to admission, except in the case of emergency admission, screen all children admitted referred~~ for treatment of severe emotional disturbance to a residential treatment facility, ~~an acute care hospital,~~ or informally admitted to a regional treatment center if public funds are used to pay for the services. *The county board shall also screen all children admitted to an acute care hospital for treatment of severe emotional disturbance if public*

*funds other than reimbursement under chapters 256B and 256D are used to pay for the services. If a child is admitted to a residential treatment facility or acute care hospital for emergency treatment of emotional disturbance or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five three working days of admission. Screening shall determine whether the proposed treatment:*

- (1) is necessary;*
- (2) is appropriate to the child's individual treatment needs;*
- (3) cannot be effectively provided in the child's home; and*
- (4) provides a length of stay as short as possible consistent with the individual child's need.*

*Screening shall include both a diagnostic assessment and a functional assessment which evaluates family, school, and community living situations. If a diagnostic assessment or functional assessment has been completed by a mental health professional within 180 days, a new diagnostic or functional assessment need not be completed unless in the opinion of the current treating mental health professional the child's mental health status has changed markedly since the assessment was completed. The child's parent shall be notified if an assessment will not be completed and of the reasons. A copy of the notice shall be placed in the child's file. Recommendations developed as part of the screening process shall include specific community services needed by the child and, if appropriate, the child's family, and shall indicate whether or not these services are available and accessible to the child and family.*

During the screening process, the child, child's family, or child's legal representative, as appropriate, must be informed of the child's eligibility for case management services and family community support services and that an individual family community support plan is being developed by the case manager, if assigned.

Screening shall be in compliance with section 256F.07 or 257.071, whichever applies. Wherever possible, the parent shall be consulted in the screening process, unless clinically inappropriate.

The screening process, and placement decision, and recommendations for mental health services must be documented in the child's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards in clauses (1) to (5) (4).

Sec. 22. Minnesota Statutes 1990, section 245.4885, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] No later than July 1, 1991, screening of children for residential and inpatient services must be conducted by a mental health professional. *Where appropriate and available, special mental health consultants must participate in the screening.* Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center. The commissioner may waive this

requirement for mental health professional participation after July 1, 1991, if the county documents that:

- (1) mental health professionals or mental health practitioners are unavailable to provide this service; and
- (2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional.

Sec. 23. Minnesota Statutes 1990, section 245.4885, is amended by adding a subdivision to read:

*Subd. 3a. [SUMMARY DATA COLLECTION.] The county board shall annually collect summary information on the number of children screened, the age and racial or ethnic background of the children, the presenting problem, and the screening recommendations. The county shall include information on the degree to which these recommendations are followed and the reasons for not following recommendations. Summary data shall be available to the public and shall be used by the county board and local children's advisory council to identify needed service development.*

Sec. 24. [245.4886] [CHILDREN'S COMMUNITY-BASED MENTAL HEALTH FUND.]

*Subdivision 1. [STATEWIDE PROGRAM; ESTABLISHMENT.] The commissioner shall establish a statewide program to assist counties in providing services to children with severe emotional disturbance as defined in section 245.4871, subdivision 15, and their families. Services must be designed to help each child to function and remain with the child's family in the community. The commissioner shall make grants to counties to establish, operate, or contract with private providers to provide the following services in the following order of priority when these cannot be reimbursed under section 256B.0625:*

- (1) family community support services including crisis placement and crisis respite care as specified in section 245.4871, subdivision 17;*
- (2) case management services as specified in section 245.4871, subdivision 3;*
- (3) day treatment services as specified in section 245.4871, subdivision 10;*
- (4) professional home-based family treatment as specified in section 245.4871, subdivision 31; and*
- (5) therapeutic support of foster care as specified in section 245.4871, subdivision 34.*

*Funding appropriated beginning July 1, 1991, must be used by county boards to provide family community support services and case management services. Additional services shall be provided in the order of priority as identified in this subdivision.*

*Subd. 2. [GRANT APPLICATION AND REPORTING REQUIREMENTS.] To apply for a grant a county board shall submit an application and budget for the use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner. In awarding grants, the*



*commissioner shall give priority to those counties whose applications indicate plans to collaborate in the development, funding, and delivery of services with other agencies in the local system of care. The commissioner shall adopt emergency and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data and periodic reports which the commissioner deems necessary to demonstrate the effectiveness of each service in realizing the stated purpose as specified for family community support in section 245.4884, subdivision 1; therapeutic support of foster care in section 245.4884, subdivision 4; professional home-based family treatment in section 245.4884, subdivision 3; day treatment in section 245.4884, subdivision 2; and case management in section 245.4881.*

Sec. 25. Minnesota Statutes 1990, section 253C.01, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "residential program" means (1) a ~~freestanding primary treatment program or~~ hospital-based primary treatment program that provides residential treatment to ~~chemically dependent or mentally ill~~ minors with emotional disturbance as defined by the comprehensive children's mental health act in sections 245.487 to 245.4888, or (2) a facility licensed by the state under Minnesota Rules, parts 9545.0900 to 9545.1090, to provide services for emotionally disturbed to minors on a 24-hour basis.

Sec. 26. Minnesota Statutes 1990, section 253C.01, subdivision 2, is amended to read:

Subd. 2. [ANNUAL REPORT INFORMATION REQUIRED.] Beginning June 1, 1986, each residential program shall collect the information listed in this subdivision. Each residential program shall ~~file a report no later than December 31, 1986, containing the information collected as of that date. Thereafter, each residential program shall prepare an annual report for the year ending June 30 of each year and file the report no later than December 31 of each year. Hospital-based primary treatment programs shall file the report with the commissioner of health provide the required information annually on a date to be determined by the commissioner of human services. All other residential programs shall file the report with~~ to the commissioner of human services. The summary reports on each program are public data and must contain at least the following information for the period covered by the report:

- (1) number of minors admitted to the program;
- (2) number of minors discharged from the program;
- (3) ~~primary diagnoses of each admitted minor~~ number of minors served during the reporting period;
- (4) number of minors who remained in residence for less than 30 days;
- (5) number of minors who remained in residence for between 30 and 60 days;
- (6) number of minors who remained in residence for more than 60 days;
- (7) average length of stay of minors in the program;

(8) number of minors who have received psychotropic medications as part of treatment in the program;

(9) age, race, and sex of each minor admitted to the program;

(10) ~~copy of written notices, forms, and other procedures being used to advise minors and their parents of their rights;~~

~~(11)~~ number of minors admitted ~~or presently in residence~~ who have previously had residential treatment;

~~(12)~~ (11) number of minors discharged who are on private pay or third-party reimbursement payment and number who are receiving government funds for treatment;

~~(13) criteria for admission and continued stay~~ (12) the county of residence of discharged minors;

~~(14)~~ (13) number of admitted minors whose admission is court-ordered; and

~~(15)~~ (14) number of beds on a locked unit and number of beds on an unlocked unit.

~~The information required by this subdivision must be separately stated for chemically dependent, mentally ill, and emotionally disturbed minors as defined by the residential programs.~~

Sec. 27. Minnesota Statutes 1990, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS CASE MANAGEMENT.] To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness or subject to federal approval, children with severe emotional disturbance.

Sec. 28. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 2m. [DOWNSIZING OF NURSING FACILITIES THAT ARE INSTITUTIONS FOR MENTAL DISEASE.] (a) *The provisions of this subdivision apply to a nursing facility that is an institution for mental disease and that has less than 23 licensed beds. A nursing facility that meets these conditions may reduce its total number of licensed beds to 16 licensed beds before April 1, 1992, by notifying the commissioner of health of the reduction by that date. If the nursing facility elects to reduce its licensed beds to 16, the commissioner of health shall approve that request effective on the date of request.*

*(b) The commissioner of human services must be notified by the nursing facility of the reduction in licensed beds by April 4, 1992, and that notice must include a copy of the request for reduction submitted to the commissioner of health.*

*(c) For the rate year beginning July 1, 1992, the commissioner shall establish the operating cost payment rates for a nursing facility that has reduced its licensed bed capacity under this subdivision by taking into account paragraphs (1) and (2).*

*(1) The commissioner must reduce the nursing facility's nurse's aide, orderly, and attendant salaries account and the food expense account for*

*the reporting year ending September 30, 1991, by 50 percent of the percentage change in licensed beds.*

*(2) The commissioner shall adjust the nursing facility's resident days and standardized resident days for the reporting year ending September 30, 1991, as in clauses (i) and (ii).*

*(i) Resident days shall be the lesser of the nursing facility's actual resident days for that reporting year or 5,840.*

*(ii) Standardized resident days shall be the lesser of the nursing facility's actual standardized resident days or the nursing facility's case mix score for that reporting year times 5,840.*

*(d) For the rate year beginning July 1, 1993, the commissioner shall establish the operating cost payment rates for a nursing facility that has reduced its licensed bed capacity under this subdivision by taking into account paragraphs (1) and (2).*

*(1) The commissioner must reduce the nursing facility's account for the nurse's aide, orderly, and attendant salaries, and its account for food expense for the reporting year ending September 30, 1992, by 37.5 percent of the percentage change in licensed beds.*

*(2) The commissioner shall adjust the nursing facility's resident days and standardized resident days for the reporting year ending September 30, 1992, as in clauses (i) and (ii).*

*(i) Resident days shall be the lesser of the nursing facility's actual resident days for that reporting year or 5,840.*

*(ii) Standardized resident days shall be the lesser of the nursing facility's actual standardized resident days or the nursing facility's case mix score for that reporting year times 5,840.*

Sec. 29. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

*Subd. 2n. [NEGOTIATED RATE CAP EXEMPTION.] A nursing facility which requests, after January 1991, that its boarding care beds be decertified from participation in the medical assistance program, is not eligible for the exception to the negotiated rate cap in section 256I.05, subdivision 2, paragraph (c), clause (1).*

Sec. 30. [RULE REVISION.]

*The commissioner must revise Minnesota Rules, parts 9545.0900 to 9545.1090, which govern facilities that provide residential services for children with emotional handicaps. The rule revisions must be adopted within 12 months of the effective date of this section.*

Sec. 31. [TASK FORCE TO STUDY INTEGRATED CHILDREN'S MENTAL HEALTH FUNDING.]

*The commissioner of human services shall convene a task force to study the feasibility of establishing an integrated children's mental health fund. The task force shall consist of mental health professionals, county social services personnel, service providers, advocates, and parents of children who have experienced episodes of emotional disturbance. The task force shall also include representatives of the children's mental health subcommittee of the state advisory council and local coordinating councils established under Minnesota Statutes, sections 245.487 to 245.4887. The task*

*force shall include the commissioners of education, health, and human services; two members of the senate; and two members of the house of representatives. The task force shall examine all possible county, state, and federal sources of funds for children's mental health with a view to designing an integrated children's mental health fund. Programs to be examined shall include, but not be limited to, the following: medical assistance, title IV-E of the Social Security Act, title XX social service programs, chemical dependency programs, education and special education programs, and, for children with a dual diagnosis, programs for the developmentally disabled. The task force shall examine funding sources with a view to maximizing federal funding, and may consult with experts in the field, as necessary. The task force shall report back to the legislature by February 15, 1993, with its recommendations.*

Sec. 32. [APPROPRIATION.]

*\$ . . . . . is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1993, to implement sections 1, 2, 5, and 11.*

Sec. 33. [REPEALER.]

*Minnesota Statutes 1990, section 245.476, subdivisions 1, 2, and 3, are repealed.*

Sec. 34. [INSTRUCTION TO REVISOR.]

*The revisor of statutes shall renumber Minnesota Statutes, section 245.4886, as section 245.4887 and Minnesota Statutes, section 245.4887, as section 245.4888, and shall correct all relevant cross-references in Minnesota Statutes and Minnesota Rules.*

Sec. 35. [EFFECTIVE DATE.]

*Sections 5 and 9 are effective the day following final enactment."*

Delete the title and insert:

*"A bill for an act relating to human services; mental health; clarifying reporting and screening requirements; clarifying the definition of psychiatric nurses; clarifying the definition of professional home-based family treatment; modifying the requirement for county maintenance of effort; including community residential treatment as a service covered by medical assistance; expanding county duties; assigning additional duties to the commissioner of human services; imposing criteria for admission, continued stays, and discharges for inpatient hospital and residential treatment; requiring the commissioner to revise and adopt rules; requiring a study; appropriating money; amending Minnesota Statutes 1990, sections 245.461, subdivision 3, and by adding a subdivision; 245.462, subdivisions 6 and 18; 245.4711, by adding a subdivision; 245.472, by adding a subdivision; 245.473, by adding subdivisions; 245.484; 245.487, subdivision 4, and by adding a subdivision; 245.4871, subdivisions 27, 31, and by adding a subdivision; 245.4873, subdivision 6; 245.4874; 245.4881, subdivision 1; 245.4882, by adding subdivisions; 245.4884, subdivision 1; 245.4885, subdivisions 1, 2, and by adding a subdivision; 253C.01, subdivisions 1 and 2; 256B.0625, subdivision 20; and 256B.431, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 245; repealing Minnesota Statutes 1990, section 245.476, subdivisions 1, 2, and 3."*

And when so amended the bill do pass and be re-referred to the Committee

on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 773: A bill for an act relating to children; child protection and placement; establishing an office of ombudsperson for families of color; authorizing additional placement reviews for children of color; amending Minnesota Statutes 1990, sections 257.071, subdivision 1a; and 257.352, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 257.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 2, delete "*ombudsperson*" and insert "*ombudspersons*" and delete "*his*" and insert "*their*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 819: A bill for an act relating to human services; providing rule 12 funding for a dispersed apartment pilot program for persons with mental illness.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [FUNDING FOR PILOT PROGRAM.]

*The commissioner of human services shall authorize Olmsted county to use \$496,000 of the funds allocated to the county for the biennium ending June 30, 1993, under Minnesota Statutes, section 245.73, and administered under Minnesota Rules, parts 9535.2000 to 9535.3000. The commissioner shall allocate this grant money to Olmsted county and the local housing and redevelopment authority for enhanced community support services provided to persons with mental illness through the dispersed apartment pilot program.*

Sec. 2. [GOODHUE COUNTY PILOT PROJECT.]

*The commissioner of human services shall authorize Goodhue county to use \$61,640 of the funds allocated to the county for the biennium ending June 30, 1993, under Minnesota Statutes, section 245.73, and Minnesota Rules, parts 9535.2000 to 9535.3000, to provide supportive housing services for persons who are chronically mentally ill.*

Sec. 3. [FILLMORE COUNTY PILOT PROJECT.]

*The commissioner of human services shall authorize Fillmore county to use \$18,760 of the funds allocated to the county for the biennium ending June 30, 1993, under Minnesota Statutes, section 245.73, and Minnesota Rules, parts 9535.2000 to 9535.3000, to provide supportive housing services for persons who are chronically mentally ill."*

Delete the title and insert:

"A bill for an act relating to human services; providing funding for various pilot projects."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1044: A bill for an act relating to human services; establishing a grant program for living-at-home/block nurse programs to enable senior citizens to remain at home; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 12, after "*in*" insert "*establishing and*" and after "*that*" insert "*have used the principles listed in subdivision 2, paragraph (b), in order to*"

Page 1, line 14, delete "*, to*" and insert "*and*"

Page 3, line 1, before "*assessment*" insert "*registered nurse directed*"

Page 3, line 2, delete the first comma and insert "*and*" and delete "*, and homemaking*"

Page 3, line 5, after the second comma, insert "*homemaking services,*"

Page 3, line 7, after "*encourage*" insert "*respite care, caregiver support, and*"

Page 3, lines 22 and 24, delete "*neighborhoods*" and insert "*communities*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Davis from the Committee on Agriculture and Rural Development, to which was re-referred

S.F. No. 1232: A bill for an act relating to taxation; property; exempting certain wetlands; amending Minnesota Statutes 1990, section 272.02, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Novak from the Committee on Energy and Public Utilities, to which was referred

S.F. No. 1432: A bill for an act relating to utilities; prohibiting multiparty line telephone service to more than two subscribers per line; proposing coding for new law in Minnesota Statutes, chapter 237.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [237.068] [MULTIPARTY LINE TELEPHONE SERVICE.]

*After October 31, 1993, no telephone company may offer or provide multiparty line telephone service to more than two subscribers per line, unless otherwise approved by the commission.*

**Sec. 2. [CONVERSION FROM MULTIPARTY LINE TELEPHONE SERVICE.]**

*As soon as practicable, each telephone company that provides four-party telephone service in this state shall file a plan with the public utilities commission for the purpose of elimination of that service by October 31, 1993. By January 1, 1992, and by January 1, 1993, the commission shall report to the legislature on progress made on elimination of four-party service in the state. If the commission approves provision of four-party service beyond October 31, 1993, each report must include an explanation of that approval and a specific schedule for elimination of the service within the shortest feasible time after that date. The cost of converting from four-party service must be recovered through the rates for all of the company's customers proportionally according to the rate structure of the company."*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Energy and Public Utilities, to which was referred

S.F. No. 1507: A bill for an act relating to emergency telephone service; establishing a grant program for counties to initiate and improve emergency telephone services; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 403.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

H.F. No. 932: A bill for an act relating to corrections; extending female offender programs to include juveniles adjudicated delinquent; encouraging counties and agencies to develop and implement female offender programs; amending Minnesota Statutes 1990, sections 241.70; 241.71; 241.72; and 241.73.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. DeCramer from the Committee on Transportation, to which was referred

S.F. No. 1503: A bill for an act relating to transportation; authorizing the use of local bridge grant funds to construct drainage structures; amending Laws 1990, chapter 610, article 1, section 13, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1990, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following rate:

For the period on and after ~~May 1, 1988~~ *July 1, 1991*, gasoline is taxed at the rate of 20 23 cents per gallon."

Page 2, after line 28, insert:

"Sec. 3. [EFFECTIVE DATE.]

*Section 1 is effective July 1, 1991, and applies to gasoline and special fuel in distributor storage on that date."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "structures;" insert "amending the gasoline and special fuel excise tax rate;" and before "Laws" insert "Minnesota Statutes 1990, section 296.02, subdivision 1b; and"

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Dahl from the Committee on Education, to which was referred

S.F. No. 1166: A bill for an act relating to education; requiring the development of policies for students with disabilities in post-secondary institutions; proposing coding for new law in Minnesota Statutes, chapter 135A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Dahl from the Committee on Education, to which was referred

S.F. No. 1425: A bill for an act relating to education; requiring post-secondary governing boards to report on cultural diversity.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Waldorf from the Committee on Governmental Operations, to which was referred

S.F. No. 1060: A bill for an act relating to state government; providing an early retirement incentive for public employees; amending Minnesota Statutes 1990, sections 275.125, by adding a subdivision; and 275.50, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, before "*Minnesota*" insert "*state university system, community college system,*"

Page 2, line 10, delete everything after "*after*" and insert "*July 1, 1991,*"



Page 2, line 11, delete "August" and insert "October"

Page 2, delete lines 25 and 26 and insert:

*"(5) in the case of a school district employee, retires on or after May 20, 1991, and before July 21, 1991; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1991, and before October 1, 1991."*

Page 2, line 33, delete everything after "employer" and insert "may not receive more than one employer payment for health insurance for any one time period."

Page 2, delete lines 34 and 35

Page 2, line 36, delete everything before "For"

Page 3, line 3, after "for" insert "single and dependent"

Page 3, line 5, after "coverage" insert "and employer and employee payments"

Page 3, line 15, after the period, insert "Nothing in this section obligates, limits, or otherwise affects the right of the University of Minnesota to provide employer-paid hospital, medical, and dental benefits and life insurance to any person."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Waldorf from the Committee on Governmental Operations, to which was re-referred

S.F. No. 112: A bill for an act relating to health; imposing a surcharge on health coverage; establishing the emergency medical services personnel account; establishing an incentive plan for ambulance service personnel; setting plan requirements; amending Minnesota Statutes 1990, section 60A.15, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 353E.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 171.06, is amended by adding a subdivision to read:

*Subd. 2b. [FEES INCREASED.] The fees for classified drivers' licenses and classified under 21 drivers' licenses in subdivision 2 are increased by \$2. This increase does not apply to duplicate drivers' licenses. The additional fees must be paid into the state treasury and credited to the emergency medical services personnel account established in section 2.*

Sec. 2. Minnesota Statutes 1990, section 353D.01, is amended by adding a subdivision to read:

*Subd. 1a. [EMERGENCY MEDICAL SERVICES PERSONNEL ACCOUNT.] The emergency medical services personnel account is a separate account in the general fund consisting of money deposited in the general fund from the additional drivers license fee, and money forfeited under sections 10 and 11. Investment earnings on money in the account*

*must be credited to the account.*

Sec. 3. Minnesota Statutes 1990, section 353D.01, is amended by adding a subdivision to read:

*Subd. 1b. [APPROPRIATION.] Money from the emergency medical services account is appropriated on January 1 each year to the public employees retirement association to fund the ambulance service personnel incentive program as provided in section 8.*

Sec. 4. Minnesota Statutes 1990, section 353D.01, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) Except as provided in section 353D.11, eligibility to participate in the retirement plan is open to:

(1) an elected local government official of a governmental subdivision who elects to participate in the plan who is not a member of the public employees retirement association within the meaning of section 353.01, subdivision 7; ~~and to;~~

(2) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate; *and*

(3) *a person who qualifies to have an ambulance service personnel incentive payment made on the person's behalf under section 8.*

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Elected local government official does not include an elected county sheriff. Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

Sec. 5. Minnesota Statutes 1990, section 353D.02, is amended to read:

353D.02 [ELECTION OF COVERAGE.]

~~Eligible~~ (a) Elected local government officials *eligible under section 353D.01, subdivision 2, paragraph (a), clause (1),* may elect to participate in the plan after being elected or appointed to a public office by filing an application to participate on a form prescribed by the executive director of the association. Participation begins on the first day of the month after the application is received in the association's office or on the date when the term of office commences, whichever date is later. An election to participate in the plan is irrevocable during incumbency in office.

~~Each~~ (b) *For personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), a public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within 30 days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, whichever date is later. An election by a service or an individual is irrevocable.*

(c) A person eligible under section 353D.01, subdivision 2, paragraph (a), clause (3), may elect to participate in the plan. The person must elect to participate or decline to participate by June 30, 1994, or by June 30 of the fiscal year after June 30, 1994, which the person first becomes qualified to have an ambulance service personnel incentive payment made on the person's behalf under section 8.

Sec. 6. [353D.021] [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION TO PROVIDE PLAN INFORMATION TO CERTAIN AMBULANCE ATTENDANTS.]

*The public employees retirement association shall undertake all practical efforts to inform ambulance attendants, ambulance drivers, and ambulance service medical directors on an ongoing basis about the ambulance service personnel incentive program and their eligibility to elect to participate in this plan. The commissioner of health and the executive director of the state board of investment shall provide all reasonable assistance to the public employees retirement association in preparing relevant information on the incentive program and the plan.*

Sec. 7. Minnesota Statutes 1990, section 353D.03, is amended to read:

353D.03 [FUNDING OF PLAN.]

(a) An ~~eligible~~ elected local government official *eligible under section 353D.01, subdivision 2, paragraph (a), clause (1), who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.*

(b) A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its ~~qualified~~ *personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), who individually elect to participate, except that personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions. An ambulance service with personnel covered by this paragraph that has ambulance attendants, ambulance drivers, and ambulance service medical directors qualified to have an ambulance service personnel incentive payment made on the person's behalf, under section 8, may discontinue that funding if the ambulance service has given its participating personnel at least 18 months' notice of its intent to discontinue its funding of the plan.*

Sec. 8. [353D.031] [AMBULANCE SERVICE PERSONNEL INCENTIVE PROGRAM.]

*Subdivision 1. [ADMINISTRATION.] The money credited in the emergency medical services personnel account must be allocated annually by the executive director of the public employees retirement association.*

*Subd. 2. [ELIGIBILITY FOR ALLOCATION.] (a) The money credited in the emergency medical services personnel account must be annually allocated on the basis of the number of qualified personnel and their credited*

*service during the previous year ending June 30.*

*(b) The amount of revenue paid to the emergency medical services account since the effective date of this section or the date of the last allocation, whichever applies, plus any net investment income credited to the account, must be determined.*

*(c) The number of qualified personnel must be determined. Qualified personnel are ambulance attendants, ambulance drivers, and ambulance service medical directors who:*

*(1) are employed by or serving an ambulance service that is licensed as such by the state of Minnesota;*

*(2) perform all or a predominant portion of services in Minnesota or on behalf of Minnesota residents, as certified by the chief administrative officer of the ambulance service;*

*(3) are currently certified by the department of health as an ambulance attendant, ambulance driver, or ambulance service medical director and are certified as active by the chief administrative officer of the ambulance service;*

*(4) for the year in question, would be considered a volunteer attendant under section 144.8091, subdivision 2, except that the salary limit is \$3,000 for calendar year 1992, and for subsequent years is \$3,000 multiplied by the cumulative percentage increase in the National Consumer Price Index for all urban wage earners published by the federal Department of Labor since December 31, 1992;*

*(5) for an ambulance service medical director, meets the salary limit set forth in clause (4) based only on the person's hourly stipends or salary for service as a medical director; and*

*(6) has credit for no more than 20 years of service.*

*(d) The amount of credited service by qualified personnel in the form of units must be determined. A year of service by a qualified person after the person elects to participate in the plan, or after January 1, 1992, whichever is later, is equal to two units. If a qualified person has service that would have qualified before the date of election of participation or January 1, 1992, whichever is later, the person must receive an additional one-fifth of a unit per year of that service for a maximum of five years, except that the person cannot receive credit for any year in which contributions were made by an ambulance service on the person's behalf under sections 353D.03 and 353D.04.*

*Subd. 3. [ALLOCATION.] The money available for allocation must be divided by the total number of units associated with qualified personnel to determine the dollar value of a unit. A qualified person is entitled to have deposited on the person's behalf in the person's individual account an amount equal to the dollar value of a unit multiplied by the person's number of units credited for that year under subdivision 2, paragraph (d).*

Sec. 9. Minnesota Statutes 1990, section 353D.05, is amended to read:

353D.05 [INVESTMENT OF FUNDS.]

*Subdivision 1. [INVESTMENT.] Employing unit contributions under section 353D.03, and ambulance service personnel incentive allocations under section 8, after the deduction of an amount for administrative*

expenses, and individual participant contributions must be remitted to the state board of investment for investment in the Minnesota supplemental investment fund established by section 11A.17.

Subd. 2. [INVESTMENT OPTIONS.] (a) An individual participant may elect to purchase shares in the income share account, the growth share account, the money market account, the bond market account, the guaranteed return account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the *total contributions and ambulance service personnel incentive allocation* to be used to purchase shares in each of the accounts.

(b) Twice in a calendar year, a participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment fund or funds specified by the participant. If no initial option is indicated by a participant, the executive director shall invest all contributions made by or on behalf of a participant in the income share account. A choice of investment options is effective no later than the first pay date occurring more than 30 days after receipt of the written choice of options.

(c) One month before the start of a new guaranteed investment contract, a participant may elect to transfer all or a portion of the participant's shares previously purchased in the income share, growth share, common stock index, bond market, or money market accounts to the new guaranteed investment contract in the guaranteed return account. If a partial transfer is made, a minimum of \$200 must be transferred and a minimum balance of \$200 must remain in the previously selected investment options. Upon expiration of a guaranteed investment contract, the participant's shares attributable to that contract must be transferred to a new guaranteed investment contract unless the executive director is otherwise directed by the participant. Shares in the guaranteed return account may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) Twice in a calendar year, a participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts other than the guaranteed return account. If a partial transfer of previously purchased shares is selected, a minimum of \$200 must be transferred and a minimum balance of \$200 must remain in the previously selected investment option. A change under this paragraph is effective as soon as cash flow to an account permits, but not later than six months from the requested change.

Subd. 3. [ADMINISTRATIVE EXPENSES.] The public employees retirement association may deduct an amount, ~~set annually by the executive director of the association, but not to exceed two percent of the employing unit contributions to the plan,~~ to defray the expenses of the association in administering the plan. *The amount must be set annually by the executive director of the association, but not to exceed two percent of the total amount of the employing unit contributions to the plan and the ambulance service personnel incentive allocation received by the plan.*

Sec. 10. [353D.051] [VESTING FOR INCENTIVE ASSOCIATIONS.]

(a) Sixty months of service credit, accumulated after the date on which the person elects to participate in the plan, are required for vesting of retirement benefits under section 353D.07, other than on account of death, that are derived from ambulance service personnel incentive allocations under section 8. These 60 months must be accumulated within 120 months of the first month of service credit earned after the date on which the person elects to participate in the plan. No minimum period of service is required for vesting of benefits under section 353D.07, on account of death, that are derived from ambulance service personnel incentive allocations under section 8, once the person has elected to participate in the plan. Upon completion of 60 months of service under the plan with one or more participating ambulance services, a participant terminating active service is entitled to receive the value of the participant's individual account as provided in section 353D.07.

(b) Amounts derived from ambulance service personnel incentive allocations under section 8 that are credited to a person's account are forfeited at the end of the 120th month after the first month of service credit earned after the date on which the person elects to participate in the plan, if the person does not have 60 months of service credit at that time. Funds forfeited must be added to the emergency medical services personnel account for the subsequent January 1 allocation under section 8.

Sec. 11. Minnesota Statutes 1990, section 353D.06, is amended to read:

**353D.06 [REPORTING.]**

The executive director of the public employees retirement association shall prescribe the reporting forms required from employing units and the election forms required from participants. Reporting forms must contain names, identification numbers, amount of contribution by and on behalf of each participant, and such other data as is required to keep an accurate record of the account value of each participant and to determine eligibility for aid allocations of ambulance service personnel incentive amounts under chapter 353D.

In the event an ambulance service fails to provide required information within 60 days after the public employees retirement association sends the service a notice that the information is overdue, its members forfeit the service units credited and its members are not entitled to the ambulance service personnel incentive amount allocated for that year.

**Sec. 12. [353D.091] [FEDERAL REQUIREMENTS.]**

*Subdivision 1. [PLAN TAX QUALIFICATION AND STATUS.]* The public employees retirement association may seek a determination from the Internal Revenue Service regarding the tax qualification status of the incentive program and from the United States Department of Labor regarding whether the incentive program must comply with federal Employee Retirement Income Security Act (ERISA) requirements.

*Subd. 2. [REPORT TO LEGISLATURE.]* The executive director shall immediately report the results of each determination to the chairs of the senate governmental operations committee, house of representatives governmental operations committee, and legislative commission on pensions and retirement.

*Subd. 3. [IMPLEMENTATION DELAY.]* The association shall not credit

*participants with service units nor transfer money from the emergency medical services personnel account under section 8, subdivision 1, into individual accounts unless written notification is received from:*

*(1) the Internal Revenue Service that implementation of the incentive program does not jeopardize the tax-exempt status of the defined contribution plan or a public pension plan under section 356.30, subdivision 3; and*

*(2) the United States Department of Labor that the incentive program need not comply with federal ERISA requirements, including any requirements for tax-deferred treatment of contributions and interest earned on contributions.*

*Subd. 4. [RULES AND POLICIES.] If the incentive program receives favorable determinations from both the Internal Revenue Service and the United States Department of Labor, the association shall adopt rules or policies in accordance with the restrictions and standards of the Internal Revenue Code and rules and regulations of the Internal Revenue Service.*

Sec. 13. [EFFECTIVE DATE.]

*If the requirements under section 12 are met by June 1992, sections 1 to 7 and 11 are effective July 1, 1992, and section 8 is effective January 1, 1993. If not, sections 1 to 12 are inoperative."*

Delete the title and insert:

"A bill for an act relating to retirement; imposing an additional fee on classified drivers licenses; establishing the emergency medical services personnel account; establishing an incentive plan for ambulance service personnel; setting plan requirements; amending Minnesota Statutes 1990, sections 171.06, by adding a subdivision; 353D.01, subdivision 2, and by adding subdivisions; 353D.02; 353D.03; 353D.05; and 353D.06; proposing coding for new law in Minnesota Statutes, chapter 353D."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 853: A bill for an act relating to occupational safety and health; honoring workers killed while working on public projects; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 182.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 8, after "worker" insert "involved in a fatal accident"

Page 1, delete section 2

Amend the title as follows:

Page 1, line 4, delete "appropriating money;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Dahl from the Committee on Education, to which was referred

H.F. No. 696: A bill for an act relating to education; revising membership requirements for joint vocational technical boards; authorizing joint vocational technical boards to appoint additional members; amending Minnesota Statutes 1990, section 136C.61, subdivision 1; and by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 815: A bill for an act relating to insurance; the Minnesota comprehensive health insurance plan; regulating premium determinations, meetings, and experimental delivery and managed care delivery methods; authorizing preferred provider networks; classifying PPO agreement data; regulating access; amending Minnesota Statutes 1990, sections 13.71, by adding a subdivision; 62E.08, by adding a subdivision; 62E.10, subdivisions 4 and 9; 62E.12; 62E.13, by adding a subdivision; and 62E.14, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62E.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 13.71, is amended by adding a subdivision to read:

*Subd. 7. [CLASSIFICATION OF PPO AGREEMENT DATA.] Data described in section 62E.13, subdivision 11, are nonpublic data.*

Sec. 2. Minnesota Statutes 1990, section 62E.08, is amended by adding a subdivision to read:

*Subd. 3. [DETERMINATION OF RATES.] Premium rates under this section must be determined annually. These rates are effective July 1 of each year and must be based on a survey of approved rates of insurers in effect, or to be in effect, on April 1 of the same calendar year.*

Sec. 3. Minnesota Statutes 1990, section 62E.10, subdivision 4, is amended to read:

*Subd. 4. [OPEN MEETINGS.] All meetings of the association, its board, and any committees of the association shall comply with the provisions of section 471.705, except that during any portion of a meeting during which an enrollee's appeal of an action of the writing carrier is being heard, that portion of the meeting must be closed at the enrollee's request.*

Sec. 4. Minnesota Statutes 1990, section 62E.10, subdivision 9, is amended to read:

*Subd. 9. [EXPERIMENTAL DELIVERY METHOD.] The association may petition the commissioner of commerce for a waiver to allow the experimental use of alternative means of health care delivery. The commissioner may approve the use of the alternative means the commissioner considers appropriate. The commissioner may waive any of the requirements of this chapter and chapters 60A, 62A, and 62D in granting the waiver. The commissioner may also grant to the association any additional powers as are necessary to facilitate the specific waiver, including the power to*



implement a provider payment schedule.

This subdivision is effective until August 1, ~~1991~~ 1992.

Sec. 5. [62E.101] [MANAGED CARE DELIVERY METHOD.]

*The association may form a preferred provider network or contract with an existing provider network to deliver the services and benefits provided for in the plans of health coverage offered. If the association does not contract with an existing provider network, the association may adopt a provider payment schedule and negotiate provider payment rates subject to the approval of the commissioner.*

Sec. 6. Minnesota Statutes 1990, section 62E.12, is amended to read:

62E.12 [MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.]

The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan, a number two qualified plan and ~~a qualified basic and extended basic medicare supplement plan plans~~. *The requirement that a policy issued by the association must be a qualified plan is satisfied if the association contracts with a preferred provider network and the level of benefits for services provided within the network satisfies the requirements of a qualified plan. If the association uses a preferred provider network, payments to nonparticipating providers must meet the minimum requirements of section 72A.20, subdivision 15. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier. Notwithstanding the provisions of section 62E.06 the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.*

Sec. 7. Minnesota Statutes 1990, section 62E.13, is amended by adding a subdivision to read:

*Subd. 11. [CLASSIFICATION OF PPO AGREEMENT DATA.] If the writing carrier uses its own provider agreements for the association's preferred provider network in lieu of agreements exclusively between the association and the providers, then the terms and conditions of those agreements are nonpublic data as defined in section 13.02, subdivision 9.*

Sec. 8. Minnesota Statutes 1990, section 62E.14, is amended by adding a subdivision to read:

*Subd. 4c. [WAIVER OF PREEXISTING CONDITIONS FOR PERSONS WHOSE COVERAGE IS TERMINATED OR WHO EXCEED THE MAXIMUM LIFETIME BENEFIT.] A Minnesota resident may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation described in subdivision 3 if that person applies for coverage within 90 days of termination of prior coverage and if the termination is for reasons other than fraud or nonpayment of premiums.*

*For purposes of this subdivision, termination of prior coverage includes exceeding the maximum lifetime benefit of existing coverage.*

*Coverage in the comprehensive health plan is effective on the date of termination of prior coverage. The availability of conversion rights does not affect a person's rights under this subdivision.*

*This section does not apply to prior coverage provided under policies designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or policies providing only accident coverage.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1 and 3 to 8 are effective the day following final enactment."*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 71: A bill for an act relating to marriage dissolution; requiring information; providing for the content and uses of a certificate of dissolution; amending Minnesota Statutes 1990, sections 259.10; and 518.10; proposing coding for new law in Minnesota Statutes, chapter 518.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 13, delete "*The*" and insert "*An*"

Page 3, line 14, delete "*shall*" and insert "*may*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Waldorf from the Committee on Governmental Operations, to which was referred

H.F. No. 870: A bill for an act relating to retirement; public employees retirement fund police and fire consolidation accounts; permitting survivors of account members killed in the line of duty to elect coverage; proposing coding for new law in Minnesota Statutes, chapter 353A.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [353A.081] [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION POLICE AND FIRE CONSOLIDATION ACCOUNT COVERAGE ELECTION AUTHORITY.]

*Subdivision 1. [ENTITLEMENT.] In addition to coverage selection periods in Minnesota Statutes, section 353A.08, subdivisions 3 and 4, the surviving spouse of a member of a public employee retirement association consolidation account who is killed in the line of duty is eligible to make an election of coverage indicated in subdivision 2. If there is no surviving spouse, the legal guardian of the oldest dependent child under the age of 18 is eligible to make an election of coverage under subdivision 2. If there are no surviving dependent children under age 18, then the oldest dependent child who is age 18 to 23 and who is enrolled full time in an accredited post-secondary educational institution is eligible to make the election. A refund may be paid to a designated beneficiary only if:*

(1) there are no survivors entitled to benefits under this subdivision; or

(2) the surviving spouse and dependent children, who are between age 18 to 23, permanently waive their rights to benefits in writing and the benefits of dependent children under 18 are waived under a district court order.

*Subd. 2. [ELECTION OF COVERAGE.] Individuals eligible under subdivision 1 may elect, on a form prescribed by the executive director of the public employees retirement association, to have survivor benefits calculated under the relevant provisions of the public employees police and fire fund benefit plan or to have survivor benefits calculated under the relief association benefit plan. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to survivor benefits, including participation in the Minnesota postretirement investment fund.*

*If the election results in an increased benefit amount to the surviving spouse eligible under subdivision 1, or to eligible children if there is no surviving spouse, the increased benefit accrues as of the date on which the survivor benefits payable to the survivors from the consolidation account were first paid. The back payment of any increase in prior benefit amounts, plus any postretirement adjustments payable under Minnesota Statutes, section 356.41, or any increase payable under the local relief association bylaws is payable as soon as practicable after the effective date of the election.*

**Sec. 2. [EFFECTIVE DATE.]**

*Section 1 is effective January 1, 1990."*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 1474: A bill for an act relating to occupations and professions; barber registration; clarifying registration requirements for barbers, apprentices, and instructors; expanding causes for discipline; providing for summary suspension; amending Minnesota Statutes 1990, sections 154.01; 154.03; 154.04; 154.05; 154.06; 154.065, subdivisions 2 and 4; 154.07, subdivisions 1, 3, 5, 6, and by adding a subdivision; 154.09; 154.10; 154.11; 154.12; 154.14; 154.15; 154.16; 154.18; and 154.22; proposing coding for new law in Minnesota Statutes, chapter 154; repealing Minnesota Statutes 1990, sections 154.065, subdivisions 1, 3, 5, 7, and 8; 154.07, subdivision 2; 154.085; 154.13; and 154.17.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 7, delete "\$50,000" and insert "\$25,000"

Page 16, line 5, delete "clause (3)" and insert "paragraph (c)"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce, to which was re-referred

S.F. No. 764: A bill for an act relating to public safety; regulating amusement rides; requiring insurance and inspections; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 184B.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 21, delete "*May*" and insert "*August*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1105 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1105	973				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1396 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1396	1040				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1418 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

**GENERAL ORDERS**

H.F. No. S.F. No.

1418 1211

**CONSENT CALENDAR**

H.F. No. S.F. No.

**CALENDAR**

H.F. No. S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 983 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

**GENERAL ORDERS**

H.F. No. S.F. No.

983 943

**CONSENT CALENDAR**

H.F. No. S.F. No.

**CALENDAR**

H.F. No. S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1549 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

**GENERAL ORDERS**

H.F. No. S.F. No.

1549 1414

**CONSENT CALENDAR**

H.F. No. S.F. No.

**CALENDAR**

H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1549 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1549 and insert the language after the enacting clause of S.F. No. 1414; further, delete the title of H.F. No. 1549 and insert the title of S.F. No. 1414.

And when so amended H.F. No. 1549 will be identical to S.F. No. 1414, and further recommends that H.F. No. 1549 be given its second reading and substituted for S.F. No. 1414, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1282 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1282	1126				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1282 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1282 and insert the language after the enacting clause of S.F. No. 1126; further, delete the title of H.F. No. 1282 and insert the title of S.F. No. 1126.

And when so amended H.F. No. 1282 will be identical to S.F. No. 1126, and further recommends that H.F. No. 1282 be given its second reading and substituted for S.F. No. 1126, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1432, 1166, 1425, 853, 1474 and 764 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 932, 696, 815, 71, 870, 1105, 1396, 1418, 983, 1549 and 1282 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Cohen moved that the name of Ms. Johnston be added as a co-author to S.F. No. 809. The motion prevailed.

Ms. Ranum moved that the name of Mr. Mondale be added as a co-author to S.F. No. 1493. The motion prevailed.

Mr. Frederickson, D.J. moved that S.F. No. 112 be withdrawn from the Committee on Finance and re-referred to the Committee on Transportation. The motion prevailed.

Mr. Spear moved that S.F. No. 90, No. 1 on General Orders, be stricken and re-referred to the Committee on Commerce. The motion prevailed.

Mr. Berg moved that his name be stricken as chief author, and the name of Mr. Merriam be added as chief author to S.F. No. 1333. The motion prevailed.

Mr. Metzen moved that S.F. No. 1198, No. 154 on General Orders, be stricken and re-referred to the Committee on Commerce. The motion prevailed.

## CALENDAR

H.F. No. 98: A bill for an act relating to civil commitment; establishing requirements for judicial release orders during the emergency hold period; amending Minnesota Statutes 1990, section 253B.05, subdivisions 1, 2, and 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.J.	Merriam	Reichgott
Beckman	DeCramer	Johnson, J.B.	Metzen	Renneke
Belanger	Dicklich	Kelly	Moe, R.D.	Sams
Benson, D.D.	Finn	Knaak	Mondale	Spear
Benson, J.E.	Flynn	Kroening	Morse	Storm
Berglin	Frank	Laidig	Neuville	Stumpf
Bernhagen	Frederickson, D.J.	Langseth	Olson	Traub
Bertram	Frederickson, D.R.	Larson	Pappas	Vickerman
Brataas	Gustafson	Lessard	Pariseau	Waldorf
Chmielewski	Halberg	Luther	Piper	
Cohen	Hottinger	Marty	Pogemiller	
Dahl	Hughes	McGowan	Price	
Davis	Johnson, D.E.	Mehrkens	Ranum	

So the bill passed and its title was agreed to.

H.F. No. 146: A bill for an act relating to commerce; regulating real estate closings; prohibiting persons from requiring the use of particular closing agents; requiring the commissioner to adopt rules; amending Minnesota Statutes 1990, section 507.45, subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McGowan	Price
Beckman	Day	Johnson, D.J.	Mehrkens	Ranum
Belanger	DeCramer	Johnson, J.B.	Merriam	Reichgott
Benson, D.D.	Dicklich	Johnston	Metzen	Renneke
Benson, J.E.	Finn	Kelly	Moe, R.D.	Sams
Berg	Flynn	Knaak	Mondale	Solon
Berglin	Frank	Kroening	Morse	Spear
Bernhagen	Frederickson, D.J.	Laidig	Neuville	Storm
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	

So the bill passed and its title was agreed to.

S.F. No. 420: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Cass county.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McGowan	Price
Beckman	Day	Johnson, D.J.	Mehrkens	Ranum
Belanger	DeCramer	Johnson, J.B.	Merriam	Reichgott
Benson, D.D.	Dicklich	Johnston	Metzen	Renneke
Benson, J.E.	Finn	Kelly	Moe, R. D.	Sams
Berg	Flynn	Knaak	Mondale	Solon
Berglin	Frank	Kroening	Morse	Spear
Bernhagen	Frederickson, D.J.	Laidig	Neuville	Storm
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	

So the bill passed and its title was agreed to.

S.F. No. 302: A bill for an act relating to signs; requiring recycling centers and junk yards to accept certain hazard signs; amending Minnesota Statutes 1990, sections 115A.555; and 161.242, subdivision 2, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.J.	Mehrkens	Ranum
Beckman	DeCramer	Johnson, J.B.	Merriam	Reichgott
Belanger	Dicklich	Johnston	Metzen	Renneke
Benson, D.D.	Finn	Kelly	Moe, R. D.	Sams
Benson, J.E.	Flynn	Knaak	Mondale	Solon
Berg	Frank	Kroening	Morse	Spear
Berglin	Frederickson, D.J.	Laidig	Neuville	Storm
Bernhagen	Frederickson, D.R.	Langseth	Olson	Stumpf
Bertram	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	
Davis	Johnson, D.E.	McGowan	Price	

So the bill passed and its title was agreed to.

S.F. No. 515: A bill for an act relating to natural resources; increasing the number of permits that may be held by one purchaser of timber on state lands; setting an interest rate for certain extensions of the permits; amending Minnesota Statutes 1990, section 90.121.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:



Adkins	Davis	Johnson, D.E.	McGowan	Price
Beckman	Day	Johnson, D.J.	Mehrkens	Ranum
Belanger	DeCramer	Johnson, J.B.	Merriam	Reichgott
Benson, D.D.	Dicklich	Johnston	Metzen	Renneke
Benson, J.E.	Finn	Kelly	Moe, R.D.	Sams
Berg	Flynn	Knaak	Mondale	Solon
Berglin	Frank	Kroening	Morse	Spear
Bernhagen	Frederickson, D.J.	Laidig	Neuville	Storm
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	

So the bill passed and its title was agreed to.

S.F. No. 373: A bill for an act relating to the military; authorizing the commissioner of veterans affairs to assist certain dependents of military personnel who are called to active service; amending Minnesota Statutes 1990, sections 196.05; and 197.03.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McGowan	Price
Beckman	Day	Johnson, D.J.	Mehrkens	Ranum
Belanger	DeCramer	Johnson, J.B.	Merriam	Reichgott
Benson, D.D.	Dicklich	Johnston	Metzen	Renneke
Benson, J.E.	Finn	Kelly	Moe, R.D.	Sams
Berg	Flynn	Knaak	Mondale	Solon
Berglin	Frank	Kroening	Morse	Spear
Bernhagen	Frederickson, D.J.	Laidig	Neuville	Storm
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	

So the bill passed and its title was agreed to.

H.F. No. 230: A bill for an act relating to education; permitting a referendum on combining certain school districts before formal cooperation begins.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McGowan	Price
Beckman	Day	Johnson, D.J.	Mehrkens	Ranum
Belanger	DeCramer	Johnson, J.B.	Merriam	Reichgott
Benson, D.D.	Dicklich	Johnston	Metzen	Renneke
Benson, J.E.	Finn	Kelly	Moe, R.D.	Sams
Berg	Flynn	Knaak	Mondale	Solon
Berglin	Frank	Kroening	Morse	Spear
Bernhagen	Frederickson, D.J.	Laidig	Neuville	Storm
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Pariseau	Vickerman
Cohen	Hottinger	Luther	Piper	Waldorf
Dahl	Hughes	Marty	Pogemiller	

So the bill passed and its title was agreed to.

### GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. Nos. 397, 543, 635 and H.F. Nos. 246, 614, 132, 526, 324, which the committee recommends to pass.

S.F. No. 582, which the committee reports progress, after the following motions:

Mr. Belanger moved to amend S.F. No. 582 as follows:

Page 1, line 14, delete "*municipality*" and insert "*city of the first class*"

Page 1, line 16, delete "*municipality*" and insert "*city*"

Amend the title as follows:

Page 1, line 2, delete "*municipalities*" and insert "*cities of the first class*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Marty	Pariseau
Beckman	Day	Johnson, D.E.	McGowan	Reichgott
Belanger	Finn	Johnston	Mehrrens	Renneke
Benson, D.D.	Frank	Knaak	Merriam	Traub
Benson, J.E.	Frederickson, D.R.	Larson	Neuville	Waldorf
Cohen	Halberg	Luther	Olson	

Those who voted in the negative were:

Berg	DeCramer	Kroening	Novak	Riveness
Berglin	Dicklich	Lessard	Pappas	Samuelson
Bertram	Flynn	Metzen	Piper	Solon
Brataas	Frederickson, D.J.	Moe, R.D.	Pogemiller	Spear
Chmielewski	Hottinger	Mondale	Price	Stumpf
Davis	Johnson, J.B.	Morse	Ranum	Vickerman

The motion did not prevail. So the amendment was not adopted.

Mr. Moe, R.D. moved to amend S.F. No. 582 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [AUTHORIZATION TO EXTEND CLOSING HOURS.]

*Notwithstanding Minnesota Statutes, section 340A.504, subdivision 2, a municipality located in the metropolitan area as defined in section 473.121, subdivision 2, may extend the closing hours stated in Minnesota Statutes, section 340A.504, subdivision 2, clauses (1) and (2), to 2:30 a.m., subject to any restrictions or regulations the municipality may impose.*

Sec. 2. [AUTHORIZATION TO EXTEND CLOSING HOURS.]

*Notwithstanding Minnesota Statutes, section 340A.504, subdivision 2, a municipality located in the metropolitan area as defined in section 473.121, subdivision 2, may extend the closing hours stated in Minnesota Statutes, section 340A.504, subdivision 2, clauses (1) and (2), to 2:30 a.m., subject*

to any restrictions or regulations the municipality may impose.

Sec. 3. [EFFECTIVE DATE.]

*Section 1 is effective January 17, 1992, and expires January 27, 1992.  
Section 2 is effective March 30, 1992, and expires April 7, 1992."*

Amend the title as follows:

Page 1, line 3, delete everything after "hours"

Page 1, line 4, delete everything before the period

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 42, as follows:

Those who voted in the affirmative were:

Benson, D.D.	Finn	Johnson, J.B.	Mehrkens	Traub
Bertram	Frederickson, D.J.	Langseth	Merriam	Waldorf
Brataas	Frederickson, D.R.	Luther	Moe, R.D.	
Cohen	Hughes	Marty	Piper	
Dahl	Johnson, D.E.	McGowan	Reichgott	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Olson	Samuelson
Beckman	Dicklich	Laidig	Pappas	Solon
Belanger	Flynn	Larson	Pariseau	Spear
Benson, J.E.	Frank	Lessard	Pogemiller	Storm
Berglin	Halberg	Metzen	Price	Stumpf
Bernhagen	Hottinger	Mondale	Ranum	Vickerman
Chmielewski	Johnston	Morse	Renneke	
Davis	Kelly	Neuville	Riveness	
Day	Knaak	Novak	Sams	

The motion did not prevail. So the amendment was not adopted.

Mr. Johnson, D.E. moved to amend S.F. No. 582 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [AUTHORIZATION TO EXTEND CLOSING HOURS.]

*Notwithstanding Minnesota Statutes, section 340A.504, subdivision 2, a municipality may extend the closing hours stated in Minnesota Statutes, section 340A.504, subdivision 2, clauses (1) and (2), to 2:30 a.m., subject to any restrictions or regulations the municipality may impose.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective January 20, 1992, and expires January 27, 1992."*

Amend the title as follows:

Page 1, line 3, delete everything after "hours"

Page 1, line 4, delete everything before the period

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 11 and nays 54, as follows:

Those who voted in the affirmative were:

Benson, D.D.	Dahl	Hughes	Luther	Mehrkens
Bertram	Finn	Johnson, D.E.	McGowan	Merriam
Brataas				

Those who voted in the negative were:

Adkins	Dicklich	Knaak	Neuville	Riveness
Beckman	Flynn	Kroening	Novak	Sams
Belanger	Frank	Laidig	Olson	Samuelson
Benson, J.E.	Frederickson, D.J.	Langseth	Pappas	Solon
Berglin	Frederickson, D.R.	Larson	Pariseau	Spear
Bernhagen	Gustafson	Lessard	Piper	Storm
Chmielewski	Halberg	Marty	Pogemiller	Stumpf
Cohen	Hottinger	Metzen	Price	Traub
Davis	Johnson, J.B.	Moe, R.D.	Ranum	Vickerman
Day	Johnston	Mondale	Reichgott	Waldorf
DeCramer	Kelly	Morse	Renneke	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 582 was then progressed.

S.F. No. 804, which the committee reports progress, subject to the following motions:

Mr. Luther moved to amend S.F. No. 804 as follows:

Page 1, after line 5, insert:

“Section 1. [260.174] [CHILDREN IN CUSTODY; RESPONSIBILITY FOR MEDICAL CARE.]

*If a child is taken into custody as provided in section 260.165 and detained in a local juvenile secure detention facility or shelter care facility, or if a child is sentenced by the juvenile court to a local correctional facility as defined in section 241.021, subdivision 1, paragraph (5), the child's county of residence shall pay the costs of medical services provided to the child during the period of time the child is residing in the facility. The county of residence is not responsible for payment of medical bills to the extent that the child or the child's family has the ability to pay for the medical services. If there is a disagreement between the county and the child or the child's family concerning the ability to pay, the court with jurisdiction over the child shall determine the extent, if any, of the child's or the family's ability to pay for the medical services. If the child is covered by health or medical insurance or a health plan when medical services are provided, the county paying the costs of medical services has a right of subrogation to be reimbursed by the insurance carrier or health plan for all amounts spent by it for medical services to the child that are covered by the insurance policy or health plan.”*

Page 1, line 6, delete “Section 1” and insert “Sec. 2”

Page 1, line 23, delete “provide medical aid for” and insert “pay the costs of medical services provided to”

Page 2, lines 5 and 9, delete “aid” and insert “services”

Page 2, line 7, delete “aid is” and insert “services are” and delete “aid” and insert “services”

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “requiring prisoners to pay for medical services to the extent of their ability to pay; requiring the county of residence to pay for medical services to juveniles in custody; providing for reimbursement of the costs of medical services by health insurance or a health plan;”

Page 1, line 3, delete “provide” and insert “pay for” and delete “aid” and insert “services”

Page 1, line 4, after "641.15" insert "; proposing coding for new law in Minnesota Statutes, chapter 260"

Mr. Samuelson moved to amend the Luther amendment to S.F. No. 804 as follows:

Page 2, line 1, after the period, insert "*The county does not have a right of subrogation against the medical assistance program, the children's health plan, or the general assistance medical care program.*"

Page 2, after line 7, insert:

"Page 2, line 10, after the period, insert "*The county does not have a right of subrogation against the medical assistance program or the general assistance medical care program.*""

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Luther amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

S.F. No. 804 was then progressed.

H.F. No. 244, which the committee reports progress, subject to the following motions:

Mr. Luther moved to amend H.F. No. 244, as amended pursuant to Rule 49, adopted by the Senate April 23, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 354.)

Page 6, line 8, delete "AFTER CHILDREN UNLOADED" and before "When" insert "*When the driver or a school bus patrol does not supervise children crossing a roadway before getting on a school bus, the driver shall visually determine that all children have crossed the roadway and boarded the bus before moving the bus.*"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 244, as amended pursuant to Rule 49, adopted by the Senate April 23, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 354.)

Page 1, lines 18 to 20, delete the new language

The motion prevailed. So the amendment was adopted.

H.F. No. 244 was then progressed.

H.F. No. 41, which the committee recommends to pass subject to the following motion:

Mr. Dicklich moved that the amendment made to H.F. No. 41 by the Committee on Rules and Administration in the report adopted April 11, 1991, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

S.F. No. 910, which the committee recommends to pass with the following amendment offered by Ms. Berglin:

Amend S.F. No. 910 as follows:

Page 7, line 12, delete "*an automatic*" and insert "*a*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1422, which the committee recommends to pass with the following amendments offered by Messrs. Chmielewski, Stumpf and Frank:

Mr. Chmielewski moved to amend H.F. No. 1422, as amended pursuant to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Page 2, line 4, after "*computation*" insert "*where the wage is irregular or difficult to determine or the employment part-time*"

Page 2, line 5, after "*vacation pay*" insert "*actually received*" and after "*the*" insert "*corresponding*"

Page 2, after line 25, insert:

"Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire including the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of a person charged with or suspected of crime;

(4) a person requested or commanded to aid an officer in arresting or retaking a person who has escaped from lawful custody, or in executing legal process, in which cases, for purposes of calculating compensation under this chapter, the daily wage of the person shall be the prevailing wage for similar services performed by paid employees;

(5) a county assessor;

(6) an elected or appointed official of the state, or of a county, city, town, school district, or governmental subdivision in the state. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(7) an executive officer of a corporation, except those executive officers excluded by section 176.041;

(8) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioners of human services and corrections similar to those of officers and employees of the institutions, and whose services have been accepted or contracted for by the commissioner of human services or corrections as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(9) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it. The daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed by paid employees;

(10) a voluntary uncompensated worker participating in a program established by a county welfare board. In the event of injury or death of the worker, the wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid in the county at the time of the injury or death for similar services performed by paid employees working a normal day and week;

(11) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089. The daily wage of the worker for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

*(12) a voluntary uncompensated worker in the building and construction industry who renders services for joint labor-management nonprofit community service projects. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;*

~~(12)~~ (13) a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

~~(13)~~ (14) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138. The daily wage of the worker, for the purposes of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(14)~~ (15) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota state academy for the deaf or the Minnesota state academy for the blind, and whose services have been accepted or contracted for by the state board of education, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(15)~~ (16) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(16)~~ (17) a worker who renders in-home attendant care services to a

physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

~~(17)~~ (18) students enrolled in and regularly attending the medical school of the University of Minnesota in the graduate school program or the postgraduate program. The students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits under this chapter;

~~(18)~~ (19) a faculty member of the University of Minnesota employed for an academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota;

~~(19)~~ (20) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(20)~~ (21) a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(21)~~ (22) a voluntary uncompensated worker rendering service directly to the pollution control agency. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

~~(22)~~ (23) a voluntary uncompensated worker while volunteering services as a first responder or as a member of a law enforcement assistance organization while acting under the supervision and authority of a political subdivision. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees.

If it is difficult to determine the daily wage as provided in this subdivision, the trier of fact may determine the wage upon which the compensation is payable."

Page 3, line 25, after "computation" insert "*where the employee works less than five days per week or irregularly*" and after "vacation pay" insert "*actually received*" and after "the" insert "*corresponding*"



Renumber the sections of article 1 in sequence and correct the internal references

Page 14, lines 33 to 36, delete the new language and insert "*A plan that is not completed within six months or after \$5,000 has been paid in rehabilitation benefits shall be specifically monitored by the commissioner. The commissioner shall review the progress of the plan and may take actions including, but not limited to, redirecting, amending, suspending, or terminating the plan.*"

Page 15, delete line 1

Page 15, line 36, after "nursing," insert "*foreign language translation services,*"

Page 16, delete line 36

Page 17, delete lines 1 and 2

Page 17, line 3, delete "(f)" and insert "(e)"

Page 21, after line 22, insert:

*"Subd. 5. [EMPLOYEE OPTION.] An employee may not be compelled to receive managed care under this section. An employee may receive service from a certified health care provider of the employee's own choosing. The compensability of medical services under this chapter is not affected by the decision of an employee to not use managed care under this section."*

Page 21, line 23, delete "5" and insert "6"

Page 24, after line 26, insert:

"Sec. 16. Minnesota Statutes 1990, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department to order an examination at a location further from the employee's residence.* The employee is entitled upon request to have a personal physician present at any such examination. Each party shall defray the cost of that party's physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or representative of the employee. The employer shall pay reasonable travel expenses incurred by the employee in attending the examination including mileage, parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination. A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition.

No evidence relating to the examination or report shall be received or

considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or

(2) that the extension is necessary to gather additional information which was not included on the petition as required by section 176.291."

Renumber the sections of article 2 in sequence and correct the internal references

Page 31, line 15, after the period, insert "*If appropriations from the general fund are not sufficient to meet that cost, an appropriation from the special compensation fund may be made to cover the insufficiency.*"

Amend the title accordingly

Mrs. Brataas moved to amend the Chmielewski amendment to H.F. No. 1422 as follows:

Page 6, delete lines 1 to 11

The question was taken on the adoption of the Brataas amendment to the Chmielewski amendment.

The roll was called, and there were yeas 25 and nays 40, as follows:

Those who voted in the affirmative were:

Beckman	Bernhagen	Gustafson	Langseth	Pariseau
Belanger	Bertram	Halberg	Larson	Renneke
Benson, D.D.	Brataas	Johnson, D.E.	McGowan	Storm
Benson, J.E.	Day	Johnston	Mehrkens	Stumpf
Berg	Frederickson, D.R.	Knaak	Olson	Vickerman

Those who voted in the negative were:

Adkins	Finn	Kelly	Mondale	Reichgott
Berglin	Flynn	Kroening	Morse	Riveness
Chmielewski	Frank	Lessard	Neuville	Sams
Cohen	Frederickson, D.J.	Luther	Novak	Samuelson
Dahl	Hottinger	Marty	Pappas	Solon
Davis	Hughes	Merriam	Pogemiller	Spear
DeCramer	Johnson, D.J.	Metzen	Price	Traub
Dicklich	Johnson, J.B.	Moe, R.D.	Ranum	Waldorf

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the Chmielewski amendment. The motion prevailed. So the amendment was adopted.

Mr. Gustafson moved to amend H.F. No. 1422, as amended pursuant to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Delete everything after the enacting clause and insert:

“ARTICLE 1

SCOPE OF COVERAGE/LIABILITY

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] “Family farm” means any farm operation which (1) pays or is obligated to pay less than ~~\$8,000~~ \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) *has total liability and medical payment coverage equal to \$300,000 and \$5,000, respectively, under a farm liability insurance policy.* For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1990, section 176.041, subdivision 1a, is amended to read:

Subd. 1a. [ELECTION OF COVERAGE.] The persons, partnerships and corporations described in this subdivision may elect to provide the insurance coverage required by this chapter.

(a) An owner or owners of a business or farm may elect coverage for themselves.

(b) A partnership owning a business or farm may elect coverage for any partner.

(c) A family farm corporation as defined in section 500.24, subdivision 2, clause (c), may elect coverage for any executive officer.

(d) A closely held corporation which had less than 22,880 hours of payroll in the previous calendar year may elect coverage for any executive officer if that executive officer is also an owner of at least 25 percent of the stock of the corporation.

(e) *A person, partnership, or corporation that receives the services of a voluntary uncompensated worker who is not required to be covered under this chapter may elect to provide coverage for that worker.*

(f) A person, partnership, or corporation hiring an independent contractor, as defined by rules adopted by the commissioner, may elect to provide coverage for that independent contractor. A person, partnership, or corporation may charge the independent contractor a fee for providing the coverage only if the independent contractor (1) elects in writing to be covered, (2) is issued an endorsement setting forth the terms of the coverage, the name of the independent contractors, and the fee and how it is calculated.

The persons, partnerships, and corporations described in this subdivision may also elect coverage for an employee who is a spouse, parent, or child, regardless of age, of an owner, partner, or executive officer, who is eligible

for coverage under this subdivision. Coverage may be elected for a spouse, parent, or child whether or not coverage is elected for the related owner, partner, or executive director and whether or not the person, partnership, or corporation employs any other person to perform a service for hire. Any person for whom coverage is elected pursuant to this subdivision shall be included within the meaning of the term employee for the purposes of this chapter.

Notice of election of coverage or of termination of election under this subdivision shall be provided in writing to the insurer. Coverage or termination of coverage is effective the day following receipt of notice by the insurer or at a subsequent date if so indicated in the notice. The insurance policy shall be endorsed to indicate the names of those persons for whom coverage has been elected or terminated under this subdivision. An election of coverage under this subdivision shall continue in effect as long as a policy or renewal policy of the same insurer is in effect.

Nothing in this subdivision shall be construed to limit the responsibilities of owners, partnerships, or corporations to provide coverage for their employees, if any, as required under this chapter.

Sec. 3. Minnesota Statutes 1990, section 176.183, subdivision 1, is amended to read:

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court, as punitive damages an additional amount not exceeding ~~50~~ 60 percent of all moneys paid out or to be paid out. As used in this subdivision, "employer" includes officers of corporations who have legal control, either individually or jointly with another or others, of the payment of wages. An action to recover the moneys shall be instituted unless the commissioner determines that no recovery is possible. All moneys recovered shall be deposited in the general fund. There shall be no payment from the special compensation fund if there is liability for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Sec. 4. Minnesota Statutes 1990, section 176.215, is amended by adding a subdivision to read:

*Subd. 1a. [EXCLUSIVE REMEDY.] The liability of a general contractor, intermediate contractor, or subcontractor who pays compensation pursuant to subdivision 1, to an injured individual who is not an employee of the general contractor, intermediate contractor, or subcontractor is exclusive and in the place of any other liability to the individual, the individual's personal representative, surviving spouse, parent, any child, dependent, next of kin, or other person entitled to recover damages on account of the individual's injury or death.*

Sec. 5. [EFFECTIVE DATE.]

*Section 1 is effective January 1, 1992. Sections 2 to 4 are effective the day following final enactment.*

## ARTICLE 2

### COMPENSATION BENEFITS

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 3, is amended to read:

Subd. 3. [DAILY WAGE.] "Daily wage" means the daily wage of the employee in the employment engaged in at the time of injury but does not include tips and gratuities paid directly to an employee by a customer of the employer and not accounted for by the employee to the employer. If the amount of the daily wage received or to be received by the employee in the employment engaged in at the time of injury was irregular or difficult to determine, or if the employment was part time, the daily wage shall be computed by dividing the total amount the employee actually earned in such employment in the last 26 weeks, by the total number of days in which the employee actually performed any of the duties of such employment, provided further, that in the case of the construction industry, mining industry, or other industry where the hours of work are affected by seasonal conditions, the weekly wage shall not be less than five times the daily wage. Where board or allowances other than tips and gratuities are made to an employee in addition to wages as a part of the wage contract they are deemed a part of earnings and computed at their value to the employee. In the case of persons performing services for municipal corporations in the case of emergency, then the normal working day shall be considered and computed as eight hours, and in cases where such services are performed gratis or without fixed compensation the daily wage of the person injured shall, for the purpose of calculating compensation payable under this chapter, be taken to be the usual going wage paid for similar services in municipalities where such services are performed by paid employees. If, at the time of injury, the employee was regularly employed by two or more employers, the employee's earnings in all such employments shall be included in the computation of daily wage. *Holiday pay and vacation pay shall not be included in the calculation of daily wage.*

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. *Holiday pay and vacation pay shall not be included in the calculation of weekly wage.* The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall

not exceed ~~66 2/3~~ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ employee's after-tax weekly wage, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1990, section 176.011, is amended by adding a subdivision to read:

*Subd. 18a. [AFTER-TAX WEEKLY WAGE.] "After-tax weekly wage" means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents and without additional allowances. The after-tax weekly wage must be determined as of the date of injury, and changes in dependents after that date may not be considered.*

Sec. 4. Minnesota Statutes 1990, section 176.021, subdivision 3, is amended to read:

**Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.]** All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other non-periodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101, *subdivision 3*. If doubt exists as to the eventual permanent partial disability, payment for the ~~economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101,~~ shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of ~~economic recovery compensation or lump sum or periodic payment of impairment permanent partial disability~~ compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of~~

economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive economic recovery compensation or impairment permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence. The right is not abrogated by the employee's death prior to the making of the payment.

Sec. 5. Minnesota Statutes 1990, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, economic recovery compensation, impairment compensation, medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 6. Minnesota Statutes 1990, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is 66-2/3 80 percent of the after-tax weekly wage at the time of injury.

(1) provided that (b) During the year commencing on October 1, 1979 1991, and each year thereafter, commencing on October 1, the maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 payable is 20 percent of the statewide average weekly wage or the injured employee's actual after-tax weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent

of the statewide average weekly wage:

~~Subject to subdivisions 3a to 3u this~~ (d) Temporary total compensation shall be paid during the period of disability; ~~payment to be made at the intervals when the wage was payable, as nearly as may be, and shall cease whenever any one of the following occurs:~~

- (1) the disability ends;
- (2) the employee returns to work;
- (3) the employee retires by withdrawing from the labor market;
- (4) the employee fails to diligently search for appropriate work;

(5) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, the employee refuses an offer of work that the employee can do in the employee's physical condition; or

(6) 90 days pass after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of this subdivision, the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's attorney, if any, and files a copy with the division.

(f) Once temporary total disability compensation has ceased under paragraph (d), clause (1), (2), (3), or (4), it may be recommenced prior to 90 days after maximum medical improvement only as follows:

(1) if temporary total disability compensation ceased under paragraph (d), clause (1), it may be recommenced if the employee again becomes disabled as a result of the work-related injury;

(2) if temporary total disability compensation ceased under paragraph (d), clause (2), it may be recommenced if the employee is laid off or terminated for reasons other than misconduct or is medically unable to continue at the job;

(3) if temporary total disability compensation ceased under paragraph (d), clause (3), but the employee subsequently returned to work, it may be recommenced in accordance with paragraph (f), clause (2); or

(4) if temporary total disability compensation ceased under paragraph (d), clause (4), it may be recommenced if the employee begins diligently searching for appropriate work. Temporary total disability compensation recommenced under this paragraph is subject to cessation under paragraph (d).

Recommended temporary total disability compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once temporary total disability compensation has ceased under paragraph (d), clauses (5) and (6), it may not be recommenced at a later date



*except as provided under section 176.102, subdivision 11, paragraph (b).*

Sec. 7. Minnesota Statutes 1990, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition.~~ 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is able to earn in the employee's partially disabled condition.

(b) ~~This Temporary partial compensation shall be paid during the period of disability except as provided in this section; payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to the statewide average weekly wage. when the employee is working, earning less than the employee's weekly wage at the time of the injury, and the reduction in the wage the employee is able to earn in the employee's partially disabled condition is due to the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 156 weeks, including weeks in which the employee has no wage loss, or after 350 weeks after the date of injury, whichever occurs first.~~

(c) Temporary partial compensation may not exceed the maximum rate for temporary total compensation and must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 300 percent of the statewide average weekly wage.

Sec. 8. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. Permanent partial disability must be rated as a percentage of the whole body in accordance with rules adopted by the commissioner under section 176.105. The percentage determined pursuant to the rules must be multiplied by the corresponding amount in the following table:

Percent of Disability	Amount
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000

91-95  
96-100

360,000  
400,000

*An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.*

*(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work, provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period. Permanent partial disability is not payable while temporary total compensation is being paid. Permanent partial disability is payable to permanently totally disabled employees in a lump sum at the time the disability can be ascertained.*

Sec. 9. Minnesota Statutes 1990, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily after-tax weekly wage~~ at the time of the injury, subject to a ~~maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation rates~~ for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. *Permanent total disability payments shall cease at retirement.* Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 10. Minnesota Statutes 1990, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY DEFINITION.~~] (a) *For purposes of subdivision 4, permanent total disability means only:*

*(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or*

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability~~.

*(b) For purposes of paragraph (a), clause (2), "totally and permanently incapacitated" means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.*

Sec. 11. Minnesota Statutes 1990, section 176.101, subdivision 6, is amended to read:

Subd. 6. [MINORS.] If any employee entitled to the benefits of this chapter is a minor or is an apprentice of any age and sustains a personal injury arising out of and in the course of employment resulting in permanent total ~~or a compensable permanent partial~~ disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for ~~temporary total, temporary partial, a permanent total disability or economic recovery compensation~~ shall be 105 percent of the statewide average weekly wage.

Sec. 12. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 9. [MOVING EXPENSES.] *An injured employee who has reached maximum medical improvement and who is unable to find suitable gainful employment consistent with the individual's physical disability, in combination with the individual's age, education and training, and experience, due to local labor market conditions is eligible to receive up to \$5,000 for moving expenses, provided:*

*(1) 90 days have passed after the individual has reached maximum medical improvement;*

*(2) the individual has actually moved in order to take a new job which constitutes suitable gainful employment; and*

*(3) the new job is located at a distance greater than 35 miles from the individual's current residence.*

Sec. 13. Minnesota Statutes 1990, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition the ~~commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

*(b) If the employee is not working during a retraining plan that has been specifically approved under this section, temporary total compensation is*

*payable for up to 90 days after the end of the retraining plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (5). If the employee is working during the retraining plan but earning less than at the time of injury, temporary partial compensation is payable at the rate of 80 percent of the difference between the employee's after-tax weekly wage at the time of injury and the after-tax weekly wage the employee is able to earn in the employee's partially disabled condition, subject to the maximum rate for temporary total compensation. Temporary partial compensation is not subject to either the 156-week or the 350-week limitation provided by section 176.101, subdivision 2, during the retraining plan, but is subject to those limitations before and after the plan.*

*(c) Retraining may not be approved if the employee has refused suitable gainful employment, as defined by rule.*

Sec. 14. Minnesota Statutes 1990, section 176.105, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE; RULES.] (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *Disability ratings under the schedule for permanent partial disability must be based on objective medical evidence. The commissioner, in consultation with the medical services review board, shall periodically review the rules adopted under this paragraph to determine whether any injuries omitted from the schedule should be compensable and amend the rules accordingly.*

*(b) No permanent partial disability compensation shall be payable except in accordance with the disability ratings established under this subdivision. The schedule may provide that minor impairments receive a zero rating.*

Sec. 15. Minnesota Statutes 1990, section 176.105, subdivision 4, is amended to read:

Subd. 4. [LEGISLATIVE INTENT; RULES; LOSS OF MORE THAN ONE BODY PART.] (a) For the purpose of establishing a disability schedule pursuant to clause (b), the legislature declares its intent that the commissioner establish a disability schedule ~~which, assuming the same number and distribution of severity of injuries, the aggregate total of impairment compensation and economic recovery compensation benefits under section 176.101, subdivisions 3a to 3u be approximately equal to the total aggregate amount payable for permanent partial disabilities under section 176.101, subdivision 3; provided, however, that awards for specific injuries under the proposed schedule need not be the same as they were for the same injuries under the schedule pursuant to section 176.101, subdivision 3. The schedule shall be determined by sound actuarial evaluation and shall be based on the benefit level which exists on January 1, 1983.~~

(b) The commissioner shall by rulemaking adopt procedures setting forth rules for the evaluation and rating of functional disability and the schedule for permanent partial disability and to determine the percentage of loss of function of a part of the body based on the body as a whole, including internal organs, described in section 176.101, subdivision 3, and any other body part not listed in section 176.101, subdivision 3, which the commissioner deems appropriate.

The rules shall promote objectivity and consistency in the evaluation of

permanent functional impairment due to personal injury and in the assignment of a numerical rating to the functional impairment.

Prior to adoption of rules the commissioner shall conduct an analysis of the current permanent partial disability schedule for the purpose of determining the number and distribution of permanent partial disabilities and the average compensation for various permanent partial disabilities. The commissioner shall consider setting the compensation under the proposed schedule for the most serious conditions higher in comparison to the current schedule and shall consider decreasing awards for minor conditions in comparison to the current schedule.

The commissioner may consider, among other factors, and shall not be limited to the following factors in developing rules for the evaluation and rating of functional disability and the schedule for permanent partial disability benefits:

(1) the workability and simplicity of the procedures with respect to the evaluation of functional disability;

(2) the consistency of the procedures with accepted medical standards;

(3) rules, guidelines, and schedules that exist in other states that are related to the evaluation of permanent partial disability or to a schedule of benefits for functional disability provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of clause (a);

(4) rules, guidelines, and schedules that have been developed by associations of health care providers or organizations provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of clause (a);

(5) the effect the rules may have on reducing litigation;

(6) the treatment of preexisting disabilities with respect to the evaluation of permanent functional disability provided that any preexisting disabilities must be objectively determined by medical evidence; and

(7) symptomatology and loss of function and use of the injured member.

The factors in paragraphs (1) to (7) shall not be used in any individual or specific workers' compensation claim under this chapter but shall be used only in the adoption of rules pursuant to this section.

Nothing listed in paragraphs (1) to (7) shall be used to dispute or challenge a disability rating given to a part of the body so long as the whole schedule conforms with the expressed intent of clause (a).

(c) If an employee suffers a permanent functional disability of more than one body part due to a personal injury incurred in a single occurrence, the percent of the whole body which is permanently partially disabled shall be determined by the following formula so as to ensure that the percentage for all functional disability combined does not exceed the total for the whole body:

$$A + B (1 - A)$$

where: A is the greater percentage whole body loss of the first body part; and B is the lesser percentage whole body loss otherwise payable for the second body part.  $A + B (1 - A)$  is equivalent to  $A + B - AB$ .

For permanent partial disabilities to three body parts due to a single occurrence or as the result of an occupational disease, the above formula shall be applied, providing that A equals the result obtained from application of the formula to the first two body parts and B equals the percentage for the third body part. For permanent partial disability to four or more body parts incurred as described above, A equals the result obtained from the prior application of the formula, and B equals the percentage for the fourth body part or more in arithmetic progressions.

Sec. 16. Minnesota Statutes 1990, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 17. Minnesota Statutes 1990, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse weekly benefits at a *the same rate which is 16-2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,* for a period of ten years, including adjustments as provided in section 176.645.

Sec. 18. Minnesota Statutes 1990, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66-2/3~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the last dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid weekly benefits at a *the same rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,* for a period of ten years, adjusted according to section 176.645.

Sec. 19. Minnesota Statutes 1990, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66-2/3~~ 80 percent of the *wages after-tax weekly wage*.

Sec. 20. Minnesota Statutes 1990, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee ~~leave~~ leaves no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on *the* deceased, there shall be paid to such

parents jointly ~~45~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the *after-tax* weekly wage thereafter. If the deceased employee ~~leave~~ leaves one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 21. Minnesota Statutes 1990, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 22. Minnesota Statutes 1990, section 176.111, subdivision 18, is amended to read:

Subd. 18. [BURIAL EXPENSE.] In all cases where death results to an employee from a personal injury arising out of and in the course of employment, the employer shall pay the expense of burial, not exceeding in amount ~~\$2,500~~ \$7,500. In case any dispute arises as to the reasonable value of the services rendered in connection with the burial, its reasonable value shall be determined and approved by the commissioner, a compensation judge, or workers' compensation court of appeals, in cases upon appeal, before payment, after reasonable notice to interested parties as is required by the commissioner. If the deceased leaves no dependents, no compensation is payable, except as provided by this chapter.

Sec. 23. Minnesota Statutes 1990, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 24. Minnesota Statutes 1990, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed

100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 25. Minnesota Statutes 1990, section 176.131, subdivision 8, is amended to read:

Subd. 8. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment, except that physical impairment is limited to the following:

- (a) epilepsy,
- (b) diabetes,
- (c) hemophilia,
- (d) cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,
- (e) partial or entire absence of thumb, finger, hand, foot, arm, or leg,
- (f) lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) residual disability from poliomyelitis,
- (h) cerebral palsy,
- (i) multiple sclerosis,
- (j) Parkinson's disease,
- (k) cerebral vascular accident,
- (l) chronic osteomyelitis,
- (m) muscular dystrophy,
- (n) thrombophlebitis,
- (o) brain tumors,
- (p) Pott's disease,
- (q) seizures,
- (r) cancer of the bone,



(s) leukemia,

(t) mental retardation or other related conditions,

(u) any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(v) any other physical impairments of a permanent nature which the commissioner may by rule prescribe.

"Compensation" has the meaning defined in section 176.011.

"Employer" includes insurer.

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

"Mental retardation" means significantly subaverage intellectual functioning existing concurrently with demonstrated deficits in adaptive behavior that require supervision and protection for the person's welfare or the public welfare.

"Other related conditions" means severe chronic disabilities that are (i) attributable to cerebral palsy, epilepsy, autism, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation or requires treatment or services similar to those required for persons with mental retardation; (ii) likely to continue indefinitely; and (iii) result in substantial functional limitations in three or more of the following areas of major life activity: self-care, understanding and use of language, learning, mobility, self-direction, or capacity for independent living.

Sec. 26. Minnesota Statutes 1990, section 176.131, is amended by adding a subdivision to read:

*Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 27. Minnesota Statutes 1990, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, ~~except as provided by clause (b),~~ provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after October 1, 1983, and before October 1, 1987, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible

for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

*(c) An employee who has suffered a personal injury after October 1, 1987, and is permanently totally disabled as defined in section 176.101, subdivisions 4 and 5, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving permanent total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.*

Sec. 28. Minnesota Statutes 1990, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under ~~this section~~ *subdivision 1, paragraphs (a) and (b), shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under subdivision 1, paragraph (c), shall be the difference between:*

*(1) the amount the employee receives on or after October 1, 1991, under section 176.101, subdivision 4; plus the amount of disability benefits being paid under any government disability benefit program, provided those benefits are a result of the same injury or injuries giving rise to payments under section 176.101, subdivision 4; plus the amount of any federal old age and survivors insurance benefits; and*

*(2) 50 percent of the statewide average weekly wage, as computed annually.*

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient *under subdivision 1, paragraph (a) or (b), is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.*

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

(f) Notwithstanding any other provision in this subdivision to the contrary, if the ~~individual~~ *eligible recipient* does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provision of United States Code, title 42, section 424a(d), the calculation of supplementary benefits payable to the individual shall be as provided under this section in Minnesota Statutes ~~1988~~ 1990.

Sec. 29. Minnesota Statutes 1990, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer currently paying total disability benefits *under subdivision 1, paragraph (a) or (b), or currently paying permanent total disability benefits under subdivision 1, paragraph (c),* or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 30. [176.178] [FRAUD.]

*Any person who, with intent to defraud, receives workers' compensation benefits to which the person is not entitled by knowingly misrepresenting, misstating, or failing to disclose any material fact is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3.*

Sec. 31. Minnesota Statutes 1990, section 176.179, is amended to read:

**176.179 [PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH RECOVERY OF OVERPAYMENTS.]**

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division, a compensation judge, or court of appeals relative to a claim by an injured employee or the employee's survivors, and received in good faith by the employee or the employee's survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a full credit against future lump sum benefit entitlement and as a partial credit against future weekly benefits. The credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits, death benefits, or weekly payments of ~~economic recovery or impairment~~ *permanent*

*partial compensation shall not exceed 20 percent of the amount that would otherwise be payable.*

*Where the commissioner or compensation judge determines that the mistaken compensation was not received in good faith, the commissioner or compensation judge may order reimbursement of the compensation or order a credit for the compensation against any future monetary benefits from the same injury. The credit may be up to 100 percent of the amount of monetary benefits otherwise payable. For purposes of this section, a payment is not received in good faith if it is obtained through fraud, or if the employee knew or should have known that the compensation was paid under mistake of fact or law, and the employee has not refunded the mistaken compensation.*

A credit may not be applied against medical expenses due or payable.

Sec. 32. Minnesota Statutes 1990, section 176.221, subdivision 6a, is amended to read:

Subd. 6a. ~~[MEDICAL, REHABILITATION, ECONOMIC RECOVERY, AND IMPAIRMENT PERMANENT PARTIAL COMPENSATION.]~~ The penalties provided by this section apply in cases where payment for treatment under section 176.135, rehabilitation expenses under section 176.102, subdivisions 9 and 11, ~~economic recovery compensation or impairment permanent partial compensation~~ are not made in a timely manner as required by law or by rule adopted by the commissioner.

Sec. 33. Minnesota Statutes 1990, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, ~~1977~~ 1991, or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 34. Minnesota Statutes 1990, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after October 1, 1991, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 35. Minnesota Statutes 1990, section 176.66, subdivision 11, is

amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66-2/3~~ 80 percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 36. Minnesota Statutes 1990, section 268.08, subdivision 3, is amended to read:

Subd. 3. [NOT ELIGIBLE.] An individual shall not be eligible to receive benefits for any week with respect to which the individual is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of the individual's weekly benefit amount in the form of:

(1) termination, severance, or dismissal payment or wages in lieu of notice whether legally required or not; provided that if a termination, severance, or dismissal payment is made in a lump sum, the employer may allocate such lump sum payment over a period equal to the lump sum divided by the employee's regular pay while employed by such employer; provided any such payment shall be applied for a period immediately following the last day of work but not to exceed 28 calendar days; or

(2) vacation allowance paid directly by the employer for a period of requested vacation, including vacation periods assigned by the employer under the provisions of a collective bargaining agreement, or uniform vacation shutdown; or

(3) compensation for loss of wages under the workers' compensation law of this state or any other state or under a similar law of the United States, or under other insurance or fund established and paid for by the employer except that this does not apply to an individual who is receiving temporary partial compensation pursuant to section 176.101, subdivision ~~3~~ 2; or

(4) 50 percent of the pension payments from any fund, annuity or insurance maintained or contributed to by a base period employer including the armed forces of the United States if the employee contributed to the fund, annuity or insurance and all of the pension payments if the employee did not contribute to the fund, annuity or insurance; or

(5) 50 percent of a primary insurance benefit under title II of the Social Security Act, as amended, or similar old age benefits under any act of congress or this state or any other state.

Provided, that if such remuneration is less than the benefits which would otherwise be due under sections 268.03 to 268.231, the individual shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that the individual is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

Sec. 37. Minnesota Statutes 1990, section 353.33, subdivision 5, is

amended to read:

Subd. 5. [BENEFITS PAID UNDER WORKERS' COMPENSATION LAW.] Disability benefits paid shall be coordinated with any amounts received or receivable under workers' compensation law, such as temporary total, permanent total, temporary partial, or permanent partial; ~~or economic recovery compensation~~ benefits, in either periodic or lump sum payments from the employer under applicable workers' compensation laws, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disablitant. If the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater, the disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2).

Sec. 38. [176.90] [AFTER-TAX CALCULATION.]

*For purposes of sections 176.011, subdivisions 18 and 18a; 176.101, subdivisions 1, 2, 3, and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; and 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting the weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.*

Sec. 39. [REPEALER.]

*Minnesota Statutes 1990, sections 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; and 176.111, subdivision 8a, are repealed.*

Sec. 40. [EFFECTIVE DATE.]

*This article is effective October 1, 1991; except that section 14, paragraph (b), is retroactively effective to January 1, 1984.*

## ARTICLE 3

### LEGAL, REHABILITATION, MEDICAL PROVIDERS/BENEFITS

Section 1. Minnesota Statutes 1990, section 175.007, is amended to read:

#### 175.007 [ADVISORY COUNCIL ON WORKERS' COMPENSATION; CREATION.]

Subdivision 1. The commissioner shall appoint an advisory council on workers' compensation, which consists of five representatives of employers and five representatives of employees; ~~five nonvoting members representing the general public; two persons who have received or are currently receiving workers' compensation benefits under chapter 176 and the chairs of the rehabilitation review panel and the medical services review board. The council may consult with any party it desires. The commissioner shall appoint as~~

*nonvoting members three representatives of insurers, one representative of medical doctors, one representative of hospitals, two legislators from the house of representatives, and two legislators from the senate. The commissioner shall be a nonvoting member and is the chairperson. The terms and removal of members shall be as provided in section 15.059. The council expires as provided in section 15.059, subdivision 5.*

Subd. 2. The advisory council shall study and present to the legislature and the governor, on or before November 15 of each even numbered year, its findings relative to the costs, methods of financing, and the formula to be used to provide supplementary compensation to workers who have been determined permanently and totally disabled prior to July 1, 1969, and its findings relative to alterations in the scheduled benefits for permanent partially disabled, and other aspects of the workers' compensation act. The council shall also study and present to the legislature and the governor on or before November 15 of 1981 and by November 15 of each even-numbered year thereafter a report on the financial, administrative and personnel needs of the workers' compensation division. ~~advise the department in carrying out the purposes of chapter 176. The council shall submit its recommendations with respect to amendments to chapter 176 to each regular session of the legislature and shall report its views upon any pending bill relating to chapter 176 to the proper legislative committee. At the request of the chairpersons of the senate and house of representatives committees that hear workers' compensation matters, the department shall schedule a meeting of the council with the members of the committees to discuss matters of legislative concern arising under chapter 176.~~

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 27, is amended to read:

Subd. 27. [ADMINISTRATIVE CONFERENCE.] An "administrative conference" is a meeting conducted by a commissioner's designee where parties can discuss on an expedited basis and in an informal setting their viewpoints concerning disputed issues arising under section ~~176.102, 176.103, 176.135, 176.136, or 176.239.~~ If the parties are unable to resolve the dispute, the commissioner's designee shall issue an administrative decision under ~~that section 176.106 or 176.239.~~

Sec. 3. Minnesota Statutes 1990, section 176.081, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL.] (a) A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next ~~\$27,500~~ \$70,000 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause (b) paragraph (d).~~ All fees must be calculated according to the formula under this subdivision or earned in hourly fees for representation at dispute resolution conferences under section 176.239. Hourly fees must be determined according to the criteria set forth under subdivision 5.

(b) Fees for legal services related to the same injury are cumulative and may not exceed \$15,000, except as provided under subdivision 2. No other attorney fees for any proceeding under this chapter are allowed.

(c) If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees

be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed *claims or portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan.* Fees for administrative conferences under section 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) (d) An attorney who is claiming legal fees ~~under this section for representing an employee in a workers' compensation matter~~ shall file a statement of ~~attorney's~~ attorney fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner, *shall report the number of hours spent on the case,* and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested shows this reimbursement.

Sec. 4. Minnesota Statutes 1990, section 176.081, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and, the number of hours spent on the case,~~ the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the employee, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 5. Minnesota Statutes 1990, section 176.081, subdivision 3, is amended to read:

Subd. 3. [REVIEW.] ~~An employee who~~ A party that is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. ~~Such~~ The application shall state the basis for the need of review and whether or not a hearing is requested. A copy of ~~such~~ the application shall be served upon the party's attorney for the employee by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise the question of the issue of the attorney fees at



any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 6. Minnesota Statutes 1990, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] *(a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.*

*(b) Rehabilitation is intended to restore the injured employee, through physical and vocational rehabilitation, so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.*

Sec. 7. Minnesota Statutes 1990, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. By March 1, 1993, the commissioner shall report to the legislature on the status of the commissioner's monitoring of rehabilitation services.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 8. Minnesota Statutes 1990, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member, *and two three members each from who shall represent both employers, and insurers, rehabilitation, and medicine, one member representing chiropractors, and four one member representing medical doctors, three members representing labor, two members representing rehabilitation vendors, and five members representing qualified rehabilitation consultants.* The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 9. Minnesota Statutes 1990, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

~~The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, chiropractic, or rehabilitation.~~

Sec. 10. Minnesota Statutes 1990, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

~~For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant. If the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate under subdivision 1, the employer shall provide the services. If the consultation indicates that rehabilitation services are not appropriate under subdivision 1, the employer shall notify the employee of this determination within 14 days after the~~

consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer shall notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant appointed by the employer or insurer shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest.

The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to, attorney, or health care provider involved in the case, including any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

(f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided in paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

(g) In developing a rehabilitation plan consideration shall be given to

the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 11. Minnesota Statutes 1990, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or after \$3,000 has been paid in rehabilitation benefits must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 12. Minnesota Statutes 1990, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

*(b) If a rehabilitation plan has not already been filed under subdivision 4, an employer shall report to the commissioner after 90 days and before 120 days from the date of the injury, as to what rehabilitation consultation and services have been provided to the injured employee or why rehabilitation consultation and services have not been provided.*

Sec. 13. Minnesota Statutes 1990, section 176.102, subdivision 9, is amended to read:

Subd. 9. [PLAN, COSTS.] An employer is liable for the following rehabilitation expenses under this section:

- (a) Cost of rehabilitation evaluation and preparation of a plan;
- (b) Cost of all rehabilitation services and supplies necessary for implementation of the plan;
- (c) Reasonable cost of tuition, books, travel, and custodial day care; and, in addition, reasonable costs of board and lodging when rehabilitation requires residence away from the employee's customary residence;
- (d) Reasonable costs of travel and custodial day care during the job interview process;
- (e) Reasonable cost for moving expenses of the employee and family if a job is found in a geographic area beyond reasonable commuting distance after a diligent search within the present community. Relocation shall not be paid more than once during any rehabilitation program, and relocation shall not be required if the new job is located within the same standard

metropolitan statistical area as the employee's job at the time of injury. An employee shall not be required to relocate and a refusal to relocate shall not result in a suspension or termination of compensation under this chapter; and

(f) Any other expense agreed to be paid.

*Charges for services provided by a rehabilitation consultant or vendor must be submitted on a billing form prescribed by the commissioner. No payment for the services shall be made until the charges are submitted on the prescribed form.*

Sec. 14. [176.107] [MEDICAL AND REHABILITATION DISPUTES.]

*Any dispute for benefits under section 176.102, 176.103, 176.135, or 176.136 may be referred to the mediation services section of the department for consideration. All health care providers, qualified rehabilitation consultants, intervenors or potential intervenors, or any other third parties who have or may have an interest in the resolution of the dispute must be notified of the proceeding and requested to be in attendance. Any agreement by the parties who attend the hearing or appear by telephone conference is binding on any other party who had notice and did not participate in the hearing.*

Sec. 15. Minnesota Statutes 1990, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, ~~chiropractic~~, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. ~~This treatment shall include treatments necessary to physical rehabilitation.~~ An employer may fulfill its obligation under this section by utilizing a certified managed care plan as provided in this chapter.

*(b) The employer shall furnish reasonably required chiropractic treatment for a maximum of 30 days from the date the employee first seeks the treatment, or 15 chiropractic treatment visits, whichever occurs first. The employer shall furnish reasonably required physical therapy treatment for a maximum of 30 days from the date the employee first seeks the treatment. Chiropractic or physical therapy treatment is compensable thereafter only with the consent of the employer or insurer, or after a specific determination by the commissioner or a compensation judge, pursuant to paragraph (f), that treatment for an additional specified period of time is reasonably required. This paragraph is effective for treatment provided after July 1, 1992.*

*(c) The employer shall pay for the reasonable value of nursing services provided by a member of the employee's family in cases of permanent total disability.*

*(d) Exposure to rabies is an injury and an employer shall furnish preventative treatment to employees exposed to rabies.*

*(e) The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches, or wheel*

chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to ~~do so provide the items required to be provided under this paragraph,~~ the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7; ~~and attorney fees incurred by the employee. No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7. Attorney's fees shall be determined on an hourly basis according to the criteria in section 476.081, subdivision 5.~~ The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability.

~~(b) (f)~~ Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with ~~sections 176.106 and section 176.305 and to issue orders approving mediated settlements in accordance with section 176.107.~~

Sec. 16. Minnesota Statutes 1990, section 176.135, subdivision 1a, is amended to read:

Subd. 1a. [NONEMERGENCY SURGERY; SECOND SURGICAL OPINION.] The employer is required to furnish surgical treatment pursuant to subdivision 1 when the surgery is reasonably required to cure and relieve the effects of the personal injury or occupational disease. An employee may not be compelled to undergo surgery. If an employee desires a second opinion on the necessity of the surgery, the employer shall pay the costs of obtaining the second opinion. Except in cases of emergency surgery, the employer or insurer may require the employee to obtain a second opinion on the necessity of the surgery, at the expense of the employer, before the employee undergoes surgery. Failure to obtain a second surgical opinion, *if required by the employer or insurer*, shall not be reason for nonpayment of the charges for the surgery. ~~The employer is required to pay the reasonable value of the surgery,~~ unless the commissioner or compensation judge determines that the surgery is not reasonably required.

Sec. 17. Minnesota Statutes 1990, section 176.135, subdivision 5, is amended to read:

Subd. 5. [OCCUPATIONAL DISEASE MEDICAL ELIGIBILITY.] Notwithstanding section 176.66, an employee who has contracted an occupational disease is eligible to receive compensation under this section even if the employee is not disabled from earning full wages at the work at which the employee was last employed.

*Payment of compensation under this section shall be made by the employer and insurer on the date of the employee's last exposure to the hazard of the occupational disease. Reimbursement for medical benefits paid under this subdivision or subdivision 1a is allowed from the employer and insurer liable under section 176.66, subdivision 10, only in the case of disablement.*

Sec. 18. Minnesota Statutes 1990, section 176.135, subdivision 6, is amended to read:

Subd. 6. [COMMENCEMENT OF PAYMENT.] As soon as reasonably possible, and no later than 30 calendar days after receiving the bill, the employer or insurer shall pay the charge or any portion of the charge which

is not denied, or deny all or a part of the charge ~~on the basis of excessiveness or nonecompensability, or specify the additional data needed,~~ with written notification to the employee and the provider ~~explaining the basis for denial.~~ All or part of a charge must be denied if any of the following conditions exist:

- (1) the injury or condition is not compensable under this chapter;
- (2) the charge or service is excessive under this section or section 176.136;
- (3) the provider is not enrolled with or certified by the department in accordance with rules adopted under section 176.183;
- (4) the charges are not submitted on the prescribed billing form; or
- (5) additional medical records or reports are required under subdivision 7 to substantiate the nature of the charge and its relationship to the work injury.

If payment is denied under clause (3), (4), or (5), the employer or insurer shall reconsider the charges in accordance with this subdivision within 30 calendar days after receiving additional medical data, a prescribed billing form, or documentation of enrollment or certification as a provider.

Sec. 19. Minnesota Statutes 1990, section 176.135, subdivision 7, is amended to read:

Subd. 7. [MEDICAL BILLS AND RECORDS.] Health care providers shall submit to the insurer an itemized statement of charges *on a billing form prescribed by the commissioner.* Health care providers ~~other than hospitals~~ shall also submit copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury; ~~provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6.~~ Health care providers may charge for copies of any records or reports that are in existence and directly relate to the items for which payment is sought under this chapter. ~~Charges for copies provided under this subdivision shall be reasonable.~~ The commissioner shall adopt a schedule of reasonable charges by ~~emergency rules rule.~~

A health care provider shall not collect, attempt to collect, refer a bill for collection, or commence an action for collection against the employee, employer, or any other party until the information required by this section has been furnished.

Sec. 20. [176.1351] [MANAGED CARE.]

Subdivision 1. [APPLICATION.] Any health care provider, health care providers, or business entities providing health care services may make written application to the commissioner to become certified to provide managed care to injured workers for injuries and diseases compensable under this chapter. Each application for certification shall be accompanied by a reasonable fee prescribed by the commissioner. A certificate is valid for the period the commissioner prescribes unless revoked or suspended. Application for certification shall be made in the form and manner and shall set forth information regarding the proposed plan for providing services as the commissioner may prescribe. The information shall include, but not be limited to:

- (a) a list of the names of all health care providers who will provide services under the managed care plan, together with appropriate evidence of compliance with any licensing or certification requirements for those

*providers to practice in this state;*

*(b) a description of the places and manner of providing services under the plan;*

*(c) a description of the places and manner of providing other related optional services the applicants wish to provide; and*

*(d) satisfactory evidence of ability to comply with any financial requirements to ensure delivery of service in accordance with the plan which the commissioner may prescribe.*

*Subd. 2. [CERTIFICATION.] The commissioner shall certify a health care provider, health care providers, or business entities providing health care services to provide managed care under a plan if the commissioner finds that the plan:*

*(a) proposes to provide services that meet quality, continuity, and other treatment standards prescribed by the commissioner and will provide all medical and health care services that may be required by this chapter in a manner that is timely, effective, and convenient for the worker;*

*(b) provides appropriate financial incentives to reduce service costs and utilization without sacrificing the quality of service;*

*(c) provides adequate methods of peer review, utilization review, and dispute resolution to prevent inappropriate or not medically necessary treatment, to exclude from participation in the plan those individuals who violate these treatment standards, and to provide for the resolution of such medical disputes as the commissioner considers appropriate;*

*(d) provides a program for early return to work for injured workers involving, where appropriate, cooperative efforts by the workers, the employer, and the managed care organizations to promote workplace health and safety consultative and other services;*

*(e) provides a timely and accurate method of reporting to the commissioner necessary information regarding medical and health care service cost and utilization to enable the commissioner to determine the effectiveness of the plan;*

*(f) authorizes workers to receive compensable medical treatment from a health care provider who is not a member of the managed care organization, but who maintains the worker's medical records and with whom the worker has a documented history of treatment, if that health care provider agrees to refer the worker to the managed care organization for any specialized treatment, including physical therapy, to be furnished by another provider that the worker may require and if that health care provider agrees to comply with all the rules, terms, and conditions regarding services performed by the managed care organization. Nothing in this paragraph is intended to limit the worker's right to change health care providers prior to the filing of a workers' compensation claim; and*

*(g) complies with any other requirement the commissioner determines is necessary to provide quality medical services and health care to injured workers.*

*Subd. 3. [REVOCATION, SUSPENSION, AND REFUSAL TO CERTIFY.] The commissioner shall refuse to certify or shall revoke or suspend the certification of any health care provider or group of medical service providers to provide managed care if the commissioner finds that the plan*



*for providing medical or health care services fails to meet the requirements of this section, or service under the plan is not being provided in accordance with the terms of a certified plan.*

*Subd. 4. [REVIEW.] (a) Utilization review, quality assurance, and peer review activities pursuant to this section and authorization of medical services to be provided by other than an attending physician pursuant to this chapter shall be subject to review by the commissioner or the commissioner's designated representatives. Data generated by or received in connection with these activities, including written reports, notes or records of any such activities, or of the commissioner's review shall be confidential, and shall not be disclosed except as considered necessary by the commissioner in the administration of this section. The commissioner may report professional misconduct to an appropriate licensing board.*

*(b) No data generated by utilization review, quality assurance, or peer review activities pursuant to this section or the commissioner's review thereof shall be used in any action, suit, or proceeding except to the extent considered necessary by the commissioner in the administration of this chapter.*

*(c) A person participating in utilization review, quality assurance, or peer review activities pursuant to this section shall not be examined as to any communication made in the course of such activities or the findings thereof, nor shall any person be subject to an action for civil damages for affirmative actions taken or statements made in good faith.*

*(d) No person who participates in forming managed care plans, collectively negotiating fees, or otherwise solicits or enters into contracts in a good faith effort to provide medical or health care services according to the provisions of this section shall be examined or subject to administrative or civil liability regarding any such participation except pursuant to the commissioner's active supervision of such activities and the managed care organization. Before engaging in such activities, the person shall provide notice of intent to the commissioner on a prescribed form.*

*(e) The provisions of this section shall not affect the confidentiality or admission in evidence of a claimant's medical treatment records.*

*Subd. 5. [RULES.] The commissioner in cooperation with the commissioners of the department of health, department of commerce, and department of human services, shall adopt such rules as may be necessary to carry out the provisions of this section.*

*Sec. 21. Minnesota Statutes 1990, section 176.136, subdivision 1, is amended to read:*

*Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups.*

*(b) The procedures established by the commissioner shall must limit, in accordance with subdivisions 1a and 1b, the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing. The procedures*

established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 22. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

*Subd. 1a. [RELATIVE VALUE FEE SCHEDULE.] The liability of an employer for services included in the medical fee schedule is limited to the maximum fee allowed by the schedule in effect on the date of the medical service, or the provider's actual fee, whichever is lower. The medical fee schedule effective on October 1, 1990, shall remain in effect until the commissioner adopts a new schedule by permanent rule, but shall remain in effect no later than June 1, 1993. The commissioner shall adopt permanent rules regulating fees, except fees limited by subdivision 1b, by implementing a relative value fee schedule to be effective on October 1, 1992, or as soon thereafter as possible. The conversion factors for the relative value fee schedule shall reasonably reflect a 15 percent overall reduction from 1991 charges, based on a sample of the most common services billed in the first six months of 1991 that is large enough to be statistically valid.*

*After permanent rules have been adopted to implement this section, the conversion factors must be adjusted annually on October 1, by the percentage change in the statewide average weekly wage as set forth in section 176.645, subdivision 1. The commissioner shall annually give notice in the State Register of the adjusted conversion factors. This notice shall be in lieu of the requirements of chapter 14.*

Sec. 23. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

*Subd. 1b. [LIMITATION OF LIABILITY.] (a) The liability of the employer for treatment, articles, and supplies provided to an employee while an inpatient or outpatient at a hospital or an outpatient at a same-day surgical facility or emergency room shall be limited to 85 percent of the amount charged.*

*(b) For the services rendered under paragraph (a) by a hospital with 100 or fewer licensed acute care beds, the liability of employers shall be the actual hospital charges.*

*(c) The liability of the employer for the treatment, articles, and supplies that are not limited by subdivision 1a or paragraph (a) shall be limited to the provider's actual charge, or the charges that prevail in the same community for similar treatment, articles, and supplies furnished to an injured person when paid for by the injured person, whichever is lower. On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount.*

Sec. 24. Minnesota Statutes 1990, section 176.136, subdivision 2, is amended to read:

*Subd. 2. [EXCESSIVE FEES.] If the employer or insurer determines that*

the charge for a health service or medical service is excessive, no payment in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government amounts in excess of the amount payable under this chapter unless the commissioner, compensation judge, or court of appeals determines otherwise. In such a case, the health care provider may initiate an action under this chapter for recovery of the amounts deemed excessive by the employer or insurer, but the employer or insurer shall have the burden of proving excessiveness.

*A charge for a health service or medical service is excessive if it:*

*(1) exceeds the maximum permissible charge pursuant to subdivision 1 or section 176.135, subdivision 1a;*

*(2) is for a service provided at a level, duration, or frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards;*

*(3) is for a service that is outside the scope of practice of the particular provider or is not generally recognized within the particular profession of the provider as of therapeutic value for the specific injury or condition treated; or*

*(4) is otherwise deemed excessive or inappropriate pursuant to rules adopted pursuant to this chapter.*

*Where the sole issue in dispute is whether medical fees are excessive, the only parties to the proceeding shall be the health care provider and employer or insurer. The rights of an employee shall not be affected by a determination under this subdivision.*

Sec. 25. Minnesota Statutes 1990, section 176.305, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS ON PETITIONS.] The petitioner shall serve a copy of the petition on each adverse party personally or by first class mail. The original petition shall then be filed with the commissioner together with an appropriate affidavit of service. When any petition has been filed with the workers' compensation division, the commissioner shall, within ten days, refer the matter presented by the petition for a settlement conference under this section, for ~~an administrative~~ a mediation conference under section ~~176.106~~ 176.107, or for hearing to the office.

Sec. 26. Minnesota Statutes 1990, section 176.351, subdivision 2a, is amended to read:

Subd. 2a. [SUBPOENAS NOT PERMITTED.] A member of the rehabilitation review panel or medical services board or an employee of the department who has conducted an administrative, mediation, or settlement conference, or hearing under section ~~176.106~~ 176.107 or 176.239, shall not be subpoenaed to testify regarding the conference, hearing, or concerning a mediation session. A member of the rehabilitation review panel, medical services board, or an employee of the department may be required to answer written interrogatories limited to the following questions:

(a) Were all statutory and administrative procedural rules adhered to in reaching the decision?

(b) If the answer to question (a) is no, what deviations took place?

(c) Did the person making the decision consider all the information presented prior to rendering a decision?

(d) Did the person making the decision rely on information outside of the information presented at the conference or hearing in making the decision?

(e) If the answer to question (d) is yes, what other information was relied upon in making the decision?

In addition, for a hearing with a compensation judge and with the consent of the compensation judge, an employee of the department who conducted an administrative conference, hearing, or mediation session, may be requested to answer written interrogatories relating to statements made by a party at the prior proceeding. These interrogatories shall be limited to affirming or denying that specific statements were made by a party.

Sec. 27. Minnesota Statutes 1990, section 176.421, subdivision 7, is amended to read:

Subd. 7. [RECORD OF PROCEEDINGS.] At the division's own expense, the commissioner shall make a complete record of all proceedings before the commissioner and shall provide a stenographer or an audio magnetic recording device to make the record of the proceedings.

The commissioner shall furnish a transcript of these proceedings to any person who requests it and who pays a reasonable charge which shall be set by the commissioner. Upon a showing of cause, the commissioner may direct that a transcript be prepared without expense to the person requesting the transcript, in which case the cost of the transcript shall be paid by the division. Transcript fees received under this subdivision shall be paid to the workers' compensation division account in the state treasury and shall be annually appropriated to the division for the sole purpose of providing a record and transcripts as provided in this subdivision. This subdivision does not apply to any administrative conference or other proceeding before the commissioner which may be heard de novo in another proceeding including but not limited to proceedings under section ~~176.106~~ 176.107 or 176.239.

Sec. 28. Minnesota Statutes 1990, section 176.442, is amended to read:

176.442 [APPEALS FROM DECISIONS OF COMMISSIONER.]

Except for a commissioner's decision which may be heard de novo in another proceeding including but not limited to a decision from an administrative conference under section ~~176.102~~, ~~176.103~~, ~~176.106~~, 176.239, or a summary decision under section 176.305, any decision or determination of the commissioner affecting a right, privilege, benefit, or duty which is imposed or conferred under this chapter is subject to review by the workers' compensation court of appeals. A person aggrieved by the determination may appeal to the workers' compensation court of appeals by filing a notice of appeal with the commissioner in the same manner and within the same time as if the appeal were from an order or decision of a compensation judge to the workers' compensation court of appeals.

Sec. 29. Minnesota Statutes 1990, section 176.82, is amended to read:

176.82 [ACTION FOR CIVIL DAMAGES FOR OBSTRUCTING EMPLOYEE SEEKING BENEFITS.]

*Subdivision 1.* [GENERALLY.] Any person discharging or threatening

to discharge an employee for seeking workers' compensation benefits or in any manner intentionally obstructing an employee seeking workers' compensation benefits is liable in a civil action for damages incurred by the employee including any diminution in workers' compensation benefits caused by a violation of this section including costs and reasonable attorney fees, and for punitive damages not to exceed three times the amount of any compensation benefit to which the employee is entitled. Damages awarded under this section shall not be offset by any workers' compensation benefits to which the employee is entitled.

*Subd. 2. [REFUSAL TO REHIRE.] Any employer who without reasonable cause refuses to rehire an employee who is injured in the course of employment, where suitable employment is available within the employee's physical and mental limitations, upon order of the department and in addition to other benefits, has exclusive liability to pay to the employee the wages lost during the period of the refusal, not exceeding six months wages or a maximum of \$15,000. In determining the availability of suitable employment, the continuance in business of the employer shall be considered and any written rules promulgated by the employer with respect to seniority or the provisions of any collective bargaining agreement with respect to seniority shall govern.*

Sec. 30. Minnesota Statutes 1990, section 176.83, subdivision 5, is amended to read:

**Subd. 5. [EXCESSIVE MEDICAL SERVICES.]** In consultation with the medical services review board or the rehabilitation review panel, rules establishing standards and procedures for determining whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital or other services, is performing procedures or providing services at a level or with a frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards.

If it is determined by the payer that the level, frequency or cost of a procedure or service of a provider is excessive according to the standards established by the rules, the provider shall not be paid for the excessive procedure, service, or cost by an insurer, self-insurer, or group self-insurer, and the provider shall not be reimbursed or attempt to collect reimbursement for the excessive procedure, service, or cost from any other source, including the employee, another insurer, the special compensation fund, or any government program unless the commissioner or compensation judge determines at a hearing or administrative conference that the level, frequency, or cost was not excessive in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.

A health or rehabilitation provider who is determined by the rehabilitation review panel or medical services review board, after hearing, to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under this chapter. A prohibition imposed on a provider under this subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing certifying body.

~~The rules adopted under this subdivision shall require insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement~~

the procedures required by this clause-

Sec. 31. Minnesota Statutes 1990, section 176.83, is amended by adding a subdivision to read:

*Subd. 5a. [REPORTING.] Rules requiring insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this section and chapter 176.*

Sec. 32. Minnesota Statutes 1990, section 176.83, subdivision 6, is amended to read:

*Subd. 6. [CERTIFICATION OF MEDICAL PROVIDERS.] Rules establishing procedures and standards for the certification or enrollment of physicians, chiropractors, osteopaths, podiatrists, and other health care providers, which may include hospitals and other business entities providing health care services, in order to assure the coordination of treatment, rehabilitation, and other services and requirements of chapter 176 for carrying out the purposes and intent of this chapter.*

*After the rules for provider enrollment have been promulgated, a provider must be enrolled in accordance with the rules to receive payment for services rendered under section 176.135. An unenrolled provider may not receive payment or attempt to collect from any source, including the employee, any insurer or self-insured employer, the special compensation fund, or any government program. Retroactive enrollment must be permitted pursuant to guidelines established by rule. A list of currently enrolled providers must be given to all self-insured employers and insurers. The list must be made available to others upon request.*

Sec. 33. [REPEALER.]

*Minnesota Statutes 1990, sections 176.106; 176.135, subdivision 3; and 176.136, subdivision 5, are repealed.*

Sec. 34. [EFFECTIVE DATE.]

*This article is effective October 1, 1991; except that section 1 is effective January 1, 1992.*

## ARTICLE 4

### COURTS/JURISDICTION

Section 1. Minnesota Statutes 1990, section 15A.083, subdivision 7, is amended to read:

*Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS AND COMPENSATION JUDGES.] Salaries of judges of the workers' compensation court of appeals are the same as the salary for district judges as set under section 15A.082, subdivision 3. Salaries of compensation judges are 75 to 80 percent of the salary of district court judges. The chief workers' compensation settlement judge at the department of labor and industry may be paid an annual salary that is up to five percent greater than the salary of workers' compensation settlement judges at the department of labor and industry. The assistant chief administrative law judge for workers' compensation at the office of administrative hearings shall be paid in conformity with the salary provisions of the managerial plan under section 43A.18, but the minimum salary shall be equal to the salary of a compensation judge.*

Sec. 2. Minnesota Statutes 1990, section 176.061, is amended by adding

a subdivision to read:

*Subd. 6a. [JURISDICTION.] Notwithstanding section 573.02 or any other law to the contrary, the commissioner or compensation judge has jurisdiction to order the distribution of proceeds in accordance with subdivision 6 in all cases except where the district court has awarded a specific amount in satisfaction of the employer's subrogation interest or has specifically denied the employer's subrogation interest.*

**Sec. 3. [176.2615] [SMALL CLAIMS COURT.]**

*Subdivision 1. [PURPOSE.] There is established in the department of labor and industry a small claims court, to be presided over by settlement judges for the purpose of settling small claims.*

*Subd. 2. [ELIGIBILITY.] The claim is eligible for determination in the small claims court if referred by the commissioner or if all parties agree to submit to its jurisdiction; and*

*(1) the claim is for rehabilitation benefits only under section 176.102 or medical benefits only under section 176.135; or*

*(2) the claim in its total amount does not equal more than \$5,000; and*

*(3) where the claim is for apportionment or for contribution or reimbursement, no counterclaim in excess of \$5,000 is asserted.*

*Subd. 3. [TESTIMONY; EXHIBITS.] At the hearing a settlement judge shall hear the testimony of the parties and consider any exhibits offered by them and may also hear any witnesses introduced by either party.*

*Subd. 4. [APPEARANCE OF PARTIES.] A party may appear on the party's own behalf without an attorney, or may retain and be represented by a duly admitted attorney who may participate in the hearing to the extent and in the manner that the settlement judge considers helpful. Attorney fees awarded under this subdivision are included in the overall limit allowed under section 176.081, subdivision 1.*

*Subd. 5. [EVIDENCE ADMISSIBLE.] At the hearing the settlement judge shall receive evidence admissible under the rules of evidence. In addition, in the interest of justice and summary determination of issues before the court, the settlement judge may receive, in the judge's discretion, evidence not otherwise admissible. The settlement judge, on the judge's own motion, may receive into evidence any documents which have been filed with the department.*

*Subd. 6. [SETTLEMENT.] A settlement judge may attempt to conciliate the parties. If the parties agree on a settlement, the judge shall issue an order in accordance with that settlement.*

*Subd. 7. [DETERMINATION.] If the parties do not agree to a settlement, the settlement judge shall summarily hear and determine the issues and issue an order in accordance with section 176.305, subdivision 1a. Any determination by a settlement judge is not res judicata with respect to any other proceeding between or among the parties under this chapter, nor may it be considered as evidence in any other proceeding.*

*Subd. 8. [COSTS.] The prevailing party is entitled to costs and disbursements as in any other workers' compensation case.*

**Sec. 4. Minnesota Statutes 1990, section 176.461, is amended to read:**

## 176.461 [SETTING ASIDE AWARD.]

Except when a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or if as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five working days after written notice to all interested parties, may set the award aside and grant a new hearing and refer the matter for a determination on its merits to the chief administrative law judge for assignment to a compensation judge, who shall make findings of fact, conclusions of law, and an order of award or disallowance of compensation or other order based on the pleadings and the evidence produced and as required by the provisions of this chapter or rules adopted under it.

*As used in this section, the phrase "for cause" is limited to the following grounds:*

*(1) a mutual mistake of fact that was not discoverable at the time of the award;*

*(2) newly discovered evidence that was not discoverable at the time of the award;*

*(3) fraud; or*

*(4) a substantial change in medical condition since the time of the award that was clearly not anticipated and could not reasonably have been anticipated at the time of the award.*

Sec. 5. Minnesota Statutes 1990, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 6. Minnesota Statutes 1990, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45; ~~and;~~ the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; ~~and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.~~

## Sec. 7. [TRANSFER OF JURISDICTION AND PERSONNEL.]

*The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 5, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the*



*increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.*

**Sec. 8. [INCREASED JUDGES.]**

*The number of judges on the court of appeals as of January 1, 1992, shall be increased by five.*

**Sec. 9. [INSTRUCTION TO REVISOR.]**

*In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."*

**Sec. 10. [REAPPROPRIATION.]**

*\$ . . . . . is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal years 1992 and 1993 due to the abolition of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.*

**Sec. 11. [REPEALER.]**

*Minnesota Statutes 1990, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; and 175A.10, are repealed.*

**Sec. 12. [EFFECTIVE DATE.]**

*This article is effective January 1, 1992; except that section 1 is effective July 1, 1991.*

**ARTICLE 5**

**WORKERS' COMPENSATION INSURANCE**

Section 1. Minnesota Statutes 1990, section 79.095, is amended to read:

**79.095 [APPOINTMENT OF ACTUARY.]**

The commissioner ~~shall~~ *may* employ the services of a casualty ~~actuary~~ *actuaries* experienced in ~~worker's~~ *workers'* compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ *an* actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1990, section 79.251, subdivision 1, is amended to read:

Subdivision 1. **[ASSIGNED RISK PLAN; PARTICIPATION.]** ~~(4) An assigned risk plan review board is created for the purposes of review of the operation of section 79.252 and this section. The state fund mutual insurance company and all insurers authorized to write workers' compensation and employers' liability insurance in this state shall participate in a plan providing for the equitable apportionment of insurance coverage to employers who have been rejected for insurance coverage by a licensed insurer in the manner set forth in section 79.252.~~

*Subd. 1a. [BOARD OF GOVERNORS.] (1) The operation of the assigned risk plan is subject to the supervision of the board of governors of the plan. The board shall have all the usual powers and authorities necessary for the discharge of its duties under this section and may contract with individuals in discharge of those duties.*

(2) The board shall consist of six members to be appointed by the commissioner of commerce. ~~Three members shall be insureds holding policies or contracts~~ *One member shall be an insured holding a policy or contract* of coverage issued pursuant to subdivision 4. ~~Two~~ *Five* members shall be insurers pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b). ~~The commissioner shall be the sixth member and shall vote.~~

Initial appointments ~~to the board~~ shall be made by ~~September~~ *January* 1, 1981-1992, and terms shall be for three years duration. Removal, the filling of vacancies and compensation of the members ~~other than the commissioner~~ shall be as provided in section 15.059.

(3) The ~~assigned risk plan review~~ board shall audit the reserves established (a) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (b) for the total book of business issued under subdivision 4.

(4) The ~~assigned risk plan review~~ board shall ~~monitor the operations of section 79.252 and this section and shall periodically make recommendations to the commissioner, and to the governor and legislature when appropriate, for improvement in the operation of those sections~~ *prepare a plan of operation for the assigned risk plan subject to the approval of the commissioner. The policy forms, rates, merit rating, rating plans, and classification and rating systems of the assigned risk plan shall be those filed for use by the Minnesota workers' compensation insurers rating association, and approved by the commissioner, subject to the requirements of this chapter.*

*The board shall meet quarterly, or more frequently if necessary, to review plan enrollment, plan administration, rate adequacy, loss ratios, and reserving practices. No later than June 30 of each year, the board shall file an annual report with the legislature and the workers' compensation insurers association. The report must be signed by each member of the board. The report must include an actuarial evaluation of the plan by a fellow of the casualty actuarial society who shall be retained and paid by the board.*

(5) ~~All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the commissioner a .25 percent assessment on premiums for policies and contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of the assigned risk plan review board. Proceeds of the assessment shall be deposited in the state treasury and credited to the general fund.~~

(6) The assigned risk plan and the ~~assigned risk plan review~~ board of ~~governors~~ shall not be deemed a state agency.

Sec. 3. Minnesota Statutes 1990, section 79.251, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATE MERIT RATING PLAN.] *The board of governors, subject to approval by the commissioner of commerce, shall develop an appropriate merit rating plan which shall be applicable to all nonexperience rated insureds holding policies or contracts of coverage issued pursuant to subdivision 4, and to the insurers or self-insurance administrators issuing those policies or contracts. The plan shall must provide a maximum merit credit or debit adjustment equal to ten percent of earned premium. The actual adjustment may vary with insured's loss experience.*

Sec. 4. Minnesota Statutes 1990, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] ~~Insureds served by the assigned risk plan shall be charged premiums based upon a rating plan, including a merit rating plan adopted by the commissioner by rule. (a) The commissioner board of governors shall annually, not later than January 1 of each year, establish the file with the commissioner a schedule of rates applicable to for use in determining premiums charged employers in the assigned risk plan business at least 30 days prior to their effective date. Assigned risk premiums shall rates must not be lower than rates generally charged by insurers for the business. The commissioner shall fix the compensation received by the agent of record. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14.~~

*(b) The rates filed by the board shall be deemed to meet the requirements of this chapter unless disapproved by the commissioner within 30 days after the filing is made. In disapproving a filing made pursuant to this section, the commissioner shall have the same authority, and follow the same procedure, as in disapproving a filing pursuant to section 79.58.*

*(c) The board shall fix the compensation received by the agent of record. Agent compensation shall be established at a level that is neither an incentive nor a disincentive to place an employer in the assigned risk plan. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14.*

Sec. 5. Minnesota Statutes 1990, section 79.251, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATION.] ~~The commissioner board of governors shall enter into service contracts as necessary or beneficial for accomplishing the purposes of the assigned risk plan. Services related to the administration of policies or contracts of coverage shall be performed by one or more qualified insurance companies licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), or self-insurance administrators licensed pursuant to section 176.181, subdivision 2, clause (2), paragraph (a). A qualified insurer or self-insurance administrator shall possess sufficient financial, professional, administrative, and personnel resources to provide the services contemplated in the contract. Services related to assignments, data management, assessment collection, and other services shall be performed by a licensed data service organization. The cost of those services is an obligation of the assigned risk plan.~~

*Each insurer or self-insured administrator who performs services pursuant to this subdivision shall be required to report loss experience data to the Minnesota workers' compensation insurers association in accordance with the statistical plan and rules of the organization as approved by the commissioner, and shall keep a record of the premium and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner.*

Sec. 6. Minnesota Statutes 1990, section 79.251, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENTS.] ~~The commissioner shall assess All insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), shall be assessed an amount sufficient to fully fund the obligations of the assigned risk plan, if the commissioner determines that the assets of the assigned risk plan are insufficient to meet its obligations annual report of the board of governors reveals a deficit in the plan. The assessment must be~~

*made within 30 days of the date the annual report of the board is filed. The assessment of each insurer shall be in a proportion equal to the proportion which the amount of compensation insurance written in this state during the preceding calendar year by that insurer bears to the total compensation insurance written in this state during the preceding calendar year by all licensed insurers.*

Sec. 7. Minnesota Statutes 1990, section 79.252, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the assigned risk plan is to provide workers' compensation coverage to employers rejected by ~~a two nonaffiliated licensed insurance company companies~~, pursuant to subdivision 2. *One of these two rejections must come from the insurance company that most recently provided workers' compensation coverage to the employer, unless the employer had no previous coverage. Each rejection must be in writing and must be obtained within 60 days before the date of application to the assigned risk plan. In addition, the rejections must also show the name of the insurance company and the representative contacted.*

Sec. 8. Minnesota Statutes 1990, section 79.252, subdivision 3, is amended to read:

Subd. 3. [COVERAGE.] (a) Policies and contracts of coverage issued pursuant to section 79.251, subdivision 4, shall contain the usual and customary provisions of workers' compensation insurance policies, and shall be deemed to meet the mandatory workers' compensation insurance requirements of section 176.181, subdivision 2.

*(b) Policies issued by the assigned risk plan pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The board of governors may apply for and obtain any licensure required in any other state to issue that coverage.*

Sec. 9. Minnesota Statutes 1990, section 79.252, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner may adopt rules, including ~~emergency~~ temporary rules, as may be necessary to implement section 79.251 and this section.

Sec. 10. Minnesota Statutes 1990, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 11. Minnesota Statutes 1990, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) *Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within*

90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected under it must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.

(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.

(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.

#### Sec. 12. [79.565] [PARTICIPATION.]

An employer, or person representing a group of employers, that will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 79.56, subdivision 5, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 13. Minnesota Statutes 1990, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing conducted pursuant to chapter 14, the commissioner finds that it is excessive, inadequate, or unfairly discriminatory. The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 14. Minnesota Statutes 1990, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) *Separate the incurred but unreported losses of its members;*

(j) *Separate paid and outstanding losses of its members;*

(k) *Provide information indicating cases in which its members have established a reserve in excess of \$50,000;*

(l) *File information based solely on Minnesota data concerning its members' premium income, indemnity, and medical benefits paid.*

**Sec. 15. [79.65] [DATA SERVICE ORGANIZATIONS; COVERAGE.]**

*Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the department of commerce or labor and industry or other parties retained by the commissioner. An examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.*

*Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. If no order is issued, a sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

**Sec. 16. [79.70] [INVESTIGATIONS AND SUBPOENAS.]**

*Subdivision 1. [GENERAL POWERS.] In connection with the administration of this chapter, the commissioner of commerce may:*

*(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate this chapter or any rule or order under this chapter, or to aid in the enforcement of this chapter, or in the prescribing of rules or forms under this chapter;*

*(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;*

*(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of this chapter;*

*(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in this chapter to the legislature;*

*(5) examine the books, accounts, records, and files of every licensee under this chapter and of every person who is engaged in any activity regulated under this chapter; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;*

*(6) publish information which is contained in any order issued by the commissioner; and*

*(7) require any person subject to this chapter to report all sales or transactions that are regulated under this chapter. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.*

*Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding under this chapter, the commissioner or a designated representative may administer oaths and*

*affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.*

*Subd. 3. [COURT ORDERS.] In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.*

*Subd. 4. [SCOPE OF PRIVILEGE.] No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty or forfeiture. No person may be prosecuted or subjected to a penalty or forfeiture for a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce documentary or other evidence except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.*

*Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] (a) Whenever it appears to the commissioner that any person has engaged in or is about to engage in any act or practice constituting a violation of this chapter, or any rule or order adopted under this chapter, the commissioner has the powers indicated under paragraphs (b) and (c).*

*(b) The commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter, or any rule or order adopted or issued under this chapter, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted.*

*(c) The commissioner may issue and serve an order requiring a person to cease and desist from violations of this chapter, or any rule or order adopted or issued under this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner. Within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If a person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this paragraph.*



*Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed \$2,000 per violation upon a person who violates this chapter, unless a different penalty is specified under this chapter.*

*Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to this chapter, or censure that person if the commissioner finds that the order is in the public interest or the person has violated this chapter.*

*Subd. 8. [POWERS ADDITIONAL.] The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.*

**Sec. 17. [79.75] [ACCESS TO INSURER.]**

*The commissioner, or the designated person, shall have free access during normal business hours to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company, applicant, association, or person that may be examined pursuant to this chapter for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined including officers, directors, and agents, shall provide to the commissioner or the designated person convenient and free access at all reasonable hours at its office to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.*

**Sec. 18.** Minnesota Statutes 1990, section 176A.03, is amended by adding a subdivision to read:

*Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue the coverage.*

**Sec. 19.** Minnesota Statutes 1990, section 221.141, subdivision 1, is amended to read:

**Subdivision 1. [FINANCIAL RESPONSIBILITY OF CERTAIN CARRIERS.]** No motor carrier and no interstate carrier shall operate a vehicle until it has obtained and has in effect the minimum amount of financial responsibility required by this section. Policies of insurance, surety bonds, other types of security, and endorsements must be continuously in effect and must remain in effect until canceled. Before providing transportation, the motor carrier or interstate carrier shall secure and cause to be filed with the commissioner and maintain in full effect, *both* a certificate of insurance in a form required by the commissioner, evidencing public liability insurance in the amount prescribed, *and acceptable evidences of compliance with the workers' compensation insurance coverage requirements of section 176.181, subdivision 2, by providing the name of the insurance company, the policy number, and the dates of coverage, or the permit to self-insure.* The insurance

must cover injuries and damage to persons or property resulting from the operation or use of motor vehicles, regardless of whether each vehicle is specifically described in the policy. This insurance does not apply to injuries or death to the employees of the motor carrier or to property being transported by the carrier. The commissioner shall require cargo insurance for certificated carriers, except those carrying passengers exclusively. The commissioner may require a permit carrier to file cargo insurance when the commissioner deems necessary to protect the users of the service.

**Sec. 20. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]**

*Notwithstanding Minnesota Statutes, section 79.56, subdivision 5, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1992 report required under Minnesota Statutes, section 79.60, is approved by the commissioner of commerce and six months thereafter.*

**Sec. 21. [MANDATED REDUCTIONS.]**

*(a) As a result of the workers' compensation law changes in articles 1 to 4 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on October 1, 1991, must be reduced by 17 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 17 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 17 percent premium reduction prorated to the expiration of that policy. An insurer shall provide a written notice by November 1, 1991, to all employers having an outstanding policy with the insurer as of October 1, 1991, that reads as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1991 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ . . . . . which reflects a 17 percent mandated premium reduction prorated to the expiration of your policy."*

*(b) No rate increases may be filed between April 1, 1991, and January 1, 1992.*

*(c) The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under this section have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner shall present a report detailing the findings and conclusions to the legislature by March 1, 1992.*

**Sec. 22. [ADJUSTMENT.]**

*Within 60 days of final enactment of this legislation, the board shall determine whether any adjustment in the assigned risk rates in effect as of the date of enactment are required by this section.*

**Sec. 23. [REPEALER.]**

*Minnesota Statutes 1990, sections 79.54; 79.57; and 79.58, subdivision 1, are repealed.*

## Sec. 24. [EFFECTIVE DATE.]

*This article is effective January 1, 1992; except that section 21, paragraphs (a) and (c), are effective October 1, 1991; and section 21, paragraph (b), is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to workers' compensation; regulating benefits, providers, dispute resolution, and insurance; appropriating money; imposing penalties; amending Minnesota Statutes 1990, sections 15A.083, subdivision 7; 79.095; 79.251, subdivisions 1, 2, 3, 4, and 5; 79.252, subdivisions 1, 3, and 5; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 175.007; 176.011, subdivisions 3, 11a, 18, 27, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 1a; 176.061, subdivision 10, and by adding a subdivision; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, 4, 5, 6, and by adding subdivisions; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 7, 9, and 11; 176.105, subdivisions 1 and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 18, 20, and 21; 176.131, subdivision 8, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.135, subdivisions 1, 1a, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.179; 176.183, subdivision 1; 176.215, by adding a subdivision; 176.221, subdivision 6a; 176.305, subdivision 1; 176.351, subdivision 2a; 176.421, subdivision 7; 176.442; 176.461; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176.82; 176.83, subdivisions 5, 6, and by adding a subdivision; 176A.03, by adding a subdivision; 221.141, subdivision 1; 268.08, subdivision 3; 353.33, subdivision 5; and 480A.06, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; repealing Minnesota Statutes 1990, sections 79.54; 79.57; 79.58, subdivision 1; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; 176.106; 176.111, subdivision 8a; 176.135, subdivision 3; and 176.136, subdivision 5."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Beckman	Brataas	Hottinger	McGowan	Sams
Belanger	Day	Johnson, D.E.	Mehrkins	Storm
Benson, D.D.	DeCramer	Johnston	Morse	Stumpf
Benson, J.E.	Frederickson, D.J.	Knaak	Neuville	Traub
Berg	Frederickson, D.R.	Laidig	Olson	Vickerman
Bernhagen	Gustafson	Langseth	Pariseau	
Bertram	Halberg	Larson	Renneke	

Those who voted in the negative were:

Adkins	Finn	Kroening	Mondale	Reichgott
Berglin	Flynn	Lessard	Novak	Riveness
Chmielewski	Frank	Luther	Pappas	Samuelson
Cohen	Hughes	Marty	Piper	Solon
Dahl	Johnson, D.J.	Merriam	Pogemiller	Spear
Davis	Johnson, J.B.	Metzen	Price	Waldorf
Dicklich	Kelly	Moe, R.D.	Ranum	

The motion did not prevail. So the amendment was not adopted.

Mr. Benson, D.D. moved to amend H.F. No. 1422, as amended pursuant

to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Page 31, delete section 2

Pages 31 and 32, delete sections 4 to 6 and insert:

"Sec. 3. [APPROPRIATION.]

*\$18,000,000 is appropriated from the general fund for the biennium ending June 30, 1993, to the commissioner of human services to fund preadmission screening and alternative care grant programs under Minnesota Statutes, chapters 256 and 256B.*

Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective October 1, 1991. Sections 2 and 3 are effective July 1, 1991."*

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 43, as follows:

Those who voted in the affirmative were:

Belanger	Brataas	Halberg	Larson	Pariseau
Benson, D.D.	Davis	Johnson, D.E.	McGowan	Renneke
Benson, J.E.	Day	Johnston	Mehrkens	Storm
Bernhagen	Frederickson, D.R.	Knaak	Neuville	
Bertram	Gustafson	Laidig	Olson	

Those who voted in the negative were:

Adkins	Flynn	Langseth	Novak	Samuelson
Beckman	Frank	Lessard	Pappas	Solon
Berg	Frederickson, D.J.	Luther	Piper	Spear
Chmielewski	Hottinger	Marty	Pogemiller	Stumpf
Cohen	Hughes	Merriam	Price	Traub
Dahl	Johnson, D.J.	Metzen	Ranum	Vickerman
DeCramer	Johnson, J.B.	Moe, R.D.	Reichgott	Waldorf
Dicklich	Kelly	Mondale	Riveness	
Finn	Kroening	Morse	Sams	

The motion did not prevail. So the amendment was not adopted.

Mr. Stumpf moved to amend H.F. No. 1422, as amended pursuant to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Page 15, after line 30, insert:

"Sec. 8. Minnesota Statutes 1990, section 176.106, is amended by adding a subdivision to read:

*Subd. 10. [LOCATION OF CONFERENCE.] If personal attendance is required to fully determine issues, all conferences shall be held in the county of residence of the employee unless the issues do not relate to a dispute with the employee. In the discretion of the workers' compensation division a telephone conference may be ordered. No person other than a participant shall personally attend a telephone conference."*

Renumber the sections of article 2 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Frank moved to amend H.F. No. 1422, as amended pursuant to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Page 39, after line 10, insert:

"ARTICLE 7  
SELF-INSURANCE

Section 1. Minnesota Statutes 1990, section 79A.02, subdivision 2, is amended to read:

Subd. 2. [ADVICE TO COMMISSIONER.] ~~At the request of the commissioner,~~ The committee shall ~~meet~~ review all new applications for self-insurance or group self-insurance, including each applicant's financial data, and shall advise the commissioner with respect to whether or not an applicant to become a private self-insurer in the state of Minnesota has met the statutory requirements to self-insure. The committee shall advise the commissioner if it has any information that any private self-insurer may become insolvent.

Sec. 2. Minnesota Statutes 1990, section 79A.02, is amended by adding a subdivision to read:

Subd. 3. [RECOMMENDATIONS TO COMMISSIONER REGARDING RENEWAL.] *After five years from the date each individual and group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked.*

Sec. 3. Minnesota Statutes 1990, section 79A.03, subdivision 3, is amended to read:

Subd. 3. [NET WORTH.] Each individual self-insurer shall have and maintain a net worth at least equal to the greater of ten times the retention limit selected with the workers' compensation reinsurance association or one-third the amount of the self-insurer's current annual modified premium. ~~The requirements of this subdivision shall be modified if the self-insurer can demonstrate through a reinsurance program, other than coverage provided by the workers' compensation reinsurance association, that it can pay expected losses without endangering the financial stability of the company.~~

Sec. 4. Minnesota Statutes 1990, section 79A.03, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL STANDARDS.] A group proposing to self-insure shall have and maintain:

(a) A combined net worth of all of the members of an amount at least equal to the greater of ten times the retention selected with the workers' compensation reinsurance association or one-third of the current annual modified premium of the members. ~~The requirements of this paragraph shall be modified if the self-insurer can demonstrate that through excess insurance,~~

~~other than coverage provided by the workers' compensation reinsurance association; it can pay expected losses.~~

(b) Sufficient assets, net worth, and liquidity to promptly and completely meet all obligations of its members under chapter 176 or this chapter. In determining whether a group is in sound financial condition, consideration shall be given to the combined net worth of the member companies; the consolidated long-term and short-term debt to equity ratios of the member companies; any excess insurance other than reinsurance with the workers' compensation reinsurance association, purchased by the group from an insurer licensed in Minnesota or from an authorized surplus line carrier; other financial data requested by the commissioner or submitted by the group; and the combined workers' compensation experience of the group for the last four years.

Sec. 5. Minnesota Statutes 1990, section 79A.03, subdivision 9, is amended to read:

Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation shall be reported to the commissioner by each self-insurer on a calendar year basis, in a manner and on forms available from the commissioner. Payroll information must be filed by April 1 of the following year, and loss information and total workers' compensation liability must be filed by August 1 of the following year.

(b) Each self-insurer shall, under oath, attest to the accuracy of each report submitted pursuant to paragraph (a). Upon sufficient cause, the commissioner shall require the self-insurer to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors: where the losses reported appear significantly different from similar types of businesses; where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of that employer. If any discrepancy is found, the commissioner shall require changes in the self-insurer's or workers' compensation service company record keeping practices.

(c) With the annual loss report due August 1, each self-insurer shall report to the commissioner any workers' compensation claim from the previous year where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(d) Each individual self-insurer shall, within four months after the end of its fiscal year, annually file with the commissioner its latest 10K report required by the Securities and Exchange Commission. If an individual self-insurer does not prepare a 10K report, it shall file an annual certified financial statement, together with such other financial information as the commissioner may require to substantiate data in the financial statement.

(e) Each group self-insurer shall, within ~~four~~ six months after the end of the fiscal year for that group, annually file a statement showing the combined net worth of its members based upon an accounting review performed by

a certified public accountant, together with such other financial information the commissioner may require to substantiate data in the group's summary statement.

(f) In addition to the financial statements required by paragraphs (d) and (e), interim financial statements or 10Q reports required by the Securities and Exchange Commission may be required by the commissioner upon an indication that there has been deterioration in the self-insurer's financial condition, including a worsening of current ratio, lessening of net worth, net loss of income, the downgrading of the company's bond rating, or any other significant change that may adversely affect the self-insurer's ability to pay expected losses. Any self-insurer that files an 8K report with the Securities and Exchange Commission shall also file a copy of the report with the commissioner within 30 days of the filing with the Securities and Exchange Commission.

Sec. 6. Minnesota Statutes 1990, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. Up to ten percent of that deposit may be used to secure payment of all administrative and legal costs relating to or arising from the employer's self-insuring. As used in this section, "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by a member of the casualty actuarial society ~~every two years for nongroup member private self-insurers, and every year for group member private self-insurers and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by a member of the casualty~~ *actuarial society every two years, and each such actuarial study shall include a projection of future losses during the two-year period until the next scheduled actuarial study, less payments anticipated to be made during that time.* Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 7. Minnesota Statutes 1990, section 79A.06, subdivision 5, is amended to read:

Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE SELF-INSURED.] Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period, the policy will discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy. The policy may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (a) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (b) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the ~~last full~~ calendar year of self-insurance on claims incurred during that year immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 303.13, subdivision 1, clause (3), or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

#### Sec. 8. [79A.071] [CUSTODIAL ACCOUNTS.]

*Subdivision 1. [DEPOSIT.] All securities shall be deposited with the state treasurer or in a custodial account with a depository institution acceptable to the state treasurer. Surety bonds shall be filed with the commissioner. The commissioner and the state treasurer may sell or collect, in the case of default of the employer or fund, the amount that yields sufficient funds*



*to pay compensation due under the workers' compensation act.*

*Subd. 2. [ASSIGNMENT.] Securities in physical form deposited with the state treasurer must bear the following assignment, which shall be signed by an officer, partner, or owner: "Assigned to the state of Minnesota for the benefit of injured employees of the self-insured employer under the Minnesota workers' compensation act." Any securities held in a custodial account, whether in physical form, book entry, or other form, need not bear the assignment language. The instrument or contract creating and governing any custodial account must contain the following assignment language: "This account is assigned to the state treasurer by the Company to pay compensation and perform the obligations of employers imposed under Minnesota Statutes, chapter 176. A depositor or other party has no right, title, or interest in the security deposited in the account until released by the state."*

*Subd. 3. [CUSTODY.] All securities in physical form on deposit with the state treasurer and surety bonds on deposit shall remain in the custody of the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act. All original instruments and contracts creating and governing custodial accounts shall remain with the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act.*

*Subd. 4. [RELEASE.] No securities in physical form on deposit with the state treasurer or custodial accounts assigned to the state shall be released without an order from the commissioner.*

*Subd. 5. [EXCHANGING OR REPLACING.] Any securities deposited with the state treasurer or with a custodial account assigned to the state treasurer or surety bonds held by the commissioner may be exchanged or replaced by the depositor with other acceptable securities or surety bonds of like amount so long as the market value of the securities of amount of the surety bond equals or exceeds the amount of deposit required. If securities are replaced by a surety bond, the self-insurer must maintain securities on deposit in an amount sufficient to meet all outstanding workers' compensation liability arising during the period covered by the deposit of the replaced securities, subject to the limitations on maximum security deposits established in Minnesota Rules, parts 2780.2600 and 2780.2700.*

**Sec. 9. [REPEALER.]**

*Minnesota Rules, part 2780.0400, subparts 2, 3, 6, and 7, are repealed."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. McGowan moved to amend H.F. No. 1422, as amended pursuant to Rule 49, adopted by the Senate April 24, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1248.)

Page 31, delete section 2

Pages 31 and 32, delete sections 4 to 6 and insert:

**"Sec. 3. [APPROPRIATION.]**

*Subdivision 1. \$9,000,000 is appropriated from the general fund for the biennium ending June 30, 1993, to the commissioner of jobs and training*

for distribution to Head Start program providers.

*Subd. 2. \$9,000,000 is appropriated from the general fund for the bien-nium ending June 30, 1993, to the commissioner of health to fund the special supplemental food program for women, infants, and children (WIC) under Minnesota Statutes, section 145.894.*

Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective October 1, 1991. Sections 2 and 3 are effective July 1, 1991."*

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

Mr. Frank questioned whether the amendment was germane.

The Chair ruled that the amendment was not germane.

Mr. Benson, D.D. appealed the decision of the Chair.

The question was taken on "Shall the decision of the Chair be the judgment of the Committee?"

The roll was called, and there were yeas 43 and nays 20, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kelly	Mondale	Riveness
Beckman	Finn	Kroening	Morse	Sams
Berg	Flynn	Langseth	Novak	Samuelson
Berglin	Frank	Lessard	Pappas	Solon
Bertram	Frederickson, D.J.	Luther	Piper	Stumpf
Chmielewski	Hottinger	Marty	Pogemiller	Traub
Cohen	Hughes	Merriam	Price	Vickerman
Dahl	Johnson, D.J.	Metzen	Ranum	
Davis	Johnson, J.B.	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Belanger	Brataas	Halberg	Laidig	Neuville
Benson, D.D.	Day	Johnson, D.E.	Larson	Pariseau
Benson, J.E.	Frederickson, D.R.	Johnston	McGowan	Renneke
Bernhagen	Gustafson	Knaak	Mehrkens	Storm

The decision of the Chair was sustained.

The question was taken on the recommendation to pass H.F. No. 1422.

The roll was called, and there were yeas 41 and nays 26, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Pappas	Solon
Beckman	Flynn	Lessard	Piper	Spear
Berglin	Frank	Luther	Pogemiller	Traub
Chmielewski	Frederickson, D.J.	Marty	Price	Vickerman
Cohen	Hottinger	Merriam	Ranum	Waldorf
Dahl	Hughes	Metzen	Reichgott	
Davis	Johnson, D.J.	Moe, R.D.	Riveness	
DeCramer	Johnson, J.B.	Mondale	Sams	
Dicklich	Kelly	Novak	Samuelson	

Those who voted in the negative were:

Belanger	Brataas	Johnston	Mehrkens	Storm
Benson, D.D.	Day	Knaak	Morse	Stumpf
Benson, J.E.	Frederickson, D.R.	Laidig	Neuville	
Berg	Gustafson	Langseth	Olson	
Bernhagen	Halberg	Larson	Pariseau	
Bertram	Johnson, D.E.	McGowan	Renneke	

The motion prevailed. So H.F. No. 1422 was recommended to pass.

H.F. No. 415, which the committee recommends to pass with the following amendment offered by Mr. Hottinger:

Amend H.F. No. 415, as amended pursuant to Rule 49, adopted by the Senate April 11, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 484.)

Page 2, line 27, strike "or attempt to coerce"

The motion prevailed. So the amendment was adopted.

H.F. No. 809, which the committee recommends to pass with the following amendment offered by Mr. Hottinger:

Amend H.F. No. 809, as amended pursuant to Rule 49, adopted by the Senate April 10, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 717.)

Page 1, line 12, strike the comma and delete everything after the stricken "except"

Page 1, delete lines 13 and 14

Page 1, line 15, delete everything before the semicolon

Page 5, after line 31, insert:

"Sec. 4. [COUNTY RECORDER'S EQUIPMENT FUND.]

*For calendar years 1992 and 1993, \$1 of the fee collected under Minnesota Statutes, section 357.18, subdivision 1, clause (1), must be deposited in the county recorder's equipment fund and be available, at the recorder's discretion, to provide modern, retrievable information from the county's system of recorded documents."*

The motion prevailed. So the amendment was adopted.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. DeCramer and Davis introduced—

S.F. No. 1526: A bill for an act relating to the environment; establishing a one call system for all environmental reporting to state agencies; appropriating money; amending Minnesota Statutes 1990, sections 299K.07; and 299K.09, subdivision 2.

Referred to the Committee on Veterans and General Legislation.

Mr. Beckman introduced—

S.F. No. 1527: A bill for an act relating to economic development; creating a legislature advisory commission on quasi-governmental agencies including public corporations and public nonprofit corporations; appropriating money.

Referred to the Committee on Governmental Operations.

Mr. Beckman introduced—

S.F. No. 1528: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Referred to the Committee on Finance.

Mr. Waldorf introduced—

S.F. No. 1529: A bill for an act relating to funds; authorizing the state university board to maintain a fund; clarifying the scope of university activity funds; amending Minnesota Statutes 1990, section 136.11, subdivisions 3, 5, and by adding a subdivision.

Referred to the Committee on Finance.

Mr. Merriam, for the Committee on Finance, introduced—

S.F. No. 1530: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; providing for certain rights-of-way; requiring studies and reports; fixing and limiting accounts and fees; amending Minnesota Statutes 1990, sections 10A.02, by adding a subdivision; 12.14; 18.46, subdivisions 6, 9, 10, and by adding a subdivision; 18.49, subdivision 2; 18.51; 18.52, subdivisions 1 and 5; 18.54, subdivision 2; 18.55; 18.56; 18.57; 18.59; 28A.08; 29.22; 31.39; 32.394, subdivisions 8, 8b, and by adding a subdivision; 60A.14, subdivision 1; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 115C.09, by adding a subdivision; 138.91; 138.94; 155A.08, subdivisions 2, 3, and 5; 174.24, by adding a subdivision; 184.28, subdivision 2; 184.29; 184A.09; 239.78; 240.155; 297B.031; 297B.09; 299K.09, subdivision 2; 349A.10, subdivision 5; and Laws 1987, chapter 396, article 6, section 2; repealing Minnesota Statutes 1990, sections 155A.09, subdivision 7; 168C.01 to 168C.13; and 174.32.

Under the rules of the Senate, laid over one day.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

### **REPORTS OF COMMITTEES**

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 3 and 467. The motion prevailed.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 755: A bill for an act relating to the justice system; making various technical corrections and minor changes to the public defender law; providing for payment of travel fees for defense witnesses; allowing persons in custody reasonable telephone access to their attorneys without charge; providing for certain compensation increases for district public defenders and assistant public defenders; providing who is eligible to be represented by the public defender; making the eighth judicial district court financing pilot project permanent; providing for a county aid offset if certain court costs are assumed by the state; requiring the supreme court to study the costs and prepare a budget; appropriating money; amending Minnesota Statutes 1990, sections 357.24; 477A.012, by adding a subdivision; 481.10; 611.215, subdivision 2; and 611.26, subdivision 6, and by adding subdivisions; and Laws 1989, chapter 335, article 3, section 44, as amended; repealing Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; 611.28; and 611.29; and Laws 1989, chapter 335, article 3, section 54, as amended.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### PUBLIC DEFENDER LAW CHANGES

Section 1. Minnesota Statutes 1990, section 611.14, is amended to read:

#### 611.14 [RIGHT TO REPRESENTATION BY PUBLIC DEFENDER.]

The following persons who are financially unable to obtain counsel, ~~shall be~~ *are* entitled to be represented by a public defender:

(a) (1) a person charged with a felony or gross misdemeanor, including a person charged ~~pursuant to~~ *under* sections 629.01 to 629.29;

(b) (2) a person appealing from a conviction of a felony or gross misdemeanor, or a person convicted of a felony or gross misdemeanor who is pursuing a postconviction ~~proceeding, after the time for appeal from the judgment has expired~~ *remedy if the conviction has not been previously directly appealed by or on behalf of the convicted person;*

(3) *a person who is contesting a paternity proceeding under sections 257.51 to 257.74 or a person charged with contempt of court under section 588.20 for violation of a child support or spousal maintenance order;*

(c) (4) a person who is entitled to be represented by counsel ~~pursuant to the provisions of~~ *under* section 609.14, subdivision 2;

(d) (5) a minor who is entitled to be represented by counsel ~~pursuant to the provisions of~~ *under* section 260.155, subdivision 2, if (i) the judge of the juvenile court concerned has requested and received the approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases, and approval of the compensation on a monthly, hourly, or per diem basis to be paid for such services ~~pursuant to~~ *under* section 260.251, subdivision 2, clause (e), or (ii) *the minor is entitled to be represented by the district public defender under section 611.26, subdivision 6; or*

(e) (6) a person, entitled by law to be represented by counsel, *who is*

charged with an offense ~~within the trial jurisdiction of a municipal, county, or probate court,~~ if (i) the trial judge or a majority of the trial judges of the court concerned have requested and received approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases and approval of the compensation on a monthly, hourly, or per diem basis to be paid for such services by the county ~~or municipality~~ within the court's jurisdiction, or (ii) *the person is entitled to be represented by the district public defender under section 611.26, subdivision 6.*

Sec. 2. Minnesota Statutes 1990, section 611.18, is amended to read:

611.18 [APPOINTMENT OF PUBLIC DEFENDER.]

*Subdivision 1. [INITIAL APPOINTMENT.] If it appears to a court that a person requesting the appointment of counsel satisfies the requirements of this chapter, the court shall order the appropriate public defender to represent the person at all further stages of the proceeding through appeal, if any. For ~~those persons~~ a person appealing from a conviction, or a person pursuing a post conviction proceeding, after the time for appeal has expired remedy who has not already had a direct appeal of the conviction, the state public defender shall be appointed. For ~~all other persons~~ a person covered by section 611.14 who is not pursuing an appeal or postconviction remedy, a district public defender shall be appointed to represent them under section 611.26, subdivision 6, or the person shall receive appointed counsel under section 611.14, clause (4) or (5).*

*Subd. 2. [COURT APPOINTMENT.] If (a) conflicting interests exist, (b) the district public defender for any other reason is unable to act, or (c) the interests of justice require, the state public defender may be ordered to represent a person. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may assign the representation to any district public defender. If at any stage of the proceedings, including an appeal, the court finds that the defendant is financially unable to pay counsel whom the defendant had retained, the court may appoint the appropriate public defender to represent the defendant, as provided in this section.*

*Subd. 3. [BEFORE COURT APPEARANCE.] Prior to any court appearance, a public defender may represent a person accused of violating the law, who appears to be financially unable to obtain counsel, and shall continue to represent the person unless it is subsequently determined that the person is financially able to obtain counsel. The representation may be made available at the discretion of the public defender, upon the request of the person or someone on the person's behalf. Any law enforcement officer may notify the public defender of the arrest of any such person.*

Sec. 3. Minnesota Statutes 1990, section 611.20, is amended to read:

611.20 [SUBSEQUENT ABILITY TO PAY COUNSEL.]

If at any time after the state public defender or a district public defender has been directed to act, the court having jurisdiction in the matter is satisfied that the defendant or other person is financially able to obtain counsel or to make partial payment for the representation, the court may terminate the appointment of the public defender, ~~unless the person so represented is willing to pay therefor.~~ If a public defender continues the representation, the court shall direct payment for such representation as the interests of justice may dictate. Any payments directed by the court shall be recorded by the court

administrator, who shall transfer the payments to the ~~governmental unit responsible for the costs of the public defender~~ *state treasurer for deposit in the state treasury and credit to the general fund.*

If at any time after appointment a public defender should have reason to believe that a defendant is financially able to obtain counsel or to make partial payment for counsel, it shall be the public defender's duty to so advise the court so that appropriate action may be taken.

Sec. 4. Minnesota Statutes 1990, section 611.215, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND RESPONSIBILITIES.] (a) The state board of public defense shall appoint the state public defender, who serves full time for a term of four years. The board shall prepare ~~an annual~~ *a biennial* report to the governor, the legislature, and the supreme court on the operation of the state public defender's office, district defender systems, and public defense corporations. The board shall approve and recommend to the legislature a budget for the board, the office of state public defender, the judicial district public defenders, and the public defense corporations. The board shall establish procedures for distribution of state funding under this chapter to the state and district public defenders, including Hennepin and Ramsey county public defenders, and to the public defense corporations.

(b) The board shall establish standards for the offices of the state and district public defenders and for the conduct of all appointed counsel systems. The standards must include, but are not limited to:

(1) standards needed to maintain and operate an office of public defender including requirements regarding the qualifications, training, and size of the legal and supporting staff for a public defender or appointed counsel system;

(2) standards for public defender caseloads;

(3) standards and procedures for the eligibility for appointment, assessment, and collection of the costs for legal representation provided by public defenders or appointed counsel;

(4) standards for contracts between a board of county commissioners and a county public defender system for the legal representation of indigent persons;

(5) standards prescribing minimum qualifications of counsel appointed under the board's authority or by the courts; and

(6) standards ensuring the economical and efficient delivery of legal services, including alternatives to the present geographic boundaries of the public defender districts.

The board may require the reporting of statistical data, budget information, and other cost factors by the state and district public defenders and appointed counsel systems.

The state board of public defense shall design and conduct programs for the training of all state and district public defenders, appointed counsel, and attorneys for public defense corporations funded in section 611.26.

Sec. 5. Minnesota Statutes 1990, section 611.25, subdivision 1, is amended to read:

Subdivision 1. [REPRESENTATION.] The state public defender shall

represent, without charge, a defendant or other person appealing from a conviction ~~or pursuing a postconviction proceeding after the time for appeal has expired when the state public defender is directed to do so by a judge of the district court, of the court of appeals or of the supreme court of a felony or gross misdemeanor.~~ The state public defender shall represent, without charge, a person convicted of a felony or gross misdemeanor who is pursuing a postconviction remedy if the conviction has not been previously directly appealed by or on behalf of the convicted person. The state public defender may represent, without charge, any other person pursuing a postconviction remedy under section 590.01 who is financially unable to obtain counsel. ~~Before declining to represent a person who has applied for representation in pursuing a postconviction remedy after a previous appeal, the state public defender shall review the merits of the case.~~ The state public defender shall represent any other person, who is financially unable to obtain counsel, when directed to do so by the supreme court or the court of appeals, except that the state public defender shall not represent a person in any action or proceeding in which a party is seeking a monetary judgment, recovery or award. When requested by a district public defender or appointed counsel, the state public defender may assist the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may, ~~with the court's approval,~~ assign the representation to any district public defender.

Sec. 6. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

*Subd. 3a. (a) Notwithstanding subdivision 3 or any other law to the contrary, compensation and economic benefit increases for district public defenders and assistant district public defenders under the state board of public defense are considered compensation as defined in subdivision 3. These increases are eligible increases that may be paid from state appropriations for salary supplements for state employees.*

*(b) Those budgets for district public defender services under the jurisdiction of the state board of public defense shall be eligible for adjustments to their base budgets in the same manner as other state agencies. In making biennial budget base adjustments, the commissioner of finance shall consider the budgets for district public defender services, as allocated by the state board of public defense, in the same manner as other state agencies.*

Sec. 7. Minnesota Statutes 1990, section 611.26, subdivision 6, is amended to read:

*Subd. 6. The district public defender shall represent, without charge, a defendant charged with a felony or a gross misdemeanor when so directed by the district court. In the second, third, fourth, sixth, and eighth districts only, the district public defender shall also represent a defendant charged with a misdemeanor when so directed by the district court and shall represent a minor in the juvenile court when so directed by the juvenile court.*

Sec. 8. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

*Subd. 9. [HOST COUNTY BENEFITS.] Notwithstanding any law to the*



*contrary, district public defenders and assistant district public defenders, and their employees and their dependents, may elect to enroll in the appropriate life insurance, hospital, medical and dental benefits, and optional coverages of their respective host county, as designated by the state board of public defense under section 611.27, subdivision 2, at the time, in the manner, and under conditions of eligibility as established by the host county for its employees. The host county must provide for payroll deductions to be made in the same manner and under the same conditions as provided for an eligible county employee and the employee's dependents.*

Sec. 9. Minnesota Statutes 1990, section 611.27, subdivision 1, is amended to read:

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district.

(b) A district public defender shall annually submit a comprehensive budget to the state board of public defense. The budget shall be in compliance with standards and forms required by the board and must, at a minimum, include detailed substantiation as to all revenues and expenditures. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

Within ten days after an assistant district public defender is appointed, the district public defender shall certify to the state board of public defense the compensation that has been recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district court administrators and county budget officers for comment before the board's final approval of the budget. The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender that includes all expenses. After the board determines the allocation of the state funds authorized pursuant to paragraph (e), the board shall apportion the expenses of the district public defenders among the several counties and each county shall pay its share in monthly installments. The county share is the proportion of the total expenses that the population in the county bears to the total population in the district as determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's expenses for the services performed in said county.

(d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either (1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Money appropriated to the state board of public defense for the board's administration, for the state public defender, for the judicial district public defenders, and for the public defense corporations shall be expended as determined by the board. In distributing funds to district public defenders, the board shall consider *the geographic distribution of public defenders, the equity of compensation among the judicial districts, public defender*

*caseloads, and the results of the weighted case load study.*

Sec. 10. Minnesota Statutes 1990, section 611.27, subdivision 2, is amended to read:

Subd. 2. The state board of public defense, after receiving an appropriation from the legislature for payment of district public defender costs, shall designate the county officials of one county within the district as a host county to reimburse the expenses of the district public defender. A county selected by the board must serve as the designee. *The host county shall execute contracts on behalf of the district public defender office in the same manner as for other county departments.* The county share assessed under subdivision 1 against each county of the district must be paid to the county treasurer of the designated county. The board may reimburse the designated county for extra costs incurred.

Sec. 11. Minnesota Statutes 1990, section 611.271, is amended to read:

611.271 [COPIES OF DOCUMENTS; FEES.]

~~The Court administrators of all courts, prosecuting attorneys of counties and municipalities, law enforcement agencies of the state and its political subdivisions, and government agencies shall furnish, upon the request of the district public defender or, the state public defender, or a defense attorney working for a public defense corporation, copies of any documents, photographs, videotapes, or audiotapes in their possession at no charge to the public defender or defense attorney. The cost must be borne by the person providing the document, photograph, videotape, or audiotape. The public defender or defense attorney is not entitled to free documents, photographs, videotapes, or audiotapes from the court administrator if they originally came from another person who is required to provide them under this subdivision and are available from that person.~~

Sec. 12. [REPEALER.]

*Minnesota Statutes 1990, sections 611.215, subdivision 4; and 611.261, are repealed.*

Sec. 13. [EFFECTIVE DATE.]

*Sections 1 to 12 are effective the day following final enactment.*

## ARTICLE 2

### MISCELLANEOUS CHANGES

Section 1. Minnesota Statutes 1990, section 357.24, is amended to read:

357.24 [CRIMINAL CASES.]

~~Witnesses for the state and for the defense in criminal cases shall receive the same fees for travel and attendance as provided in section 357.22, and judges may, in their discretion, allow like fees to witnesses attending in behalf of any defendant. In addition these witnesses shall receive reasonable expenses actually incurred for meals, loss of wages and child care, not to exceed \$40 per day. In courts these witness fees shall be certified and paid in the same manner as jurors. The compensation and reimbursement shall be paid out of the county treasury upon receipt of verification of the fees from the party who requested the witness.~~

Sec. 2. Minnesota Statutes 1990, section 481.10, is amended to read:

481.10 [CONSULTATION WITH PERSONS RESTRAINED.]

All officers or persons having in their custody a person restrained of liberty upon any charge or cause alleged, except in cases where imminent danger of escape exists, shall admit any resident attorney retained by or in behalf of the person restrained, or whom the restrained person may desire to consult, to a private interview at the place of custody. Such custodians, upon request of the person restrained, as soon as practicable, and before other proceedings shall be had, shall notify any attorney residing in the county of the request for a consultation with the attorney. *Reasonable private telephone access to the attorney must be provided to the person restrained at no charge to the attorney or to the person restrained.* Every officer or person who shall violate any provision of this section shall be guilty of a misdemeanor and, in addition to the punishment prescribed therefor shall forfeit \$100 to the person aggrieved, to be recovered in a civil action.

Sec. 3. Minnesota Statutes 1990, section 590.05, is amended to read:

590.05 [INDIGENT PETITIONERS.]

A person financially unable to obtain counsel who desires to pursue the remedy provided in section 590.01 ~~is entitled to be represented~~ *may apply for representation* by the state public defender. The state public defender shall ~~be appointed to represent such person pursuant to~~ *under the applicable provisions of Minnesota Statutes 1965, sections 611.14 to 611.29, if the conviction has not been previously directly appealed by or on behalf of the convicted person. The state public defender may represent, without charge, any other person pursuing a postconviction remedy under section 590.01 who is financially unable to obtain counsel. Before declining to represent a person who has applied for representation in pursuing a postconviction remedy after a previous appeal, the state public defender shall review the merits of the case.*

ARTICLE 3

COURT AND PUBLIC DEFENDER FINANCING

Section 1. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

Subd. 6. [AID OFFSET FOR PUBLIC DEFENSE COSTS.] (a) *There shall be deducted from the payment to a county under this section an amount representing the cost to the state for the assumption of the cost, in the case of a county located in the third and sixth judicial districts, of public defense services in juvenile and misdemeanor cases in the county during the fiscal year beginning on July 1, 1992. The amount of the deduction is computed as provided in this subdivision.*

(b) *By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third and sixth judicial districts of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third and sixth judicial districts during the fiscal year beginning on July 1, 1992.*

(c) *One-half of the amount computed under paragraph (b) for each county in the third and sixth judicial districts shall be deducted from each aid payment to the county in the third and sixth judicial districts under section 477A.015 in 1992 and each subsequent year.*

(d) *If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the county's homestead and agricultural credit aid under section 273.1398,*

subdivision 2.

Sec. 2. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

*Subd. 7. [AID OFFSET FOR 1994 COURT COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of court administration offices and guardian ad litem programs, to the extent the assumption by the state is provided for by law. The amount of the deduction is computed as provided in this subdivision.*

*(b) By June 30, 1993, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of court administration offices and guardian ad litem programs during the calendar year beginning on January 1, 1994.*

*(c) One-half of the amount computed under paragraph (b) for each county shall be deducted from each aid payment to the county under section 477A.015 in 1994 and each subsequent year.*

*(d) If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.*

Sec. 3. Laws 1989, chapter 335, article 3, section 44, as amended by Laws 1990, chapter 604, article 9, section 13, is amended to read:

Sec. 44. [APPLICATION.]

~~Sections 45 to 54, except the parts of section 54, that by their terms have broader application, 53 apply only in the eighth judicial district for the period from January 1, 1990, to December 31, 1991.~~

~~Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to December 31, 1991.~~

Sec. 4. [STUDY.]

*The supreme court shall study and recommend to the legislature the timetable during the 1994-1995 biennium for transferring to the state the costs of the court administration offices and guardian ad litem programs statewide and shall develop a detailed budget for those costs which must be included as a base cost in the 1994-1995 biennial budget.*

Sec. 5. [APPROPRIATION.]

*\$ . . . . . is appropriated from the general fund to the state board of public defense to be available until June 30, 1993.*

Sec. 6. [REPEALER.]

*Laws 1989, chapter 335, article 3, section 54, as amended by Laws 1989 First Special Session chapter 1, article 5, section 47, and Laws 1990, chapter 604, article 9, section 14, is repealed.*

Sec. 7. [EFFECTIVE DATE.]

*Section 1 is effective for local government aid paid in 1992. Section 2 is effective for local government aid paid in 1994, if a law providing for the assumption by the state of the costs of court administration offices and guardian ad litem programs is enacted."*

Delete the title and insert:

"A bill for an act relating to the justice system; making various technical corrections and changes to the public defender law; limiting entitlement to appellate representation by the state public defender; providing for free documents and other items for public defenders; providing for payment of travel fees for defense witnesses; allowing persons in custody reasonable telephone access to their attorneys without charge; providing for certain compensation increases for district public defenders and assistant public defenders; providing who is eligible to be represented by the public defender; providing for a county aid offset for public defense costs in the third and sixth judicial districts; providing for a county aid offset if certain court costs are assumed by the state; making the eighth judicial district court financing pilot project permanent; requiring the supreme court to study the costs and prepare a budget; appropriating money; amending Minnesota Statutes 1990, sections 357.24; 477A.012, by adding subdivisions; 481.10; 590.05; 611.14; 611.18; 611.20; 611.215, subdivision 2; 611.25, subdivision 1; 611.26, subdivision 6, and by adding subdivisions; 611.27, subdivisions 1 and 2; 611.271; and Laws 1989, chapter 335, article 3, section 44, as amended; repealing Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; and Laws 1989, chapter 335, article 3, section 54, as amended."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Davis from the Committee on Agriculture and Rural Development, to which was re-referred

S.F. No. 3: A bill for an act relating to wetlands; providing for preservation, enhancement, restoration, and establishment of wetlands; requiring identification of wetlands; requiring adoption of wetland public value and classification criteria; requiring designation of priority areas to establish and preserve wetlands; requiring local water plans to include wetlands with high public value; providing for establishment of wetland preservation areas; authorizing a tax exemption for wetland preservation areas; establishing a wetland restoration and compensation fund; requiring permits for alternative uses of wetlands; requiring compensation for denied uses of wetlands; providing authority to establish and restore wetlands on private land; requiring assessment of direct benefits and payment of damages for establishment and restoration of wetlands; requiring a report on simplification and coordination of state and federal wetland permitting procedures; designating and regulating activities in peatland scientific and natural areas; requiring the commissioner of natural resources to accept donated wetlands with certain exceptions; modifying the method of determining agricultural market value for property tax purposes; appropriating money; amending Minnesota Statutes 1990, sections 84.085; 103B.155; 103B.231, subdivision 6; 103B.311, subdivision 6; 103G.005, subdivisions 15 and 18; 103G.221; 103G.225; 103G.231; 103G.235; 124.2131, subdivision 1; 272.02, subdivision 1; 273.11, subdivision 1, and by adding a subdivision; and 273.111, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84; 103F; 103G; and 116P; repealing Minnesota Statutes 1990, section 273.11, subdivision 10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 10, delete "(c)" and insert "Subd. 2. [APPEAL.] (a)"

Page 7, line 14, delete everything after “*district*” and insert a period

Page 7, line 15, delete everything before “*Within*”

Page 7, line 19, before the period, insert “*and the basis for the decision*”

Page 7, line 21, delete “60” and insert “120” and after the period, insert “*The notice must include the district’s justification for the extension.*”

*(b) Within ten days after receiving the soil and water conservation district’s decision under paragraph (a),*”

Page 7, line 22, after “*commissioner*” insert “*of natural resources*”

Page 7, line 26, before the period, insert “*and the basis for the decision*”

Page 8, after line 14, insert:

“*Subd. 5. [CONTROL OF NOXIOUS WEEDS.] Noxious weeds, as defined in section 18.171, subdivision 5, must be controlled on wetlands as required in section 18.191.*”

Page 10, line 6, delete “4 and 5” and insert “6 and 7”

Renumber the subdivisions in sequence

Pages 24 to 74, delete article 5 and insert:

#### “ARTICLE 5

#### WETLAND ESTABLISHMENT AND RESTORATION PROGRAM

##### Section 1. [103F.901] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 5.*

*Subd. 2. [BOARD.] “Board” means the board of water and soil resources.*

*Subd. 3. [COMMISSIONER.] “Commissioner” means the commissioner of natural resources.*

*Subd. 4. [COMPREHENSIVE LOCAL WATER PLAN.] “Comprehensive local water plan” has the meaning given in section 103B.3363, subdivision 3.*

*Subd. 5. [LOCAL UNIT OF GOVERNMENT.] “Local unit of government” means a county board, joint county board, watershed management organization, or watershed district.*

*Subd. 6. [WATERSHED DISTRICT.] “Watershed district” means a district established under chapter 103D.*

*Subd. 7. [WATERSHED MANAGEMENT ORGANIZATION.] “Watershed management organization” has the meaning given in section 103B.205, subdivision 13.*

*Subd. 8. [WETLAND.] “Wetland” has the meaning given in article 6, section 7, subdivision 5.*

##### Sec. 2. [103F.902] [LOCAL PLANNING AND APPROVAL.]

*Subdivision 1. [APPLICATION.] A willing landowner may apply, on forms provided by the board, to a local unit of government for the establishment or restoration of a wetland on property owned by the landowner in an area that is:*

- (1) designated by the board as a high priority wetland region; and
- (2) identified as a high priority wetland area in the local unit of government's comprehensive local water plan.

*Subd. 2. [NOTICE AND PRELIMINARY HEARING.]* (a) Within 30 days after receiving an application, the local unit of government shall hold a public hearing. At least ten days before the hearing, the local unit of government shall give notice of the hearing to the applicant and publish notice in an official newspaper of general circulation in the county.

(b) At the hearing, the local unit of government shall describe the application and hear comments from interested persons regarding the application and the planned establishment or restoration project.

*Subd. 3. [PRELIMINARY APPROVAL.]* Within 30 days of the public hearing, the local unit of government must give preliminary approval or disapproval of the application.

*Subd. 4. [SURVEY REPORT.]* After preliminary approval, the local unit of government shall direct and pay the costs of a soil and water conservation engineer to conduct a survey of the property where the wetland restoration or establishment project is proposed to be located. The engineer must file a report, including a map of the proposed wetland, that describes the effects of the proposed wetland on:

- (1) the hydrology in the area;
- (2) property of persons other than the applicant;
- (3) groundwater recharge;
- (4) flooding;
- (5) fish and wildlife habitat;
- (6) water quality; and
- (7) other characteristics as determined by the local unit of government.

*Subd. 5. [NOTICE AND FINAL HEARING.]* Within 30 days of receiving the completed survey, the local unit of government shall hold a public hearing on the proposed project. At least ten days before the hearing, the local unit of government shall notify the landowner and the commissioner and provide public notice of the hearing and the availability of the survey report in an official newspaper of general circulation in the county. The commissioner may provide comment on the proposed wetland.

*Subd. 6. [FINAL LOCAL APPROVAL.]* Within 30 days of the public hearing, the local unit of government shall notify the applicant and the commissioner of the final approval or disapproval of the proposed wetland.

**Sec. 3. [103F903] [WETLAND ESTABLISHMENT AND RESTORATION COST-SHARE PROGRAM.]**

*Subdivision 1. [APPLICATION.]* A local unit of government shall apply to the board to receive cost-share funding for a proposed wetland restoration project that receives final local approval under section 2. The application must include a copy of the survey report and any comments received on the proposed wetland. Within 30 days of receiving an application, the board shall notify the local unit of government on whether the application and survey report are complete.

*Subd. 2. [COST-SHARE.] The board may provide up to 50 percent of the cost of a wetland establishment or restoration project, including engineering costs, establishment or restoration costs, and compensation costs. Payments under this subdivision must be made from the wetland preservation, enhancement, restoration, and establishment fund established in article 4, section 2.*

*Subd. 3. [CONSERVATION EASEMENT.] In exchange for cost-share financing under subdivision 2, the board shall acquire a permanent conservation easement, as defined in section 84C.01, paragraph (1). The easement agreement must contain the conditions listed in section 103F.515, subdivision 4.*

*Subd. 4. [PRIORITIES.] In reviewing requests from local units of government under this section, the board must give priority to applications based on the public value of the proposed wetland. The public value of the wetland must include the value of the wetland for:*

- (1) water quality;*
- (2) flood protection;*
- (3) recreation including fish and wildlife habitat;*
- (4) groundwater recharge; and*
- (5) other public uses.*

**Sec. 4. [103F.904] [WETLAND ESTABLISHMENT.]**

*Subdivision 1. [ESTABLISHMENT ORDER.] After receiving approval of cost-share funding from the board, the local unit of government shall order the establishment or restoration of the wetland. The local unit of government shall pay all costs of establishing or restoring the wetland including the compensation required under subdivision 2.*

*Subd. 2. [COMPENSATION.] In exchange for the permanent conservation easement on an established or restored wetland, the local unit of government shall pay the applicant the amount required under section 103F.515, subdivision 6, for a permanent conservation easement.*

*Subd. 3. [WETLAND INVENTORY.] A wetland established under this section must be included in the wetland inventory established under article 2, section 4, subdivision 1. Establishing a wetland under this section does not give the public any greater right of access to the wetland than is provided in section 103G.205.*

**Sec. 5. [103F.905] [RULES.]**

*The board may adopt rules to implement sections 1 to 5."*

*Page 80, line 1, before "A" insert "(a) Subject to the conditions in paragraph (b)."*

*Page 80, delete lines 3 to 5 and insert:*

*"(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991;"*

*Page 80, after line 12, insert:*

*"(3) activities in a wetland enrolled in the federal conservation reserve*



*program under United States Code, title 16, section 3831, that:*

*(i) was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or payment under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to being enrolled in the program; and*

*(ii) has not been restored with assistance from a public or private wetland restoration program;”*

Page 80, line 13, delete “(3)” and insert “(4)”

Page 80, line 15, delete “(4)” and insert “(5)”

Page 80, line 16, delete “and” and insert:

*“(6) activities authorized under, and conducted in accordance with, an applicable general permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, except the nationwide permit in Code of Federal Regulations, title 33, section 330.5, paragraph (a), clause (26);”*

Page 80, line 17, delete “(5)” and insert “(7)”

Page 80, line 23, delete the period and insert “;”

*(8) placement, maintenance, repair, enhancement, or replacement of utility or utility-type service, including the transmission, distribution, or furnishing, at wholesale or retail, of natural or manufactured gas, electricity, telephone, or radio service or communications if:*

*(i) the impacts of the proposed project on the hydrologic and biological characteristics of the wetland have been avoided and minimized to the extent possible; or*

*(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;*

*(9) normal maintenance and minor repair of structures causing no additional intrusion of an existing structure into the wetland, and maintenance and repair of private crossings;*

*(10) alteration of a wetland for the purpose of exploring for or mining peat;*

*(11) alteration of a wetland associated with the construction, operation, maintenance, or repair of an interstate pipeline;*

*(12) forest management activities, including associated road construction or maintenance, in an existing forested wetland or harvested forested wetland, provided:*

*(i) any road construction is solely for forest management activities;*

*(ii) the road is the minimum feasible width and total length consistent with the forest management activities; and*

*(iii) the road is removed and the site restored to its prior natural condition;*

*(13) emergency repair and normal maintenance and repair of existing public works, provided the activity does not result in additional intrusion of the public works into the wetland;*

*(14) aquaculture activities, except building or altering of docks and activities involving the filling of wetlands;*

*(15) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United State Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344;*

*(16) activities associated with routine maintenance of existing public highways, roads, streets, and bridges, provided the activities do not result in additional intrusion into the wetland;*

*(17) duck blinds;*

*(18) activities associated with routine maintenance of utility rights-of-way, provided the activities do not result in additional intrusion into the wetland; and*

*(19) normal agricultural practices to control pests or weeds, defined by rule as either noxious or secondary weeds, in accordance with applicable requirements under state and federal law, including established best management practices.*

*(b) A person conducting an activity in a wetland under an exemption in paragraph (a) shall ensure that:*

*(1) appropriate erosion control measures are taken to prevent sedimentation of the water;*

*(2) the activity does not block fish passage in a watercourse; and*

*(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H."*

Page 83, line 5, delete everything after "(b)"

Page 83, delete lines 6 to 36

Page 84, delete lines 1 to 18

Page 84, line 19, delete "(c)"

Page 84, lines 19 and 20, delete "paragraphs (a) and (b)" and insert "paragraph (a)"

Page 85, line 3, delete "ELIGIBILITY" and insert "GENERAL"

Page 85, line 5, after the period, insert "The person may make the requested use of the wetland without a permit if the person:

*(1) is eligible for compensation under subdivision 2;*

*(2) applies for compensation in accordance with subdivision 3; and*

*(3) does not receive the compensation required in subdivision 4 within 90 days after the application for compensation is received by the board of water and soil resources.*

*Subd. 2. [ELIGIBILITY.]"*

Page 85, line 30, delete "70" and insert "100"

Page 86, lines 16 and 29, delete "3" and insert "4"

Page 86, line 30, delete "covenants" and insert "covenants"

Renumber the subdivisions in sequence

Page 87, line 7, delete the colon and insert "*restoration of the wetland, as determined by the local soil and water conservation district.*"

Page 87, delete lines 8 to 13

Page 87, line 19, delete the colon and insert "*restore the wetland, as determined by the local soil and water conservation district.*"

Page 87, delete lines 20 to 25

Pages 94 to 96, delete article 9 and insert:

#### "ARTICLE 9

#### INTERIM WETLAND ACTIVITIES

##### Section 1. [103G.2369] [INTERIM.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "wetland" means a wetland as defined in article 6, section 7, subdivision 5, that is identified using the "Federal Manual for Identifying and Delineating Jurisdictional Wetlands" (January 1989).*

*Subd. 2. [PROHIBITED ACTIVITIES.] (a) Except as provided in subdivision 3, until July 1, 1993, a person may not drain, burn, or fill a wetland.*

*(b) Except as provided in subdivision 3, until July 1, 1993, a state agency or local unit of government may not issue a permit for an activity prohibited in paragraph (a) or for an activity that would include an activity prohibited in paragraph (a).*

*Subd. 3. [EXEMPTIONS.] The prohibitions in subdivision 2 do not apply to:*

*(1) activities exempted under, and conducted in accordance with, article 6, section 9, subdivision 2;*

*(2) development projects and drainage system improvement projects that have received preliminary or final plat approval or for which infrastructure has been installed, or that have received site plan approval or a conditional use permit, within five years before the effective date of this section;*

*(3) activities for which the local soil and water conservation district or other local permitting authority certifies that any loss of wetland area resulting from the activity will be replaced; and*

*(4) a person who is enrolled or participating in a program listed in United States Code, title 16, section 3821, subsection (a), clauses (1) to (3).*

*Subd. 4. [ENFORCEMENT.] This section must be enforced as provided in article 6, section 12.*

##### Sec. 2. [REPEALER.]

*Section 1 is repealed.*

##### Sec. 3. [EFFECTIVE DATE.]

*Section 2 is effective July 1, 1993.*

ARTICLE 10  
SECTION 404 PROGRAM

Section 1. [103G.127] [PERMIT PROGRAM UNDER SECTION 404 OF THE FEDERAL CLEAN WATER ACT.]

*Notwithstanding any other law to the contrary, the commissioner may adopt rules establishing a permit program for regulating the discharge of dredged and fill material into the waters of the state as necessary to obtain approval from the United States Environmental Protection Agency to administer the permit program under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344. The rules may not be more restrictive than the program under section 404, or state law, if it is more restrictive than the federal program.*

Sec. 2. Minnesota Statutes 1990, section 103G.141, is amended to read:  
103G.141 [PENALTIES.]

*Subdivision 1. [MISDEMEANORS.] Except as provided in subdivision 2, a person is guilty of a misdemeanor who:*

(1) undertakes or procures another to undertake an alteration in the course, current, or cross section of public waters or appropriates waters of the state without previously obtaining a permit from the commissioner, regardless of whether the commissioner would have granted a permit had an application been filed;

(2) undertakes or procures another to undertake an alteration in the course, current, or cross section of public waters or appropriates waters of the state in violation of or in excess of authority granted under a permit issued by the commissioner, regardless of whether an application had been filed for permission to perform the act involved or whether the act involved would have been permitted had a proper application been filed;

(3) undertakes or procures another to undertake an alteration in the course, current, or cross section of public waters or appropriates waters of the state after a permit to undertake the project has been denied by the commissioner; or

(4) violates a provision of this chapter.

*Subd. 2. [VIOLATION OF SECTION 404 PERMITS.] (a) Whenever the commissioner finds that a person is in violation of a condition or limitation set forth in a permit issued under the rules adopted by the commissioner under section 1, the commissioner shall issue an order requiring the person to comply with the condition or limitation, or the commissioner shall bring a civil action in accordance with paragraph (b).*

*(b) The commissioner may commence a civil action for appropriate relief in district court, including a permanent or temporary injunction, for a violation for which the commissioner is authorized to issue a compliance order under paragraph (a). The court may restrain the violation and require compliance.*

*(c) A person who violates a condition or limitation in a permit issued by the commissioner under section 1, and a person who violates an order issued by the commissioner under paragraph (a), is subject to a civil penalty not to exceed \$25,000 per day for each violation. In determining the amount of a civil penalty the court shall consider the seriousness of the violation*

*or violations, the economic benefit, if any, resulting from the violation, any history of violations, any good faith efforts to comply with the applicable requirements, the economic impact of the penalty on the violator, and other matters justice may require.*

Sec. 3. [SECTION 404 PROGRAM SUBMISSION.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "section 404 program" means the permit program under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344.*

*Subd. 2. [INTENT.] The legislature intends that as expeditiously as possible the state obtain approval from the administrator of the United States Environmental Protection Agency to administer the section 404 program in this state.*

*Subd. 3. [REQUIREMENTS.] (a) By February 1, 1993, the commissioner of natural resources shall:*

*(1) adopt rules under section 1 that provide adequate authority for administering the section 404 program; and*

*(2) after consulting with the attorney general, report to the environment and natural resources committees of the legislature on existing laws that are inconsistent with the authority necessary for administering the section 404 program.*

*(b) By March 1, 1993, the governor shall make the submission to the administrator of the United States Environmental Protection Agency required in United States Code, title 33, section 1344(g), to obtain authority to administer the section 404 program."*

Page 96, line 27, delete "10" and insert "11"

Page 101, after line 32, insert:

"Sec. 6. Minnesota Statutes 1990, section 282.018, subdivision 2, is amended to read:

*Subd. 2. [MARGINAL LAND AND WETLANDS.] Nonforested marginal land and wetlands on land that is property of the state as a result of forfeiture to the state for nonpayment of taxes is withdrawn from sale as provided in section 103F.535 unless ~~restricted by a conservation easement as provided in section 103F.535.~~*

*(1) notice of the existence of the nonforested marginal land or wetlands, in a form prescribed by the board of water and soil resources, is provided to prospective purchasers; and*

*(2) the deed contains a restrictive covenant, in a form prescribed by the board of water and soil resources, that precludes enrollment of the land in a state-funded program providing compensation for conservation of marginal land or wetlands."*

Page 102, line 1, delete "6" and insert "5 and 7"

Renumber the sections of article 11 in sequence

Amend the title as follows:

Page 1, line 14, delete "providing"

Page 1, delete lines 15 to 17 and insert "creating a cost-share program for establishment and restoration"

Page 1, line 25, after the first semicolon, insert "requiring the state to apply for authority to administer the permit program under section 404 of the federal Clean Water Act;"

Page 1, line 28, after "18;" insert "103G.141;"

Page 1, line 31, delete "and" and after "4;" insert "and 282.018, subdivision 2;"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Dahl from the Committee on Education, to which was referred

S.F. No. 467: A bill for an act relating to education; providing for supplemental revenue and minimum allowance revenue in certain cases; amending Minnesota Statutes 1990, section 122.531, by adding a subdivision; repealing Minnesota Statutes 1990, section 122.531, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### GENERAL EDUCATION

Section 1. Minnesota Statutes 1990, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus ~~34.0~~ 37.0 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~34.0~~ 37.0 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a,

and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, subdivisions 4 and 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1990, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 or 124.575.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year; or

(2) ~~34.0~~ 37.0 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to sections 124.2721, subdivision 3, and 124.575, subdivision 3; and

(ii) the amount of transition aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 5a. [SUPPLEMENTAL REVENUE.] (a) *For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (b), in the case of a consolidation, the newly created district's 1991-1992 revenue and 1991-1992 actual pupil units are the sum of the 1991-1992 revenue and 1991-1992 pupil units, respectively, of the former districts comprising the new district.*

(b) *For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (b), in the case of a dissolution and attachment, a district's 1991-1992 revenue is the revenue of the existing district plus the result of the following calculation:*

(1) *the 1991-1992 revenue of the dissolved district divided by*

(2) *the dissolved district's 1991-1992 actual pupil units, multiplied by*

*(3) the pupil units of the dissolved district in the most recent year before the dissolution allocated to the newly created or enlarged district.*

*(c) In the case of a dissolution and attachment, the department of education shall allocate the pupil units of the dissolved district to the newly enlarged district based on the allocation of the property on which the pupils generating the pupil units reside.*

Sec. 4. Minnesota Statutes 1990, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

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

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

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

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

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

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

(g) A pupil who is in any of grades 7 to 12 is counted as ~~4.35~~ 1.3 pupil units.

Sec. 5. Minnesota Statutes 1990, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. [FISCAL YEAR 1992 AFDC PUPIL UNITS.] *AFDC pupil units for fiscal year 1992 shall be computed according to this subdivision. In a district in which the number of pupils from families receiving aid to families with dependent children on October 4 of the previous school year according to section 7 equals six percent or more of the actual pupil units in the district for the current school year, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit*



for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Sec. 6. Minnesota Statutes 1990, section 124.17, is amended by adding a subdivision to read:

*Subd. 1c. [AFDC PUPIL UNITS.] AFDC pupil units for fiscal year 1993 and thereafter must be computed according to this subdivision.*

*(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:*

*(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to section 7; to*

*(2) the number of pupils in average daily membership according to section 7 enrolled in the district.*

*(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.*

*(c) The AFDC pupil units for a district for fiscal year 1993 and thereafter equals the product of:*

*(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to section 7; times*

*(2) the AFDC pupil weighting factor for the district; times*

*(3) .65.*

Sec. 7. Minnesota Statutes 1990, section 124.17, is amended by adding a subdivision to read:

*Subd. 1d. [AFDC PUPIL COUNTS.] AFDC pupil counts and average daily membership for sections 5 and 6 shall be determined according to this subdivision:*

*(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.*

*(b) For districts that do not meet the requirement of paragraph (a), the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.*

Sec. 8. Minnesota Statutes 1990, section 124A.02, subdivision 16, is amended to read:

*Subd. 16. [PUPIL UNITS, AFDC.] "AFDC pupil units" for fiscal year 1992 means pupil units identified in section 124.17, subdivision 1b.*

*"AFDC pupil units" for fiscal year 1993 and thereafter means pupil units identified in section 6.*

Sec. 9. Minnesota Statutes 1990, section 124A.02, subdivision 23, is amended to read:

Subd. 23. ~~[TRAINING DEVELOPMENT AND EXPERIENCE LEARNING INDEX.] "Training "Development and experience learning index"~~ means a measure of a district's teacher ~~training education~~ and experience relative to the education and experience of teachers in the state. The measure shall be determined pursuant to section 124A.04 ~~and according to a method published in the Minnesota Code of Administrative Rules. The published method shall include the data used and a reasonably detailed description of the steps in the method. The method shall not be subject to the provisions of chapter 14. At least biennially, the department shall recompute the index using complete new data.~~

Sec. 10. Minnesota Statutes 1990, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) *A district that had authority to levy an amount based upon an approved local tax rate for taxes payable in 1991 may continue to levy up to the amount authorized for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum according to this subdivision.*

*A district proposing to increase the amount that was authorized for taxes payable in 1991 and a district without authority to levy according to this subdivision for taxes payable in 1991 may increase its general education levy according to this subdivision.*

The general education levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy ~~as a percentage of net tax capacity, the amount per actual pupil unit that will be raised by that local tax rate~~ in the first year it is to be levied, and that the ~~local tax rate proceeds of the~~ levy shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply ~~which may not exceed five years~~. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of . . . . ., School District No. . . . ., be approved?"

~~If approved, the~~ *An approved amount provided by the approved local tax rate applied to the net tax capacity per actual pupil unit times the number of actual pupil units in the district for the fiscal year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.*

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment

roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of *tax* increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: ~~"In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase."~~ Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. *A referendum to revoke or reduce the levy amount shall be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization.* A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

Sec. 11. Minnesota Statutes 1990, section 124A.04, is amended to read:

124A.04 ~~[TRAINING DEVELOPMENT AND EXPERIENCE LEARNING INDEX.]~~

*Subdivision 1. [FISCAL YEAR 1992.]* The ~~training development and experience learning~~ index for fiscal year 1992 shall be constructed in the following manner:

(a) The department shall construct a matrix which classifies teachers by the extent of ~~training~~ education received in accredited institutions of higher

education, and by the years of experience which ~~the district takes~~ *districts take* into account in determining ~~each teacher's salary~~ *teacher salaries*.

(b) For all teachers in the state, the average salary per full-time-equivalent shall be computed for each cell of the matrix.

(c) For each cell of the matrix, the ratio of the average salary in that cell to the average salary in the cell for teachers with no prior years of experience and only a bachelor's degree shall be computed. The department shall use statistical methods to ensure continuously increasing ratios as cells are higher in training or experience.

(d) The index for each district shall be equal to the weighted average of the ratios assigned to the full-time-equivalent teachers in each district.

*Subd. 2. [1993 AND THEREAFTER.] The development and learning index for fiscal year 1993 and thereafter must be constructed in the following manner:*

*(a) The department shall construct a matrix that classifies teachers by the extent of education received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.*

*(b) The average salary for each cell of the matrix shall be computed as follows using data from the second year of the previous biennium:*

*(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of education and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.*

*(2) Sum the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.*

*(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state.*

*(d) The index for each district that employs teachers shall be equal to the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers shall be zero.*

Sec. 12. Minnesota Statutes 1990, section 124A.22, subdivision 2, is amended to read:

*Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. ~~The formula allowance is \$2,838 for fiscal year 1990. The formula allowance for 1992 and subsequent fiscal years is \$2,953~~ \$3,050.*

Sec. 13. Minnesota Statutes 1990, section 124A.22, subdivision 3, is amended to read:

*Subd. 3. [COMPENSATORY EDUCATION REVENUE.] (a) For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b, ~~for the school year.~~*

*(b) For fiscal year 1993 and thereafter, the maximum compensatory education revenue for each district equals the formula allowance times the AFDC*

pupil units computed according to section 124.17, subdivision 1c.

(c) For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1b.

(d) For fiscal year 1993, the compensatory education revenue for each district equals the district's previous formula compensatory revenue plus one-fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(e) For fiscal year 1994, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus one-half of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(f) For fiscal year 1995, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus three-fourths of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(g) For fiscal year 1996 and thereafter, the compensatory education revenue for each district equals the district's maximum compensatory education revenue.

Sec. 14. Minnesota Statutes 1990, section 124A.22, subdivision 4, is amended to read:

Subd. 4. ~~[TRAINING DEVELOPMENT AND EXPERIENCE LEARNING REVENUE.]~~ (a) For fiscal year 1992, the ~~training development and experience learning~~ revenue for each district equals the greater of zero or the result of the following computation:

~~(a)~~ (1) subtract 1.6 from the ~~training development and experience learning~~ index;

~~(b)~~ (2) multiply the result in clause ~~(a)~~ (1) by the product of \$700 times the actual pupil units for the school year.

(b) For fiscal year 1993 and thereafter, the maximum development and learning revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract 0.9 from the development and learning index;

(2) multiply the result in clause (1) by the product of \$1,200 times the actual pupil units for the school year.

(c) For fiscal year 1993 and thereafter, the previous formula development and learning revenue for each district equals the amount of development and learning revenue computed for that district according to the formula used to compute development and learning revenue for fiscal year 1992.

(d) For fiscal year 1993, the development and learning revenue for each district equals the district's previous formula development and learning revenue plus one-fourth of the difference between the district's maximum development and learning revenue and the district's previous formula development and learning revenue.

*(e) For fiscal year 1994, the development and learning revenue for each district equals the district's previous formula development and learning revenue plus one-half of the difference between the district's maximum development and learning revenue and the district's previous formula development and learning revenue.*

*(f) For fiscal year 1995, the development and learning revenue for each district equals the district's previous formula development and learning revenue plus three-fourths of the difference between the district's maximum development and learning revenue and the district's previous formula development and learning revenue.*

*(g) For fiscal year 1996 and thereafter, the development and learning revenue for each district equals the district's maximum development and learning revenue.*

Sec. 15. Minnesota Statutes 1990, section 124A.22, subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] The definitions in this subdivision apply only to ~~subdivision~~ subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

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

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located ~~20~~ 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 16. Minnesota Statutes 1990, section 124A.22, subdivision 8, is amended to read:

Subd. 8. [SUPPLEMENTAL REVENUE.] (a) *A district's supplemental revenue for fiscal year 1992 equals the product of the district's supplemental revenue for fiscal year 1991 times the ratio of:*

(1) *the district's 1991-1992 actual pupil units; to*

(2) *the district's 1990-1991 actual pupil units adjusted for the change in secondary pupil unit weighting from 1.35 to 1.3 made in section 4.*

(b) *If a district's minimum allowance exceeds the sum of its basic revenue, previous formula compensatory education revenue, training previous formula development and experience learning revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for a school fiscal year 1993 or a subsequent fiscal year, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year.*

Sec. 17. Minnesota Statutes 1990, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [DEFINITIONS DEFINITION FOR SUPPLEMENTAL REVENUE.] (a) *The definitions definition in this subdivision apply applies only to subdivision 8.*

(b) *"1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:*

(1) *basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;*

(2) *teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;*

(3) *chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;*

(4) *gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;*

(5) *arts education aid, according to Minnesota Statutes 1986, section 124.275;*

(6) *summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;*

(7) *programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and*

(8) *liability insurance levy, according to Minnesota Statutes 1986, section 466.06.*

*For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.*

(c) *"Minimum allowance" for a district means:*

(1) *the district's 1987-1988 general education revenue for fiscal year 1992, according to subdivision 1; divided by*

(2) *the district's 1987-1988 1991-1992 actual pupil units, adjusted for the*

~~change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus~~

(3) \$143 for fiscal year 1990 and \$258 for subsequent fiscal years.

Sec. 18. Minnesota Statutes 1990, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] ~~The general education tax rate for fiscal year 1991 is 26.3 percent. Beginning in 1990, The~~ commissioner of revenue shall establish the general education tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. ~~The general education tax rate shall be the rate that raises \$845,000,000 for fiscal year 1992 and \$887,000,000 \$923,500,000 for fiscal year 1993 and \$994,000,000 for fiscal year 1994 and subsequent fiscal years.~~ The general education tax rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 19. Minnesota Statutes 1990, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapter 124, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding supplemental revenue, for the same school year, according to section 124A.22.

~~However, for fiscal year 1989, the amount of the deduction shall be one-fourth of the difference between clauses (1) and (2); for fiscal year 1990, the amount of the deduction shall be one-third of the difference between clauses (1) and (2); for fiscal year 1991, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2).~~

Sec. 20. Minnesota Statutes 1990, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds \$600 times the fund balance pupil units in the prior year. For purposes of this subdivision only, fund balance pupil units means the number of *resident* pupil units in average daily membership ~~enrolled in the district~~, including shared time pupils, according to section 124A.02, subdivision 20, *plus*



(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, ~~and excluding~~ plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

(1) the amount of the excess, or

(2) \$150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

**Sec. 21. [124A.292] [RESERVED REVENUE FOR PREPARATION TIME AND STAFF DEVELOPMENT.]**

(a) A district may provide preparation time for elementary teachers if the teachers devote at least 300 minutes to pupil contact time each day. Preparation time and lunch time are not included in pupil contact time. Revenue for the preparation time is available by reserving revenue equal to \$20 per pupil unit in the district. Any reserved revenue not needed to provide preparation time shall be used to provide staff development.

(b) If elementary teachers in a district have time for preparation and devote 300 minutes of pupil contact time each day, the district shall use the reserved revenue to provide staff development.

(c) The department of education shall withhold \$20 per pupil unit for any district in which elementary teachers are not required to meet the pupil contact standard in paragraph (a). At any time elementary teachers in the district are required to meet the pupil contact standard, the department shall pay the district \$20 per pupil unit, or pro rata share if the district comes into compliance with the standard after the beginning of a fiscal year. Paragraphs (a) and (b) apply to a district at the time it comes into compliance with the standard.

(d) Revenue reserved for elementary teacher preparation time and staff development may not be used for any other purpose.

Sec. 22. Minnesota Statutes 1990, section 126.70, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY FOR REVENUE.] A school board may use the revenue authorized in section 124A.29, if it establishes a staff development advisory committee and adopts a staff development plan according to this subdivision. A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include representatives of parents, and administrators. The advisory committee shall develop a staff development plan and submit it to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in section 124A.29. *The department of education may not review or approve school board plans.*

Sec. 23. Minnesota Statutes 1990, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. [PERMITTED USES.] A school board may approve a plan for

any of the following purposes:

- (1) *to provide in-service education in outcome based education;*
- (2) *for in-service education to increase the effectiveness of teachers in responding to children and young people at risk of not succeeding at school;*
- ~~(2)~~ (3) *to participate in the educational effectiveness program according to section 121.609;*
- ~~(3)~~ (4) *to provide in-service education for elementary and secondary teachers to improve the use of technology in education;*
- (4) (5) *to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;*
- ~~(5)~~ (6) *to use experienced teachers, as mentors, to assist in the continued development of new teachers;*
- ~~(6)~~ (7) *to increase the involvement of parents, business, and the community in education, including training teachers to plan and implement parental involvement programs that will more fully involve parents in their children's learning development;*
- ~~(7)~~ (8) *for experimental delivery systems;*
- ~~(8)~~ (9) *for in-service education to increase the effectiveness of principals and administrators;*
- ~~(9)~~ (10) *for in-service education or curriculum development for programs for gifted and talented pupils;*
- ~~(10)~~ (11) *for in-service education or curriculum development for cooperative efforts to increase curriculum offerings;*
- ~~(11)~~ (12) *for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 126.666;*
- ~~(12)~~ (13) *for in-service education and curriculum development designed to promote sex equity in all aspects of education, with emphasis on curricular areas such as mathematics, science, and technology programs;*
- ~~(13)~~ (14) *for in-service education or curriculum modification for handicapped pupils and low-achieving pupils;*
- ~~(14)~~ (15) *for short-term contracts as described in section 126.72; or*
- ~~(15)~~ (16) *to employ teachers for an extended year to perform duties directly related to improving curriculum or teaching skills.*

#### Sec. 24. [MORATORIUM ON REFERENDUM INCREASES.]

*A school district or an education district may not conduct an election in 1991 under Minnesota Statutes, section 124A.03, subdivision 2, paragraph (a), or 124B.03, subdivision 2, paragraph (a), for property taxes payable in 1992. An election may be conducted under section 124A.03, subdivision 2, paragraph (c), or 124B.03, subdivision 2, paragraph (e).*

#### Sec. 25. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:*

*\$1,632,529,000 . . . . . 1992*

*\$1,724,259,000 . . . . . 1993*

*The 1992 appropriation includes \$247,303,000 for 1991 and \$1,385,226,000 for 1992.*

*The 1993 appropriation includes \$257,763,000 for 1992 and \$1,466,496,000 for 1993.*

**Sec. 26. [REPEALER.]**

*Minnesota Statutes 1990, section 124A.02, subdivision 19, is repealed effective July 1, 1991. Minnesota Statutes, section 122.531, subdivision 5, is repealed. Sections 124.17, subdivision 1b, and 124A.04, subdivision 1, are repealed July 1, 1992.*

**Sec. 27. [EFFECTIVE DATE.]**

*Section 15 is effective retroactively to July 1, 1989. Section 16, paragraph (b), is effective for revenue for 1993 and thereafter.*

**ARTICLE 2**

**TRANSPORTATION**

**Section 1.** Minnesota Statutes 1990, section 120.062, subdivision 9, is amended to read:

**Subd. 9. [TRANSPORTATION.]** If requested by the parent of a pupil, the nonresident district shall provide transportation within the district. The state shall pay transportation aid to the district according to section 124.225.

The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. *The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school and the nearest post-secondary institution times ten.*

At the time a nonresident district notifies a parent or guardian that an application has been accepted under subdivision 5 or 6, the nonresident district must provide the parent or guardian with the following information regarding the transportation of nonresident pupils under this section:

(1) a nonresident district may transport a pupil within the pupil's resident district under this section only with the approval of the resident district; and

(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 123.39, subdivision 6, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

Sec. 2. Minnesota Statutes 1990, section 123.3514, subdivision 8, is amended to read:

Subd. 8. [TRANSPORTATION.] A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The state board of education shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. *The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school and the nearest post-secondary institution times ten.* The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec. 3. Minnesota Statutes 1990, section 124.223, subdivision 1, is amended to read:

Subdivision 1. [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) State transportation aid is authorized for transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. *Transportation aid is not authorized for late transportation home from school for pupils involved in after school activities.*

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

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(i) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(ii) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(ii) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Sec. 4. Minnesota Statutes 1990, 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 paragraph ~~(e)~~ (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

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

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

(d) "~~Regular transportation allowance~~" for the 1989-1990 school year means the ~~adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.~~

(e) For purposes of this section, "Transportation category" means a category of transportation service provided to pupils *as follows*:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 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 transportation of elementary pupils

to and from school within a mobility zone;

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category; and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10;

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

(4) Desegregation transportation is transportation of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) *Handicapped transportation is transportation provided under section 124.223, subdivision 4, for handicapped pupils between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.*

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

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

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

(i) "Base cost" for the 1986-1987 and 1987-1988 base years 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 excess transportation as defined in paragraph (e); clause (3);

(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 FTE pupils transported in the excess category in the base year.

(j) Base cost for the 1988-1989 base year and later years means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause (e) (c);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years

means the base cost as predicted by subdivision 3-

(h) ~~“Predicted base cost” for the 1988-1989 base year and later years means the predicted base cost as computed in subdivision 3a-~~

~~(m)~~ (h) “Pupil weighting factor” for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(2) Raise the result in clause (1) to the one-fifth power;

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

~~(n)~~ (i) “Weighted FTE’s” means the number of FTE’s in each transportation category multiplied by the pupil weighting factor for that category.

~~(o)~~ (j) “Sparsity index” for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE’s transported by the district in the regular and excess categories in the base year.

~~(p)~~ (k) “Density index” for a school district means the greater of one or the result obtained by subtracting the product of the district’s sparsity index times 20 from two.

~~(q)~~ (l) “Contract transportation index” for a school district means the greater of one or the result of the following computation:

(1) Multiply the district’s sparsity index by 20;

(2) Select the lesser of one or the result in clause (1);

(3) Multiply the district’s percentage of regular FTE’s transported in the current year using vehicles that are not owned by the school district by the result in clause (2).

~~(r)~~ (m) “Adjusted predicted base cost” for the 1988-1989 base year and after means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

~~(s)~~ (n) “Regular transportation allowance” for the 1990-1991 school year and after means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

~~(t)~~ “Minimum regular transportation allowance” for the 1990-1991 school year and after means the result of the following computation:

(1) compute the sum of the district’s basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district’s excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5e, clause (a);

(2) divide the result in clause (1) by the sum of the number of weighted FTE’s transported by the district in the regular and excess transportation categories in the 1989-1990 school year;

(3) select the lesser of the result in clause (2) or the district’s base cost for the 1989-1990 base year according to paragraph (j)-

Sec. 5. Minnesota Statutes 1990, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost ~~for the 1988-1989 base year and later years~~ equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is ~~\$406 for the 1988-1989 base year and~~ \$421 for the 1989-1990 base year ~~and \$434 for the 1990-1991 base year.~~

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 6. Minnesota Statutes 1990, section 124.225, subdivision 7a, is amended to read:

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] ~~Each district's predicted base cost determined for the 1986-1987 and 1987-1988 base years according to subdivision 3 shall be adjusted as provided in this subdivision to determine the district's adjusted authorized predicted cost per FTE for that year.~~

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

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

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

(d) ~~For the 1988-1989 base year and later years, Each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 110 105 percent, of the base cost.~~

Sec. 7. Minnesota Statutes 1990, 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 4.1 percent to determine the district's regular transportation allowance for the 1988-1989 school year and by 5.8 percent to determine the district's regular transportation allowance for the 1989-1990 school year.~~



The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~5.4~~ *four* percent to determine the district's regular transportation allowance for the ~~1990-1991~~ *1991-1992* school year *and by two percent to determine the district's regular transportation allowance for the 1992-1993 school year*, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to *Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t)*.

Sec. 8. Minnesota Statutes 1990, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. [TRANSPORTATION REVENUE.] ~~Beginning in the 1990-1991 school year,~~ The transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular ~~and~~, *desegregation, and handicapped* categories in the current school year.

(b) The nonregular transportation revenue for each district ~~for the 1991-1992 school year~~ equals the lesser of the district's actual cost in the 1991-1992 school year for nonregular transportation services or the sum of: (i) the product of the district's actual cost in the ~~current~~ 1990-1991 school year for nonregular transportation services, *as defined for the 1991-1992 school year in subdivision 1, paragraph (c), excluding desegregation transportation, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year according to section 124.17, subdivision 2, times 1.01;* plus (ii) the district's actual cost in the 1991-1992 school year for desegregation transportation; minus (iii) the amount of regular transportation revenue attributable to FTE's transported in the desegregation ~~category~~ *and handicapped categories* in the current school year; plus (iv) the excess nonregular transportation revenue for the 1991-1992 school year according to section 9.

*For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the sum of: (i) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), excluding desegregation transportation, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, increased by the percentage used in computing the regular transportation allowance for the current year under subdivision 7b; plus (ii) the district's actual cost in the current school year for desegregation transportation; minus (iii) the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year; plus (iv) the excess nonregular transportation revenue for the current year according to section 9.*

Sec. 9. Minnesota Statutes 1990, section 124.225, is amended by adding a subdivision to read:

Subd. 7e. [EXCESS NONREGULAR TRANSPORTATION REVENUE.]

*(a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:*

*(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), excluding desegregation transportation, and*

*(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year, excluding desegregation transportation, times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.*

*(b) A district's excess nonregular transportation revenue for the 1992-1993 school year and later school years equals an amount equal to 80 percent of the difference between:*

*(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year, excluding desegregation transportation, and*

*(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year, excluding desegregation transportation, times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.*

*(c) The state total excess nonregular transportation revenue may not exceed \$2,000,000 for the 1991-1992 school year and \$2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit established in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).*

Sec. 10. Minnesota Statutes 1990, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [TRANSPORTATION AID.] ~~(a) For the 1988-1989 and 1989-1990 school years, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.~~

~~(b) For 1990-1991 and later school years, A district's transportation aid equals the product of:~~

~~(1) the difference between the transportation revenue and the sum of:~~

~~(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus~~

~~(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus~~

~~(iii) the contracted services aid reduction under subdivision 8k,~~

~~(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the permitted maximum levies under section 275.125, subdivisions 5 and 5c.~~

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

Sec. 11. Minnesota Statutes 1990, section 124.225, subdivision 8k, is amended to read:

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] (a) Each year, a district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) ~~For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.~~

(e) ~~For 1990-1991 and later school years,~~ The department of education shall determine the subtraction by computing the district's regular transportation revenue, excluding revenue based on the *district's* minimum regular transportation allowance *according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t),* under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Sec. 12. Minnesota Statutes 1990, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy 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 district's transportation revenue under subdivision ~~7e~~ 7d.

Sec. 13. Minnesota Statutes 1990, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted

net tax capacity of the district for the preceding year. ~~The basic transportation tax rate for fiscal year 1991 is 2.04 percent. Beginning in 1990,~~ The commissioner of revenue shall establish the basic transportation tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises ~~\$66,700,000~~ *\$64,700,000 for fiscal year 1993 and \$68,000,000 for fiscal year 1992 1994* and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 14. Minnesota Statutes 1990, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (a) ~~In the 1989 and 1990 fiscal years, if the basic transportation levy under subdivision 5 in a district attributable to the fiscal year exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. In the second year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) the amount of the basic transportation levy under subdivision 5, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.~~

(b) ~~For 1991 and later fiscal years,~~ In a district if the basic transportation levy under subdivision 5 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7e 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 5c and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by the amount of the excess.

Sec. 15. Minnesota Statutes 1990, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7e 7d, that is more than the product of \$30 \$60 times the district's ~~actual pupil units~~ *average daily membership*, by

(2) 60 50 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~actual pupil units average daily membership~~ in the district for the school year to which the levy is attributable, to (ii) ~~\$7,258~~ \$8,000.

Sec. 16. [LEVY ADJUSTMENT.]

*The department of education shall adjust the 1991 levy for each school district by the amount of the change in the district's nonregular transportation levy for fiscal year 1992 according to Minnesota Statutes, section 275.125, subdivision 5c, resulting from the changes to nonregular transportation revenue and levy under sections 4, 8, 9, and 15. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1992.*

Sec. 17. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:*

\$115,828,000 . . . . . 1992

\$122,602,000 . . . . . 1993

*The 1992 appropriation includes \$17,679,000 for 1991 and \$98,149,000 for 1992.*

*The 1993 appropriation includes \$17,320,000 for 1992 and \$105,282,000 for 1993.*

*Subd. 3. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS PROGRAMS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514, or attending non-resident districts according to Minnesota Statutes, section 120.062:*

\$60,000 . . . . . 1992

\$60,000 . . . . . 1993

Sec. 18. [REPEALER.]

*Minnesota Statutes 1990, section 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j, are repealed.*

## ARTICLE 3

### SPECIAL PROVISIONS

Section 1. Minnesota Statutes 1990, section 120.17, subdivision 11a, is amended 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 children under age seven with handicaps, three representatives of public or private providers of services for children under age ~~five~~ seven with handicaps, 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 children with handicaps, at least one representative of a school district or a school district cooperative, and other members knowledgeable about children under age ~~five~~ *seven* with handicaps. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly. A representative of each of the commissioners of education, health, and human services shall attend council meetings as a nonvoting member of the council.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with handicaps and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age ~~five~~ *seven* with handicaps 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.

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 children with handicaps to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

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. 2. Minnesota Statutes 1990, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY 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 intervention committee for handicapped children under age ~~five~~ *seven* and their families. Members of the committee shall be representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; current service providers; parents of young handicapped children; and other private or public agencies. The committee shall elect a chair from among its members and shall meet 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~~ *seven* 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 individual education plans and individual service plans when necessary to appropriately serve handicapped children under the age of ~~five~~ seven and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(4) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

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

(6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services.

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. 3. Minnesota Statutes 1990, section 120.17, is amended by adding a subdivision to read:

*Subd. 17. [GRANTS TO PARENT-TO-PARENT PROGRAMS.] The commissioner of education, with the advice of the state interagency coordinating council, shall award grants to parent-to-parent support programs. Parent-to-parent support programs provide experienced parents of children with handicaps as resources of information, coping skills, and emotional support for other parents of children with handicaps who are recently identified as handicapped or who are experiencing crises.*

Sec. 4. [120.173] [ALTERNATIVE DELIVERY OF SPECIALIZED INSTRUCTIONAL SERVICES.]

*Subdivision 1. [COMMISSIONER APPROVAL.] The commissioner of education may approve applications from school districts to provide prevention services as an alternative to special education and other compensatory programs during three school years. A district with an approved program may provide instruction and services in a regular education classroom to eligible pupils. Pupils eligible to participate in the program are low-performing pupils who, based on documented experience, the professional judgment of a classroom teacher, or a team of licensed professionals, would eventually qualify for special education instruction or related services under section 120.17 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year.*

*Subd. 2. [APPLICATION CONTENTS.] The application must set forth:*

*(1) instructional services available to eligible pupils under section 124.311, subdivision 3, and handicapped pupils under section 120.03;*

*(2) criteria to select pupils for the program and the assessment procedures to determine eligibility;*

*(3) involvement in the program of parents of pupils in the program, parent advocates, and community special education advocates;*

*(4) accounting procedures to document that federal special education money is used to supplement or increase the level of special education*

*instruction and related services provided with state and local revenue, but in no case to supplant the state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;*

*(5) the role of regular and special education teachers in planning and implementing the program; and*

*(6) other information requested by the commissioner.*

*Subd. 3. [EVALUATION.] The application shall also set forth the review and evaluation procedures to be used by the district addressing at least the following:*

*(1) the number of handicapped and nonhandicapped pupils served;*

*(2) the impact of the program on the academic progress and social adjustment of the pupils;*

*(3) the level of satisfaction teachers, parents, and pupils have with the program;*

*(4) the effect of the program on the number of referrals for special education, federal chapter 1, and other programs;*

*(5) the amount of time spent by teachers on procedural activities;*

*(6) the increased amount of time the pupil is in a regular education classroom; and*

*(7) cost implications.*

*Subd. 4. [REVIEW FOR EXCESS EXPENDITURES.] The commissioner shall review each application to determine whether the personnel, equipment, supplies, residential aid, and summer school are necessary to meet the district's obligation to provide special instruction and services to handicapped children according to section 120.17. The commissioner shall not approve revenue for any expenditures determined to be unnecessary.*

*Subd. 5. [ANNUAL REPORT.] Each year the district must submit to the commissioner a report containing the information described in subdivision 3 and section 124.311, subdivision 7.*

*Subd. 6. [PUPIL RIGHTS.] A pupil participating in the program must be individually evaluated according to the pupil's actual abilities and needs. A pupil who is eligible for services under section 120.17 is entitled to procedural protections provided under Public Law Number 94-142 in any matter that affects the identification, evaluation, placement, or change in placement of a pupil. The district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in the program. Notwithstanding rules of the state board of education, a pupil's rights under this section cannot be waived by the state board.*

*Subd. 7. [REVENUE AVAILABLE.] For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 10, subdivisions 1 and 2, as applicable, multiplied by 1.03. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year*



*multiplied by 1.03.*

*For each fiscal year, the ratio of aid for special education under section 124.32, subdivisions 1b, 2, 5, and 10, to the levy for special education salaries under Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 10, subdivisions 1 and 2, as applicable, shall be the ratio for the fiscal year before the first year of revenue. For fiscal year 1993 and thereafter, a district receiving revenue under this subdivision shall receive special education levy equalization aid as determined under section 10, subdivision 4.*

*For the first fiscal year, aid for a district with an approved program shall not be prorated for the first fiscal year of revenue.*

*For the first three fiscal years, the state shall not pay a district with an approved program any aid under section 124.32, subdivisions 1b, 2, 5, and 10, and the district may not levy under section 10, except for salaries of teachers in secondary vocational handicapped and limited English proficiency programs, deficiencies, and other adjustments.*

*Subd. 8. [USE OF REVENUE.] Revenue under this section shall be used to implement the approved program.*

**Sec. 5. [120.185] [INTERAGENCY EDUCATION-TO-WORK TRANSITION DEMONSTRATION PROJECT.]**

*In order to assist students with severe disabilities, the commissioner of education shall establish statewide interagency education-to-work transition demonstration projects. Grants shall be administered by the interagency office on transition services. Grant money shall be used to develop model interagency service delivery demonstration projects in career assessment and exploration, assist students with the transition from a school environment to a work environment, and provide assessment, on-site training, and support services for students with severe disabilities. All money appropriated for this section must be matched by noneducational community resources. Preference must be given to purchase of services from private nonprofit rehabilitation facilities certified by the department of jobs and training.*

*Sec. 6. Minnesota Statutes 1990, section 124.2711, is amended by adding a subdivision to read:*

*Subd. 5. [RESERVED REVENUE FOR PROGRAMS FOR INDIAN FAMILIES.] (a) This subdivision applies to any school district:*

*(1) in which ten percent or more of the pupils enrolled in elementary or secondary school are enrolled in or eligible for enrollment in a federally recognized Indian tribe; or*

*(2) that has 100 or more pupils enrolled in elementary or secondary school who are enrolled in or eligible for enrollment in a federally recognized Indian tribe.*

*(b) The district shall reserve part of the total revenue it receives according to this section for early childhood family education programs for Indian children and their families. The part to be reserved equals the average expenditure in the district per family participating in early childhood family education programs times the number of Indian families participating in an early childhood family education program.*

*(c) The program shall be designed to improve the skills of parents and promote American Indian history, language, and culture. The district shall*

*make affirmative efforts to encourage participation by fathers. Admission may not be limited to those who are enrolled in or eligible for enrollment in a federally recognized American Indian tribe. Outreach efforts and program development costs may be financed with reserved or unreserved early childhood family education revenue.*

Sec. 7. Minnesota Statutes 1990, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay a school district a portion of the salary, ~~calculated from the date of hire,~~ of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, ~~calculated from the date of hire,~~ of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of ~~64~~ 54.4 percent of the salary or ~~\$17,000~~ \$15,100. The portion for a part-time or limited-time teacher shall be the lesser of ~~64~~ 54.4 percent of the salary or the product of ~~\$17,000~~ \$15,100 times the ratio of the person's actual employment to full-time employment.

Sec. 8. Minnesota Statutes 1990, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts.

(a) *For the 1991-1992 school year*, the portion for a full-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or ~~\$16,727~~ \$15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or the product of ~~\$16,727~~ \$15,700 times the ratio of the person's actual employment to full-time employment.

(b) *For the 1992-1993 school year and thereafter*, the portion for a full-time person shall be an amount not to exceed the lesser of 54.4 percent of the salary or \$15,100. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 54.4 percent of the salary or the product of \$15,100 times the ratio of the person's actual employment to full-time employment.

Sec. 9. Minnesota Statutes 1990, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] The state shall pay aid for summer school programs for handicapped children on the basis of subdivisions 1b, 1d, and 5 for the ~~preceding~~ current 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.

Sec. 10. [124.321] [SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.]

*Subdivision 1. [LEVY EQUALIZATION REVENUE.] Special education*

*levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:*

*(1) 66 percent of the 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, for the year to which the levy is attributable; plus*

*(2) 61 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable; plus*

*(3) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.*

**Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.]** *A special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:*

*(1) 66 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, for the year to which the levy is attributable, plus*

*(2) 61 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.*

*A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.*

**Subd. 3. [SPECIAL EDUCATION LEVY.]** *To obtain special education levy equalization revenue, a district may levy an amount equal to the district's special education levy equalization revenue multiplied by the lesser of one, or the ratio of:*

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

*(2) \$3,600.*

**Subd. 4. [SPECIAL EDUCATION LEVY EQUALIZATION AID.]** *A district's special education levy equalization aid is the difference between the special education levy equalization revenue and the special education levy in subdivision 3. If a district does not levy the entire amount permitted, special education levy equalization aid shall be reduced in proportion to the actual amount levied.*

**Subd. 5. [PRORATION.]** *If special education levy equalization aid for any year is prorated, a district that has aid prorated may levy an additional*

*amount equal to the amount not paid by the state due to proration.*

Sec. 11. Minnesota Statutes 1990, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] ~~For 1989-1990 and later school years,~~ A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a ~~school~~ *fiscal* year equals the sum of the following amounts for each program:

(a) the greater of zero, or ~~75~~ 57 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and

(b) ~~30~~ 42 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.

Sec. 12. Minnesota Statutes 1990, section 124.573, subdivision 3a, is amended to read:

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.

Sec. 13. Minnesota Statutes 1990, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person

employed during that ~~school~~ *fiscal* year for services rendered in that district or center's secondary vocational education programs for handicapped children.

(a) *For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or ~~\$16,727~~ \$15,700. The portion for a part-time or limited-time person shall be the lesser of ~~60~~ 56.4 percent of the salary or the product of ~~\$16,727~~ \$15,700 times the ratio of the person's actual employment to full-time employment.*

(b) *For fiscal year 1993 and thereafter, the portion for a full-time person shall be an amount not to exceed the lesser of 54.4 percent of the salary or \$15,100. The portion for a part-time or limited-time person shall be the lesser of 54.4 percent of the salary or the product of \$15,100 times the ratio of the person's actual employment to full-time employment.*

Sec. 14. Minnesota Statutes 1990, section 124.86, is amended to read:

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

Subdivision 1. [AUTHORIZATION.] Each year each American Indian-controlled *tribal* contract or grant school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of this chapter and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

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

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

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding *small school adjustments* and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and

operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units *in average daily membership*; and

(4) multiplying the actual pupil units *in average daily membership* by the lesser of \$1,500 or the result in clause (3).

Subd. 3. [LAW WAIVER.] Notwithstanding subdivision 1, paragraphs (a) and (b), a *tribal contract or grant school*:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a *tribal contract or grant school* not be subject to specified statutes related to independent school districts.

Subd. 4. [EARLY CHILDHOOD FAMILY EDUCATION REVENUE.] *A school receiving aid under this section is eligible to receive early childhood family education revenue to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. The revenue equals 1.5 times the statewide average expenditure per participant under section 124.2711, times the number of children and parents participating full time in the program. The program shall comply with section 121.882, except that the school is not required to provide a community education program or establish a community education advisory council. The program shall be designed to improve the skills of parents and promote American Indian history, language, and culture. The school shall make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.*

Subd. 5. [ELIGIBILITY FOR COMPETITIVE AND DISCRETIONARY GRANTS.] *A tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 may be eligible for any competitive and discretionary grants that the state makes available to school districts. Specific eligibility requirements for a particular grant must be met by the school in order to receive the grant.*

Sec. 15. [125.62] [GRANTS TO PREPARE INDIAN TEACHERS.]

Subdivision 1. [ESTABLISHMENT.] *A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The state board may award a joint grant to each of the following:*

(1) *the Duluth campus of the University of Minnesota and independent school district No. 709, Duluth;*

(2) *Bemidji state university and independent school district No. 38, Red Lake;*

(3) *Moorhead state university and one of the school districts located within the White Earth reservation; and*

(4) *Augsburg college and special school district No. 1, Minneapolis.*

*Subd. 2. [APPLICATION.] To obtain a joint grant, a joint application shall be submitted to the state board of education. The application must be developed with the participation of the parent advisory committee, established according to section 126.51, and the Indian advisory committee at the post-secondary institution. The joint application shall set forth:*

*(1) the in-kind, coordination, and mentorship services to be provided by the post-secondary institution; and*

*(2) the coordination and mentorship services to be provided by the school district.*

*Subd. 3. [REVIEW AND COMMENT.] The state board shall submit the joint application to the Minnesota Indian scholarship committee for review and comment.*

*Subd. 4. [GRANT AMOUNT.] The state board may award a joint grant in the amount it determines to be appropriate. The grant shall include money for the post-secondary institution, school district, student scholarships, and student loans.*

*Subd. 5. [INFORMATION TO STUDENT APPLICANTS.] At the time a student applies for a scholarship and loan, the student shall be provided information about the fields of licensure needed by school districts in the part of the state within which the district receiving the joint grant is located. The information shall be acquired and periodically updated by the recipients of the joint grant. Information provided to students shall clearly state that scholarship and loan decisions are not based upon the field of licensure selected by the student.*

*Subd. 6. [ELIGIBILITY FOR SCHOLARSHIPS AND LOANS.] The following Indian people are eligible for scholarships:*

*(1) a student, including a teacher aide employed by a district receiving a joint grant, who intends to become a teacher and who is enrolled in a post-secondary institution receiving a joint grant;*

*(2) a licensed employee of a district receiving a joint grant, who is enrolled in a master of education program; and*

*(3) a student who, after applying for federal and state financial aid and an Indian scholarship according to section 124.48, has financial needs that remain unmet. Financial need shall be determined according to the uniform methodology for needs determination.*

*A person who has actual living expenses in addition to those addressed by the uniform methodology for needs determination may receive a loan according to criteria established by the state board. A contract shall be executed between the state and the student for the amount and terms of the loan.*

*Subd. 7. [LOAN FORGIVENESS.] The loan may be forgiven if the recipient is employed as a teacher, as defined in section 125.12 or 125.17, in an eligible school or program in Minnesota. One-fifth of the principal of the outstanding loan amount shall be forgiven for each year of eligible employment, or a pro rata amount for eligible employment during part of a school year, part-time employment as a substitute teacher, or other eligible part-time teaching. The following schools and programs are eligible for the purposes of loan forgiveness:*

*(1) a school or program operated by a school district;*

(2) a tribal contract school eligible to receive aid according to section 124.86;

(3) a head start program;

(4) an early childhood family education program; or

(5) a program providing educational services to children who have not entered kindergarten.

If a person has an outstanding loan obtained through this program, the duty to make payments of principal and interest may be deferred during any time period the person is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. To defer loan obligations, the person shall provide written notification to the state board of education and the recipients of the joint grant that originally authorized the loan. Upon approval by the state board and the joint grant recipients, payments shall be deferred.

The loan forgiveness program, loan deferral, and procedures to administer the program shall be approved by the higher education coordinating board.

Subd. 8. [REVOLVING FUND.] *The Indian teacher preparation loan repayment revolving account is established in the state treasury. Any amounts repaid or contributed by a teacher who received a scholarship or loan under this program shall be deposited in the account. All money in the account is annually appropriated to the state board of education and shall be used to enable Indian students to participate in the program.*

Sec. 16. Minnesota Statutes 1990, section 126.51, subdivision 1a, is amended to read:

Subd. 1a. [RESOLUTION OF CONCURRENCE.] *Each year by ~~September 15 and June 15 of each school year~~ December 1, the school board or American Indian school shall submit to the department of education a copy of a resolution adopted by the parent committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian children offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted with the resolution. By resolution, the school board shall respond, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations. Reasons relating to lack of money shall set forth in detail why it is not possible to make reasonable adjustments in expenditures from any of the operating funds of the district or to use net unreserved operating fund balances to implement the recommendations. The resolution and detailed financial information shall be submitted to the department of education and the chair of the parent committee.*

Sec. 17. [126.515] [LONG-RANGE INDIAN EDUCATION PLAN.]

*Any district and any participating school or American Indian school providing programs under sections 126.45 to 126.55 shall develop a long-range plan for the education of American Indians. The plan shall be developed under the direction, advice, evaluation, and monitoring of the parent committee established under section 126.51. The plan shall 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;*

*(3) a listing of district goals for the education of American Indians in the district; and*

*(4) a consideration of the entire scope of district programs and services that affect the educational and culturally related academic needs of American Indian students.*

**Sec. 18. [127.281] [EXCLUSION AND EXPULSION OF HANDICAPPED PUPILS.]**

*When a handicapped pupil who has an individual education plan is excluded or expelled under sections 127.26 to 127.39, the district shall provide special education and related services after a period of suspension, if any, whether or not the misbehavior for which the pupil is being disciplined is a manifestation of the pupil's handicapping condition. The district may initiate a review of the pupil's individual education plan for the purpose of an interim placement or a modification of the pupil's individual education plan.*

**Sec. 19. [128B.011] [PINE POINT SCHOOL GOVERNANCE AND STANDARDS.]**

*Subdivision 1. [GOVERNANCE.] The care, management, and control of Pine Point school is vested in the White Earth reservation tribal council. The council has the same powers and duties as a school board under chapters 120 to 129 and other provisions applicable to school boards. The tribal council may delegate powers and duties for the operation of the school to the Indian education committee. The committee may exercise powers and duties delegated to it.*

*Subd. 2. [STANDARDS.] The school is a public school providing instruction for pupils in kindergarten through the 8th grade. Instruction shall meet the same standards for instruction as are required for other public schools.*

*Subd. 3. [COOPERATION WITH SCHOOL DISTRICTS.] If the council determines it cannot adequately provide certain services, the council shall purchase or share services with one or more school districts or other provider for instruction, administration, or other requirements of operating the school, including curriculum, teachers, support services, supervision, administration, financial accounting and reporting, and other instructional and noninstructional programs. The council is encouraged to cooperate with school districts to increase and improve instructional and support services available to the pupils in the school.*

**Sec. 20. Minnesota Statutes 1990, section 128B.03, is amended by adding a subdivision to read:**

*Subd. 3a. [STATE REVENUES.] The state shall pay to the council for the support of the school all aids, revenues, and grants available to a school district as though the school were a school district. The aids, revenues, and grants include, but are not limited to, the following:*

*(1) general education revenue, as defined in section 124A.22, subdivision 1, including at least compensatory revenue;*

- (2) transportation revenue;
- (3) capital expenditure facilities revenue;
- (4) capital expenditure equipment revenue;
- (5) special education revenue;
- (6) limited English proficiency aid;
- (7) career teacher aid;
- (8) assurance of mastery revenue;
- (9) school lunch revenue;
- (10) school milk revenue;
- (11) health and safety revenue;
- (12) Indian language and culture grants;
- (13) arts planning grants; and
- (14) all other aids, revenues, or grants available to a school district.

*If there are eligibility requirements for an aid, revenue, or grant, the requirements shall be met in order to obtain the aid, revenue, or grant, except that a requirement to levy shall be waived. To compute the amount of aid, revenue, or grant requiring a levy, the amount of the levy shall be zero.*

*If a school district obtains revenue from the proceeds of a levy, the council shall be deemed to have levied and the state shall pay aid equal to the amount that would have been levied. The amount shall be approved by the commissioner of education.*

*The proceeds of any aid, grant, or revenue shall be used only as provided in the applicable statute.*

Sec. 21. Minnesota Statutes 1990, section 128B.03, subdivision 4, is amended to read:

Subd. 4. ~~[DISTRICT 309 FEDERAL AID.]~~ (a) The school board of independent school district No. 309 must transfer to the council, to the extent permissible, any federal aids or grants which the school district is eligible for or entitled to because of:

- (1) the population in the ~~experimental~~ school attendance area;
- (2) the pupils actually attending the ~~experimental~~ school;
- (3) the program of the ~~experimental~~ school;
- (4) the boundaries of the attendance area of the ~~experimental~~ school; or
- (5) a related reason.

(b) ~~For the sole purpose of receiving federal impact aid, the experimental school on the land comprising the former independent school district No. 25 is a local education agency, according to Code of Federal Regulations, title 34, section 222.80. The school and the land must not be included, for the purpose of determining federal impact aid, in independent school district No. 309.~~

Sec. 22. Minnesota Statutes 1990, section 128B.03, subdivision 5, is amended to read:

Subd. 5. [AUDITS; ~~STATE AUDITOR LAW.~~] The council must have an audit done annually of the accounts of the ~~experimental~~ school. The audit must be finished within one year after the year for which the audit is made. ~~The council is subject to chapter 6, relating to the state auditor.~~

Sec. 23. Minnesota Statutes 1990, section 128B.03, subdivision 7, is amended to read:

Subd. 7. [INSURANCE.] The council may buy the insurance specified in sections 123.35, subdivision 13, and 123.41. The council must buy insurance to the extent required by chapter 466 and is not liable beyond the extent provided by ~~section 466.12, subdivision 3a~~ chapter 466. The term "average number of pupils" in section 466.12, subdivision 3a, means, for this subdivision, the average number of pupils attending the ~~experimental~~ school.

Sec. 24. Minnesota Statutes 1990, section 128B.04, is amended to read:

128B.04 [ALL PUPILS IN AREA ARE RESIDENT PUPILS.]

~~For chapter 120,~~ A pupil in kindergarten through 8th grade who resides within former independent school district No. 25 is a resident pupil ~~of the experimental school attendance area, as if the area were a school district for the purposes of chapter 120. Pupils enrolled in the school may not be counted by independent school district No. 309 for the purposes of receiving revenue according to chapters 120 to 129.~~

Sec. 25. Minnesota Statutes 1990, section 128B.05, subdivision 2, is amended to read:

Subd. 2. [COUNCIL TEACHERS ARE UNIT.] Teachers employed by the council are employees of the ~~experimental school~~ council and are an "appropriate unit" or a "unit" under chapter 179A, notwithstanding section 179A.03, subdivision 2.

Sec. 26. Minnesota Statutes 1990, section 128B.05, subdivision 3, is amended to read:

Subd. 3. [DISTRICT 309 TEACHERS.] Teachers employed by the school board of independent school district No. 309 who are assigned by the board to the ~~experimental~~ school remain employees of the board.

Sec. 27. Minnesota Statutes 1990, section 128B.06, subdivision 1, is amended to read:

Subdivision 1. [EDUCATION CODE.] The management of the ~~experimental~~ school by the council is governed by the education code and other law affecting public school districts.

Sec. 28. Minnesota Statutes 1990, section 128B.08, is amended to read:

128B.08 [REPORTS TO LEGISLATURE.]

Before December 1 of each year the council must submit a report to the legislature on the ~~experimental~~ school established by this chapter. The report must document the success or failure of the ~~experimental~~ school.

Sec. 29. Minnesota Statutes 1990, section 128B.09, is amended to read:

128B.09 [END OF EXPERIMENT; TRANSFER BACK TO DISTRICT 309.]

At any time ~~before July 1, 1991,~~ the ~~experimental~~ status of the school

may be ~~ended on~~ *closed* by unanimous vote of the ~~officers~~ of the *tribal* council and 30 days' notice to the school board of independent school district No. 309. ~~Then~~ The school board of independent school district No. 309 ~~must resume management of the entire district~~ *shall assume responsibility for the pupils in the school* on the next July 1.

Sec. 30. Minnesota Statutes 1990, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION.] This chapter is repealed July 1, ~~1994~~ *1993*.

Sec. 31. Minnesota Statutes 1990, section 128B.10, subdivision 2, is amended to read:

Subd. 2. [STATE AUDIT.] The state auditor shall conduct an audit of the school's finances for *each even-numbered fiscal years 1989 and 1990 year without charge to the school. A preliminary or, if completed, a final* The report for ~~fiscal year 1989~~ *of each audit* shall be submitted by ~~February 15, 1990,~~ to the White Earth reservation tribal council, the Pine Point Indian education committee, ~~and the commissioner of education committees of the legislature, and the legislative reference library.~~

Sec. 32. [CAPITAL EXPENDITURE REVENUE TRANSFER.]

*Independent school district No. 309, Park Rapids, shall pay to the White Earth reservation tribal council capital expenditure facilities revenue and capital expenditure equipment revenue that the school district received as a result of including the pupils enrolled in Pine Point school in the school district's pupil count for those revenues. By June 30, 1991, Park Rapids shall pay the amount attributable to fiscal years 1988, 1989, 1990, and 1991. The amounts attributable to fiscal years before 1988 shall be paid according to a schedule agreed upon by the tribal council and the school board. The amounts to be paid shall reflect total revenue and not state aid.*

*Upon request of the tribal council or the school district, the amounts to be paid shall be approved by the state board of education.*

Sec. 33. [STATE AUDITOR'S BILLING FOR PINE POINT SCHOOL.]

*The state auditor may not bill the White Earth tribal council or the Pine Point Indian education committee for the costs or expenses of audits conducted of the school's finances for fiscal years 1989 and 1990. Any bills for the audits shall not be paid by the tribal council or the Indian education committee.*

Sec. 34. [ESTABLISHMENT OF REVOLVING FUND AND APPLICABILITY OF LOAN REPAYMENTS.]

*All loan repayments made by a person according to Laws 1989, chapter 329, article 3, section 22, shall be deposited in the Indian teacher preparation loan repayment revolving fund by the commissioner of finance.*

Sec. 35. [1992 SPECIAL EDUCATION LEVY ADJUSTMENT.]

*A district's maximum special education levy for fiscal year 1992 equals the district's special education levy revenue for fiscal year 1992 according to the provisions in this article for special education levy equalization revenue. A district may levy for taxes payable in 1992 an amount equal to the difference between its maximum special education levy for fiscal year 1992 and the amount it levied for taxes payable in 1991 under Minnesota*

*Statutes, section 275.125, subdivision 8c. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1992.*

**Sec. 36. [INSTRUCTION TO REVISOR.]**

*In the next edition of Minnesota Statutes, the revisor of statutes shall change the phrase "handicapped child" to "child with a disability" wherever it appears in the education code.*

**Sec. 37. [APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 124.32:*

*\$167,105,000 . . . . . 1992*

*\$165,271,000 . . . . . 1993*

*The 1992 appropriation includes \$24,996,000 for 1991 and \$142,109,000 for 1992.*

*The 1993 appropriation includes \$25,078,000 for 1992 and \$140,193,000 for 1993.*

*Subd. 3. [SPECIAL PUPIL AID.] For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries, for whom no district of residence can be determined:*

*\$395,000 . . . . . 1992*

*\$436,000 . . . . . 1993*

*If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.*

*Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:*

*\$4,885,000 . . . . . 1992*

*\$4,800,000 . . . . . 1993*

*The 1992 appropriation is for 1991 summer programs.*

*The 1993 appropriation is for 1992 summer programs.*

*Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:*

*\$66,000 . . . . . 1992*

*\$71,000 . . . . . 1993*

*The 1992 appropriation includes \$7,000 for 1991 and \$59,000 for 1992.*

*The 1993 appropriation includes \$10,000 for 1992 and \$61,000 for 1993.*

*Subd. 6. [RESIDENTIAL FACILITIES AID.] For residential facilities aid according to Minnesota Statutes, section 124.32, subdivision 5:*

\$2,315,000 . . . . . 1992

\$2,535,000 . . . . . 1993

*Subd. 7. [SPECIAL EDUCATION LEVY EQUALIZATION AID.] For special education levy equalization aid:*

\$9,495,000 . . . . . 1993

*The 1993 appropriation includes \$0 for 1992 and \$9,495,000 for 1993.*

*Subd. 8. [ASSURANCE OF MASTERY.] For assurance of mastery aid according to Minnesota Statutes, section 124.311:*

\$12,410,000 . . . . . 1992

\$12,784,000 . . . . . 1993

*The 1992 appropriation includes \$1,751,000 for 1991 and \$10,659,000 for 1992.*

*The 1993 appropriation includes \$1,881,000 for 1992 and \$10,903,000 for 1993.*

*Subd. 9. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:*

\$3,727,000 . . . . . 1992

\$3,922,000 . . . . . 1993

*The 1992 appropriation includes \$512,000 for 1991 and \$3,215,000 for 1992.*

*The 1993 appropriation includes \$567,000 for 1992 and \$3,355,000 for 1993.*

*Subd. 10. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124.48:*

\$1,600,000 . . . . . 1992

\$1,600,000 . . . . . 1993

*Any unexpended balance remaining in the first year does not cancel but is available in the second year.*

*Subd. 11. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:*

\$857,000 . . . . . 1992

\$857,000 . . . . . 1993

*Any unexpended balance remaining in the first year does not cancel but is available in the second year.*

*Subd. 12. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:*

\$591,000 . . . . . 1992

\$590,000 . . . . . 1993

*The 1992 appropriation includes \$89,000 for 1991 and \$502,000 for 1992.*

*The 1993 appropriation includes \$88,000 for 1992 and \$502,000 for 1993.*

*Any unexpended balance remaining in the first year does not cancel but is available in the second year.*

*Subd. 13. [AMERICAN INDIAN EDUCATION.] For certain American Indian education programs in school districts:*

\$175,000 . . . . . 1992

\$175,000 . . . . . 1993

*The 1992 appropriation includes \$26,000 for 1991 and \$149,000 for 1992.*

*The 1993 appropriation includes \$26,000 for 1992 and \$149,000 for 1993.*

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

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

*Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: \$54,800 to Pine Point School; \$9,700 to independent school district No. 166; \$14,900 to independent school district No. 432; \$14,100 to independent school district No. 435; \$42,200 to independent school district No. 707; and \$39,100 to independent school district No. 38. These amounts shall be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.*

*Before a district or school can receive money under this subdivision, the district or school must submit to the commissioner of education evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917.*

*Subd. 14. [INDIAN TEACHER PREPARATION GRANTS.] For joint grants to assist Indian people to become teachers:*

\$190,000 . . . . . 1992

\$190,000 . . . . . 1993

*Up to \$70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.*

*Up to \$40,000 each year is for a joint grant to each of the following:*

*(1) Bemidji state university and the Red Lake school district;*

*(2) Moorhead state university and a school district located within the White Earth reservation; and*

*(3) Augsburg college and the Minneapolis school district.*

*Each post-secondary institution and school district may receive up to*

*\$2,000 each year as its share of the joint grant. Scholarships and loans for students shall be awarded in amounts that allow the maximum number of students to participate.*

*Any unexpended balance remaining the first year does not cancel but is available in the second year.*

**Subd. 15. [TRIBAL CONTRACT SCHOOLS.]**

*For tribal contract school aid according to Minnesota Statutes, section 124.86:*

\$760,000 . . . . . 1992

\$760,000 . . . . . 1993

**Subd. 16. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.]** *For early childhood family education programs at tribal contract schools:*

\$68,000 . . . . . 1992

\$68,000 . . . . . 1993

**Subd. 17. [SECONDARY VOCATIONAL EDUCATION AID.]** *For secondary vocational education aid according to Minnesota Statutes, section 124.573:*

\$11,452,000 . . . . . 1992

\$11,977,000 . . . . . 1993

*The 1992 appropriation includes \$1,758,000 for 1991 and \$9,694,000 for 1992.*

*The 1993 appropriation includes \$1,710,000 for 1992 and \$10,267,000 for 1993.*

**Subd. 18. [SECONDARY VOCATIONAL EDUCATION; PUPILS WITH DISABILITIES.]** *For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:*

\$4,690,000 . . . . . 1992

\$4,598,000 . . . . . 1993

*The 1992 appropriation includes \$729,000 for 1991 and \$3,961,000 for 1992.*

*The 1993 appropriation includes \$699,000 for 1992 and \$3,899,000 for 1993.*

**Subd. 19. [PARENT-TO-PARENT SUPPORT PROGRAM GRANTS.]** *For grants for parent-to-parent support programs:*

\$60,000 . . . . . 1992

\$60,000 . . . . . 1993

**Subd. 20. [STUDENT HEALTH NEEDS STUDY.]** *For a study on the health needs of Minnesota students:*

\$20,000 . . . . . 1992

*The commissioner of education shall conduct a study on the health needs of Minnesota students, including a census of children who have not entered*



kindergarten and students with chronic health conditions that require medical technology or pharmacology for the functioning of one or more body systems, including, but not limited to, tracheostomy suctioning, gastronomy tube feedings, urinary catheterizations, management of seizure disorders, and colostomy care. The study shall include current levels of staffing, the levels of staffing necessary to meet the health needs of these students, the costs associated with providing both levels of staffing, and alternatives, consistent with federal law, for providing services to meet the health needs of these students. The study shall also include a review and recommendations about the proposed curricula and standards for the training and functioning of nursing assistants, as defined in Minnesota Statutes, section 148.171, clause (7), who may be working either as employees of or according to a contract with a school district. The study shall include a review by qualified medical professionals of the appropriate school staff to be performing the procedures identified in the study. The results of the study shall be reported to the legislature by February 1, 1992.

Subd. 21. [INTERAGENCY EDUCATION-TO-WORK TRANSITION.]  
For interagency education-to-work transition demonstration projects:

\$500,000 . . . . . 1992

The commissioner shall develop two demonstration projects in fiscal year 1992 and three demonstration projects in fiscal year 1993.

The appropriation shall be available until June 30, 1993.

Subd. 22. [COMMUNITY LIVING PROGRAMS FOR YOUTHS WITH DISABILITIES.] For grants throughout the state to develop programs to provide education-to-community living services for youths with disabilities:

\$500,000 . . . . . 1992

The appropriation shall be available until June 30, 1993.

Subd. 23. [INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.] For individualized learning and development aid:

\$1,068,000 . . . . . 1992

The 1992 appropriation includes \$1,068,000 for 1991.

Sec. 38. [REPEALER.]

Minnesota Statutes 1990, sections 124.331; 124.332; 124.333; 128B.01; 128B.03, subdivisions 3 and 8; 128B.07; and 275.125, subdivision 8c, are repealed.

Sec. 39. [EFFECTIVE DATE.]

Section 10 is effective for revenue for fiscal year 1993 and thereafter. Section 15, subdivision 8, is effective the day following final enactment.

## ARTICLE 4

### COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1990, section 121.88, subdivision 10, is amended to read:

Subd. 10. [EXTENDED DAY PROGRAMS.] A school board may offer, as part of a community education program, an extended day program for children from kindergarten through grade 6 for the purpose of expanding students' learning opportunities. A program must include the following:

- (1) adult supervised programs while school is not in session;
- (2) parental involvement in program design and direction;
- (3) partnerships with the K-12 system, and other public, private, or nonprofit entities; and
- (4) opportunities, *as part of a youth service program*, for trained secondary school pupils to work with younger children in a supervised setting ~~as part of a community service program and receive credit toward the youth service requirement of a district.~~

The district may charge a sliding fee based upon family income for extended day programs. The district may receive money from other public or private sources for the extended day program. The school board of the district shall develop standards for school age child care programs. The state board of education may not adopt rules for extended day programs.

Sec. 2. Minnesota Statutes 1990, section 121.882, is amended by adding a subdivision to read:

*Subd. 7a. [ALTERNATIVE COUNCIL.] A school board may direct the community education council, required according to section 121.88, subdivision 2, to perform the functions of the advisory council for early childhood family education.*

Sec. 3. Minnesota Statutes 1990, section 123.706, subdivision 6, is amended to read:

Subd. 6. [DEVELOPMENTAL SCREENING.] Developmental screening, according to subdivision 4, clause (1), must be ~~conducted~~ *supervised* by an individual who is licensed as, or has the equivalent training of, a special education teacher, school psychologist, kindergarten teacher, pre-kindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Sec. 4. Minnesota Statutes 1990, section 123.707, subdivision 1, is amended to read:

Subdivision 1. [AID AVAILABILITY.] Screening aid shall be paid to a district meeting the requirements of section ~~123.702~~ *or* 123.706.

Sec. 5. Minnesota Statutes 1990, section 123.707, subdivision 2, is amended to read:

Subd. 2. ~~[AID FOR THREE YEAR OLD CHILDREN]~~ *EARLY CHILDHOOD SCREENING.* Health and developmental screening aid ~~for a three year old screened~~ is the following:

(a) for a child who is enrolled in the medical assistance program or the children's health plan, \$4;

(b) for a child who is covered by a private medical insurance plan that will reimburse the district for some or all of the cost of screening the child, the difference between the amount of eligible reimbursement and ~~\$30~~ \$35, plus \$4; and

(c) for all others, ~~\$30~~ \$35.

Sec. 6. Minnesota Statutes 1990, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] To receive aid under this section,

a district must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

*Adult basic education programs may be approved under this subdivision for up to two years. Two-year program approval shall be granted to an applicant who has demonstrated the capacity to:*

*(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;*

*(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:*

*(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;*

*(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;*

*(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and*

*(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;*

*(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;*

*(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can*

*attain economic self-sufficiency;*

*(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;*

*(6) participate in regional adult basic education peer program reviews and evaluations; and*

*(7) submit accurate and timely performance and fiscal reports.*

Sec. 7. Minnesota Statutes 1990, section 124.26, subdivision 2, is amended to read:

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

Sec. 8. [124.2605] [GED TEST FEES.]

*The commissioner of education shall pay the costs of a GED test taken by an eligible individual. The state board of education shall adopt rules defining eligibility for the purposes of this section.*

Sec. 9. Minnesota Statutes 1990, section 124.261, is amended to read:

124.261 [ADULT HIGH SCHOOL GRADUATION AID.]

Adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times ~~4-35~~ 1.3 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 10. Minnesota Statutes 1990, section 124.2711, is amended to read:

124.2711 [EARLY CHILDHOOD FAMILY EDUCATION ~~AND~~ REVENUE.]

Subdivision 1. [MAXIMUM REVENUE.] ~~(a) The maximum revenue for early childhood family education programs for the 1989 and 1990 fiscal years for a school district is the amount of revenue derived by multiplying \$84.50 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the preceding school year.~~

~~(b) For 1991 and later fiscal years, The maximum revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying \$87.75 \$93.50 for fiscal year 1992 or \$100 for fiscal year 1993 times the greater of:~~

~~(1) 150; or~~

~~(2) the number of people under five years of age residing in the school district on September 1 of the last school year.~~

Subd. 2. [POPULATION.] For the purposes of subdivision 1, data reported to the department of education according to the provisions of section

120.095 may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

*Subd. 2a. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .54 percent for fiscal year 1992 and .596 percent for fiscal year 1993 and thereafter, times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.*

*Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:*

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

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

*In fiscal year 1990 only, a district receiving early childhood family education aid under this subdivision or levy under section 275.125, subdivision 8b, shall receive an additional amount of aid equal to \$.95 times the greater of 450 or the number of people under five years of age residing in the district on September 4 of the last school year. If the district does not levy the entire amount permitted, the early childhood family education aid shall be reduced in proportion to the actual amount levied.*

*Subd. 4. [USE OF REVENUE RESTRICTED.] The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8b, shall Early childhood family education revenue may be used only for early childhood family education programs. The increase in revenue for fiscal years 1992 and 1993 shall be used to increase the number of families participating in early childhood family education programs.*

Sec. 11. Minnesota Statutes 1990, section 124.2713, subdivision 1, is amended to read:

Subdivision 1. [TOTAL COMMUNITY EDUCATION REVENUE.] Community education revenue equals the sum of a district's general community education revenue; ~~youth development plan revenue~~; and youth service program revenue.

Sec. 12. Minnesota Statutes 1990, section 124.2713, subdivision 3, is amended to read:

Subd. 3. [GENERAL COMMUNITY EDUCATION REVENUE.] ~~For fiscal year 1991 and thereafter,~~ The general community education revenue

for a district equals \$5.95 times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

Sec. 13. Minnesota Statutes 1990, section 124.2713, subdivision 5, is amended to read:

Subd. 5. [YOUTH SERVICE REVENUE.] Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals ~~25~~ 75 cents *for fiscal year 1992 and 94 cents for fiscal year 1993 and thereafter*, times the greater of 1,335 or the population of the district.

Sec. 14. Minnesota Statutes 1990, section 124.2713, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY EDUCATION LEVY.] To obtain community education revenue, a district may levy the amount raised by a tax rate of 1.07 percent *for fiscal year 1992 and 1.085 percent for fiscal year 1993 and thereafter*, times the adjusted net tax capacity of the district ~~for taxes payable in 1991 and thereafter~~. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

Sec. 15. Minnesota Statutes 1990, section 124.2713, subdivision 9, is amended to read:

Subd. 9. [USE OF YOUTH SERVICE REVENUE.] Youth ~~development service~~ revenue may be used ~~only to implement the a youth development plan approved by the school board. Youth service revenue may be used only and to provide a youth service program according to section 121.88, subdivision 9.~~

Sec. 16. Minnesota Statutes 1990, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 16, except as indicated in clause (6), and who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) is between the ages of 12 and 21 and has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(b) any pupil 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 pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant

or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(d) any person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has ~~already completed the studies ordinarily required in the 10th grade~~ *at least an eighth grade competency level* but has not completed the requirements for a high school diploma or the equivalent; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

(e) an elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.

Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to a pupil under age 21 who participates in the high school graduation incentives program.

Sec. 17. Minnesota Statutes 1990, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2, clause (a), (b), (c), (d), or (e), may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2, clause (b), (c), or (d), may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, clause (a), (b), (c), (d), or (e), may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (d), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) (1) A pupil who is eligible under subdivision 2, clause (a), (b), (c), or (e), may enroll part time or full time in any nonprofit, nonpublic, non-sectarian school that has contracted with the school district of residence to provide educational services.

(2) *A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (b) or (c), and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this paragraph, may transfer to any nonprofit,*

*nonpublic school that has contracted with the school district of residence to provide nonsectarian educational services.*

(e) ~~An A pupil who is eligible institution providing eligible programs as defined in this under subdivision 2, clause (c) or (d), may contract with an entity providing enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88 for actual program costs.~~

Sec. 18. Minnesota Statutes 1990, section 126.22, subdivision 4, is amended to read:

Subd. 4. [PUPIL ENROLLMENT.] Any eligible pupil 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:

(1) ~~an eligible pupil under subdivision 2 to enroll in a nonresident district that has an eligible program in a nonresident district under subdivision 3 or an area learning center established under section 124C.45; or~~

(2) ~~an eligible pupil under subdivision 2, clause (c) or (d), to enroll in an adult basic education program approved under section 124.26.~~

Sec. 19. Minnesota Statutes 1990, section 126.22, subdivision 8, is amended to read:

Subd. 8. [ENROLLMENT VERIFICATION.] For a pupil attending an eligible program ~~full time~~ under subdivision 3, paragraph (d), the department of education shall pay ~~85 88~~ percent of the basic revenue of the district to the eligible program and ~~45 12~~ percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment using the form provided by the department. ~~For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly.~~ A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.

Sec. 20. Minnesota Statutes 1990, section 126.23, is amended to read:

#### 126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least ~~85 88~~ percent of the basic revenue of the district for each pupil attending the program ~~full time~~. ~~For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly.~~ Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. ~~A district may not receive more than 12 percent of the basic revenue of the district for a full-time pupil or a pro rata amount for a part-time pupil.~~ If payment is made to a district or program for a pupil under this



section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 21. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124.26:*

\$ 7,199,000 . . . . . 1992

\$ 7,446,000 . . . . . 1993

*The 1992 appropriation includes \$761,000 for 1991 and \$6,438,000 for 1992.*

*The 1993 appropriation includes \$1,136,000 for 1992 and \$6,310,000 for 1993.*

*Up to \$300,000 in 1992 and \$300,000 in 1993 may be used for contracts with private, nonprofit organizations for approved programs.*

*Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124.2715:*

\$ 670,000 . . . . . 1992

\$ 670,000 . . . . . 1993

*Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124.2713:*

\$ 3,636,000 . . . . . 1992

\$ 3,559,000 . . . . . 1993

*The 1992 appropriation includes \$498,000 for 1991 and \$3,138,000 for 1991.*

*The 1993 appropriation includes \$552,000 for 1992 and \$3,007,000 for 1993.*

*Subd. 5. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:*

\$12,384,000 . . . . . 1992

\$12,631,000 . . . . . 1993

*The 1992 appropriation includes \$1,549,000 for 1991 and \$10,835,000 for 1992.*

*The 1993 appropriation includes \$1,912,000 for 1992 and \$10,719,000 for 1993.*

*Subd. 6. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, section 123.707:*

\$ 2,021,000 . . . . . 1992

\$ 1,879,000 . . . . . 1993

*The 1992 appropriation includes \$86,000 for 1991 and \$1,935,000 for 1992.*

*The 1993 appropriation includes \$342,000 for 1992 and \$1,537,000 for 1993.*

*Any unexpended balance in the first year does not cancel but is available in the second year.*

*Subd. 7. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:*

*\$ 70,000 . . . . . 1992*

*\$ 70,000 . . . . . 1993*

*Subd. 8. [ADULT GRADUATION AID.] For adult graduation aid:*

*\$ 1,331,000 . . . . . 1992*

*\$ 1,364,000 . . . . . 1993*

*The 1992 appropriation includes \$171,000 for 1991 and \$1,160,000 for 1992.*

*The 1993 appropriation includes \$204,000 for 1992 and \$1,160,000 for 1993.*

*Subd. 9. [GED AND LEARN TO READ ON TV AID.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:*

*\$ 100,000 . . . . . 1992*

*\$ 100,000 . . . . . 1993*

*Subd. 10. [GED TEST FEES.] For payment of GED test fees:*

*\$ 300,000 . . . . . 1993*

*Sec. 22. [REPEALER.]*

*Minnesota Statutes 1990, sections 123.701; 123.702; 123.704; 123.706, subdivision 3a; 123.707, subdivision 3; 124.2713, subdivision 4; and 275.125, subdivision 8b, are repealed.*

## ARTICLE 5

### FACILITIES AND EQUIPMENT

Section 1. Minnesota Statutes 1990, section 124.83, subdivision 3, is amended to read:

Subd. 3. [HEALTH AND SAFETY REVENUE.] A district's health and safety revenue for a fiscal year equals:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable, plus (c) the amount of other federal, state, or local receipts for the district's

hazardous substance or health and safety programs for fiscal year 1985 through the fiscal year to which the levy is attributable.

*The department shall not approve revenue under this section to the extent a district actually receives reimbursement under section 115C.09.*

Sec. 2. Minnesota Statutes 1990, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing (a) ~~the adjusted gross tax capacity for fiscal year 1991, and (b) the adjusted net tax capacity for 1992 and later fiscal years,~~ of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~\$7,103.60 for fiscal year 1991 and \$5,304 for 1992 and later fiscal years \$3,515.~~

Sec. 3. [124.84] [HANDICAPPED ACCESS AND FIRE SAFETY IMPROVEMENTS TO SCHOOL BUILDINGS.]

*Subdivision 1. [REMOVAL OF ARCHITECTURAL BARRIERS.] If a school board has insufficient money in its capital expenditure fund to remove architectural barriers from a building it owns in order to allow a pupil to attend a school in the pupil's attendance area or to meet the needs of an employee with a disability, a district may submit an application to the commissioner of education containing at least the following:*

(1) *program modifications that the board considered, such as relocating classrooms, providing an accessible unisex bathroom, providing alternative library resources, or using special equipment, such as bookcarts, and the reasons the modifications were not feasible;*

(2) *a description of the proposed building modifications and the cost of the modifications; and*

(3) *the age and market value of the building.*

*Individuals developing an application for a school district shall complete a workshop, developed jointly by the commissioner of education and the council on disability, about access criteria.*

*In consultation with the council on disability, the commissioner shall develop criteria to determine the cost effectiveness of removing barriers in older buildings.*

*The commissioner shall approve or disapprove an application within 60 days of receiving it. Before approving or disapproving the application, the commissioner shall consult with the council on disability to assure that the proposed modifications are the most appropriate and cost effective method of providing the needed access for the building. The council on disability shall be reimbursed by the commissioner for the consultation it provides.*

Subd. 2. [FIRE SAFETY MODIFICATIONS.] *If a school district has insufficient money in its capital expenditure fund to make modifications to a school building required by a fire inspection conducted according to section 121.1502, the district may submit an application to the commissioner*

*of education containing information required by the commissioner. The commissioner shall approve or disapprove of the application according to criteria established by the commissioner. The criteria shall take into consideration the cost effectiveness of making modifications to older buildings.*

*Subd. 3. [LEVY AUTHORITY.] The district may levy up to \$250,000 each year for two years, as approved by the commissioner.*

*Sec. 4. Minnesota Statutes 1990, section 272.02, subdivision 8, is amended to read:*

*Subd. 8. [PROPERTY LEASED TO SCHOOL DISTRICTS.] Property that is leased or rented to a school district is exempt from taxation if it meets the following requirements:*

*(1) the lease must be for a period of at least 12 consecutive months;*

*(2) the terms of the lease must require the school district to pay a nominal consideration for use of the building;*

*(3) the school district must use the property to provide direct instruction in any grade from kindergarten through grade 12 ~~or~~; special education for handicapped children ~~or~~; adult basic and continuing education as described in section 124.26; *preschool and early childhood family education; or community education programs*, including provision of administrative services directly related to the educational program at that site; and*

*(4) the lease must provide that the school district has the exclusive use of the property during the lease period.*

*Sec. 5. Minnesota Statutes 1990, section 275.125, subdivision 11d, is amended to read:*

*Subd. 11d. [EXTRA CAPITAL EXPENDITURE LEVY ~~FOR LEASING BUILDINGS TO LEASE A BUILDING AND LAND.~~] When a district finds it economically advantageous to rent or lease a building *or land* for any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building *or land*, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building *or land* for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility owned by a district or for custodial or other maintenance services.*

*Sec. 6. [ST. PAUL DISTRICT BONDS.]*

*Subdivision 1. [NOTICE.] Before voting to issue bonds according to subdivision 2, a school board must prepare and have delivered by mail a notice of the public meeting on the proposed sale of newly authorized bonds to each postal patron residing within the school district. The notice must*

*be mailed at least 15 days but not more than 30 days prior to the scheduled date of the meeting. Notice of the meeting must also be posted in the administrative office of the school district and must be published in the official newspaper of the city in which the school district is located twice during the 14 days preceding the date of the meeting.*

*The notice must contain the following information:*

- (1) the proposed amount of bonds to be issued;*
- (2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;*
- (3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;*
- (4) the projected effects on individual property types. The notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartments, and commercial-industrial properties located within each state senate district; and*
- (5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).*

*Subd. 2. [BONDING AUTHORIZATION.] To provide funds to acquire or better facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1992 through 1996 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar year 1992 may not exceed \$12,500,000 and, for calendar years 1993 through 1996, may not exceed \$9,000,000 for each such calendar year. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section shall be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 124, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.*

*Subd. 3. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 may levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or any other law.*

*Subd. 4. [EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, section 645.021, subdivision 3.*

#### **Sec. 7. [HEALTH AND SAFETY LEVY ADJUSTMENT.]**

*The department of education shall adjust the 1991 payable 1992 levy for each school district or intermediate district by the amount of the change in*

*the district's health and safety levy for fiscal year 1992 according to Minnesota Statutes, section 124.83, subdivision 4, resulting from the change to the health and safety equalizing factor. Notwithstanding Minnesota Statutes, section 121.904, the entire amount levied shall be recognized as revenue for fiscal year 1992.*

**Sec. 8. [HUTCHINSON SCHOOL DISTRICT LEASE PURCHASE LEVY.]**

*Notwithstanding Minnesota Statutes, section 275.125, or other law, independent school district No. 423, Hutchinson, may levy each year for the annual payments required on a lease purchase agreement for a facility for level V emotionally and behaviorally disturbed special education students.*

**Sec. 9. [APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:*

\$73,185,000 . . . . . 1992

\$72,496,000 . . . . . 1993

*The 1992 appropriation includes \$10,920,000 for 1991 and \$62,265,000 for 1992.*

*The 1993 appropriation includes \$10,988,000 for 1992 and \$61,508,000 for 1993.*

*Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:*

\$36,593,000 . . . . . 1992

\$36,247,000 . . . . . 1993

*The 1992 appropriation includes \$5,460,000 for 1991 and \$31,133,000 for 1992.*

*The 1993 appropriation includes \$5,493,000 for 1992 and \$30,754,000 for 1993.*

*Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:*

\$11,560,000 . . . . . 1992

\$11,351,000 . . . . . 1993

*The 1992 appropriation includes \$1,650,000 for 1991 and \$9,910,000 for 1992.*

*The 1993 appropriation includes \$1,748,000 for 1992 and \$9,603,000 for 1993.*

*For fiscal year 1993, total health and safety revenue may not exceed \$58,800,000. The state board of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount. The criteria may not discriminate between the number of pupils in*

*and the geographic location of school districts.*

*If a district's program expenditures for fiscal year 1993 are reduced, the expenditures must not be reduced below the revenue amount the district received for fiscal year 1992.*

*Subd. 5. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:*

*\$ 5,851,000 . . . . . 1993*

*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 to the general fund.*

*Subd. 6. [LAKEVIEW PROGRAM GRANT.] For a grant to independent school district No. 518, Worthington:*

*\$ 25,000 . . . . . 1992*

*The grant is for planning the construction of new residential facilities for the Lakeview program for handicapped students. The grant must be matched with money from nonstate sources.*

*The appropriation is available until June 30, 1992.*

**Sec. 10. [EFFECTIVE DATE.]**

*Section 3 is effective the day following final enactment.*

## ARTICLE 6

### EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1990, section 121.935, is amended by adding a subdivision to read:

*Subd. 5a. [DISTRICT COMPUTING SUBSIDIES.] The appropriation for regional management information centers shall be allocated among the centers according to the allocation for fiscal year 1991. Any part of the appropriation for fiscal year 1991 that was not distributed directly to the centers shall be added to the allocation according to the proportions each center received for fiscal year 1991. Payment of the amount appropriated shall be to school districts. Each school district shall receive a payment equal to:*

*(1) the number of pupil units in the district divided by the number of pupil units in all of the districts that are members of the center; times*

*(2) the allocation for the center of which the district is a member.*

*The payment shall be used by the district to purchase services from a regional management information center, another school district, or other*

*provider, or to provide the services. The payment shall be deposited in the district's capital expenditure fund.*

Sec. 2. Minnesota Statutes 1990, section 121.935, is amended by adding a subdivision to read:

*Subd. 7. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] No district shall be required by an agreement or otherwise to participate in or provide financial support for a regional center for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred by the regional center before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the obligation or debt is discharged.*

Sec. 3. Minnesota Statutes 1990, section 122.241, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 122.241 to 122.248 establish procedures for school boards that adopt, by resolution, a five-year written agreement:

- (1) to provide at least secondary instruction cooperatively for at least one or two years, *if the districts cooperate according to subdivision 2; and*
- (2) to combine into one district ~~after cooperating.~~

Sec. 4. Minnesota Statutes 1990, section 122.241, subdivision 2, is amended to read:

Subd. 2. [COOPERATION REQUIREMENTS.] Cooperating districts shall:

- (1) implement a written agreement according to section 122.541 no later than the first year of cooperation;
- (2) all be members of one education district, if any one of the districts is a member, no later than the end of the second year of cooperation; and
- (3) all be members of one ECSU, if any one of the districts is a member.

*Clause (1) does not apply to a district that implemented an agreement for secondary education, according to section 122.535, during any year before the 1991-1992 school year. If the districts cooperate for one or more years, the agreement may be continued during those years.*

Sec. 5. Minnesota Statutes 1990, section 122.242, subdivision 9, is amended to read:

Subd. 9. [FINANCES.] The plan must state:

(1) ~~whether the method determined by the districts to levy for debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds which may include continuation of previous debt service levies or a reallocation of some or all of the debt service levies;~~

(2) *whether obligations for a capital loan outstanding at the time of combination remain solely with the district that obtained the capital loan*



*or whether the capital loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the capital loan;*

(3) the treatment of debt service levies, *maximum effort debt service levies*, and referendum levies;

~~(3)~~ (4) two-, five-, and ten-year projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 6. Minnesota Statutes 1990, section 122.243, subdivision 2, is amended to read:

Subd. 2. [VOTER APPROVAL.] ~~During the first or second year of cooperation.~~ A referendum on the question of combination shall be conducted *during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate.* The referendum shall be on a date called by the school boards. The referendum shall be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following school year. If a question is submitted, the second referendum must be conducted on a date before October 1. If the referendum fails again, ~~the same question may not be submitted~~ *districts shall modify their cooperation and combination plan.* A ~~different question~~ *third referendum may be submitted* conducted on any date before October 1. Referendums shall be conducted on the same date in all districts.

Sec. 7. Minnesota Statutes 1990, section 122.247, is amended by adding a subdivision to read:

Subd. 2a. [CAPITAL LOAN.] *The combined school board may levy for the obligations for a capital loan outstanding at the time of combination, consistent with the plan adopted according to section 122.242 and any subsequent modifications. The primary obligation to levy as required by the capital loan remains with taxable property in the preexisting district that obtained the capital loan. However, the obligation of a capital loan may be extended to all of the taxable property in the combined district.*

Sec. 8. Minnesota Statutes 1990, section 122.94, is amended by adding a subdivision to read:

Subd. 1a. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] *No school district shall be required by an agreement or otherwise to be a member of, participate in, or provide financial support for any services or activities of the education district for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, a provision in an agreement to effectuate section 122.937 may bind the districts only for the period of time agreed to by the districts.*

*This subdivision shall not affect the continued liability of a school district for its share of debt incurred by the education district board before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the debt is discharged.*

Sec. 9. Minnesota Statutes 1990, section 122.94, subdivision 6, is amended to read:

Subd. 6. [COMMON ACADEMIC CALENDAR.] ~~For 1991-1992 and later school years,~~ The agreement ~~must require~~ *may include provisions to implement* a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar ~~must may include at least~~ the following:

- (1) the number of days of instruction;
- (2) the first and last days of instruction in a school year; and
- (3) the specific days reserved for staff development.

~~Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 122.945. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.~~

Sec. 10. Minnesota Statutes 1990, section 123.35, is amended by adding a subdivision to read:

Subd. 19. [LIMITATION ON ALL AGREEMENTS.] *No district shall be required by any type of formal or informal agreement, including a joint powers agreement, or otherwise to participate in or provide financial support for any purpose related to the agreement for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability for its share of bonded indebtedness or other debt incurred as a result of an agreement before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the obligation or debt is discharged.*

Sec. 11. Minnesota Statutes 1990, section 123.351, subdivision 8, is amended to read:

Subd. 8. [ADDITION AND WITHDRAWAL OF DISTRICTS.] Upon approval by majority vote of a school board, of the center board, and of the state board of education, an adjoining school district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

*No district shall be required by an agreement or otherwise to participate in or provide financial support for any services or activities of the center for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of the district for the following:*

- (1) bonds issued by the district according to subdivision 4, paragraph (a), and outstanding on the effective date of this section;*
- (2) assessments according to subdivision 4, paragraph (c), required before the effective date of this section; and*
- (3) administrative, planning, operating, or capital expenditures, according to subdivision 5, paragraph (b), that were required before the effective date of this section.*

*A district shall fulfill the responsibilities set forth in clauses (1), (2), and (3) incurred before the effective date of this section but only according to the payment schedule in effect on the effective date of this section and only until the responsibilities are discharged.*

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating school district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board shall file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective ~~at the end of the next following school year~~ *July 1* but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

Sec. 12. Minnesota Statutes 1990, section 123.58, is amended by adding a subdivision to read:

*Subd. 4a. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] No district shall be required by an agreement or otherwise to be a member of, participate in, or provide financial support for ECSU services or activities for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of a district for its share of debt incurred by the ECSU before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the debt is discharged.*

Sec. 13. Minnesota Statutes 1990, section 123.58, is amended by adding a subdivision to read:

*Subd. 9a. [ALLOCATION OF STATE APPROPRIATION.] The appropriation for ECSUs shall be allocated among the ECSUs according to the allocation for fiscal year 1991. Payment of the amount appropriated shall be to school districts. Each school district shall receive a payment equal to:*

*(1) the number of pupil units in the district divided by the number of pupil units in all of the districts that are members of the ECSU; times*

*(2) the allocation for the ECSU of which the district is a member.*

*The payment shall be used by the district to purchase educational services from an ECSU, another school district, or other provider, or to provide other educational services.*

Sec. 14. Minnesota Statutes 1990, section 124.2721, subdivision 1, is amended to read:

*Subdivision 1. [ELIGIBILITY.] ~~An education~~ A school district is eligible for education district revenue if ~~the department certifies that it meets the requirements of sections 122.91, subdivisions 3 and 4, and 122.945~~ the district certified a levy for education district revenue in 1991 for taxes payable in 1992. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.*

Sec. 15. Minnesota Statutes 1990, section 124.2721, subdivision 2, is

amended to read:

Subd. 2. [REVENUE.] ~~Each year the education district board shall certify to the department of education the amount of education district revenue to be raised. Education district revenue shall be the lesser of:~~

(1) ~~the amount certified by the education district board; or~~

(2) ~~the sum of:~~

(i) ~~\$60 in basic education district revenue; and~~

(ii) ~~\$50 for education districts authorized to receive revenue under Laws 1990, chapter 562, article 6, section 36, subdivision 2;~~

~~times the actual pupil units in the education district \$48 times the number of pupil units in the district.~~

Sec. 16. Minnesota Statutes 1990, section 124.2721, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The education district levy *for a school district* is equal to the following:

(1) *the sum of the education district revenue according to subdivision 2 for all member school districts of the education district, times*

(2) *the lesser of*

(a) *one, or*

(b) *the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to ~~an~~ the amount equal to the sum of subdivision 2, clause (2), items (i) and (ii), for which the education district is eligible in clause (1) divided by 1.87 percent, times*

(3) *the ratio of the adjusted net tax capacity of the school district to the total adjusted net tax capacity of the education district.*

~~The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.~~

Sec. 17. Minnesota Statutes 1990, section 124.2721, subdivision 4, is amended to read:

Subd. 4. [AID.] ~~The aid for an~~ Education district aid equals *its the* education district revenue minus *its the* education district levy, times the ratio of the actual amount levied to the permitted levy. *If the permitted education district levy exceeds the education district revenue, the department shall reduce other aids due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for aid payments under this subdivision.*

Sec. 18. Minnesota Statutes 1990, section 124.2721, subdivision 5, is amended to read:

Subd. 5. [USES OF REVENUE.] Education district revenue is ~~under the control of the education district board. Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section~~

~~122.94.~~

~~The education district board may pay to member school districts a part of the education district revenue received by the education district under this section only for programs that are (1) available to all member districts, and (2) included in the five-year plan under section 122.945. shall be used only for one or more of the following purposes:~~

~~(1) purchase educational programs offered by another school district, education district, secondary vocational cooperative, special education cooperative, intermediate school district, joint powers board, or an ECSU;~~

~~(2) provide educational programs offered by an education district;~~

~~(3) provide additional revenue for early childhood family education programs, head start programs, or other educational programs for children who have not entered kindergarten;~~

~~(4) provide additional revenue for early childhood health and developmental screening or other health services for children from birth through 12th grade;~~

~~(5) provide services needed by pupils described in section 126.22 or children of any age who have characteristics, as designated by the district, that may interfere with learning and developing;~~

~~(6) provide secondary course offerings if the courses have specific learner outcomes and teachers participate in determining the outcomes;~~

~~(7) provide preparation time for elementary teachers or additional revenue for staff development for outcome-based education or site-based decision making;~~

~~(8) provide revenue for expenditures related to interdistrict cooperation according to section 122.541, agreements for secondary education according to section 122.535, additional revenue for cooperation and combination according to sections 122.241 to 122.248, dissolution and attachment according to section 122.22, or consolidation according to section 122.23;~~

~~(9) provide additional revenue for education programs for adults to earn high school diplomas or equivalency certificates;~~

~~(10) collaborate with local health and human service agencies to provide comprehensive and coordinated services for children and families;~~

~~(11) implement a career teacher program according to sections 124C.27 to 124C.31;~~

~~(12) provide extended day programs for children in elementary school;~~

~~(13) pay fees charged by a regional management information center, according to section 121.935, subdivision 6, or an educational cooperative service unit, according to section 123.58, subdivision 9; or~~

~~(14) make repairs or improvements to buildings as required by a fire safety inspection according to section 121.1502.~~

*The school district may provide the programs and services itself or contract with a public education organization or a public or private health or human service organization. The school district shall not use education district revenue to increase the salaries of the employees of the school district.*

Sec. 19. Minnesota Statutes 1990, section 124.2721, is amended by

adding a subdivision to read:

*Subd. 5a. [FUND TRANSFER AUTHORIZED.] Notwithstanding section 121.912, a district using the education district revenue for fire safety improvements required by fire inspections shall transfer each year the amount needed to make the improvements from the general fund to the capital expenditure fund. A district using education district revenue for purposes that would otherwise be paid from the community service fund shall transfer each year the amount needed from the general fund to the community service fund.*

Sec. 20. Minnesota Statutes 1990, section 124.2725, subdivision 4, is amended to read:

*Subd. 4. [INCREASING LEVY.] (a) For districts that combine without cooperating, the percentage in subdivision 3, clause (2), shall be:*

*(1) 50 percent for the first year of combination; and*

*(2) 25 percent for the second year of combination.*

*(b) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:*

*(1) 100 percent for the first year of cooperation;*

*(2) 75 percent for the first year of combination;*

*(3) 50 percent for the second year of combination; and*

*(4) 25 percent for the third year of combination.*

*(b) (c) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:*

*(1) 100 percent for the first year of cooperation;*

*(2) 75 percent for the second year of cooperation;*

*(3) 50 percent for the first year of combination; and*

*(4) 25 percent for the second year of combination.*

Sec. 21. Minnesota Statutes 1990, section 124.2725, subdivision 5, is amended to read:

*Subd. 5. [COOPERATION AND COMBINATION AID.] (a) Districts that combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.*

*(b) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after three years of combining.*

*(b) (c) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination. Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after two years of combining.*

*(d) In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.*

Sec. 22. Minnesota Statutes 1990, section 124.2725, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL AID.] In addition to the aid in subdivision 5, districts shall receive aid ~~under this subdivision. For the first year of cooperation, a district shall receive, for each resident and nonresident pupil receiving instruction in a cooperating district, \$100 times the actual pupil units. For the first year of combination, the combined district shall receive, for each resident and nonresident pupil receiving instruction in the combined district, \$100 times the actual pupil units according to the following:~~

*(1) for districts that combine without cooperating, \$100 times the actual pupil units in the district in the first year of combination; or*

*(2) for districts that combine after one year of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation, for each resident and nonresident pupil receiving instruction in the cooperating district, and \$100 times the actual pupil units in the combined district for the first year of combination; or*

*(3) for districts that combine after two years of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation, for each resident and nonresident pupil receiving instruction in the cooperating district, and \$100 times the actual pupil units in the combined district for the first year of combination.*

Sec. 23. Minnesota Statutes 1990, section 124.2725, subdivision 8, is amended to read:

Subd. 8. [PERMANENT REVENUE.] (a) ~~For the third year of combination and thereafter, When a combined district is no longer eligible for aid under subdivision 5, it may receive revenue according to this subdivision.~~ A combined district that is not a member of an education district that receives revenue under section 124.2721 may levy each year the lesser of

(i) \$50 times the actual pupil units in the combined district; or

(ii) \$50,000.

(b) A combined district that is a member of an education district receiving revenue under section 124.2721 must not receive revenue under this subdivision.

Sec. 24. Minnesota Statutes 1990, section 124.2725, subdivision 10, is amended to read:

Subd. 10. [REVENUE LIMIT.] Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 actual pupil units. *Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units in the districts.*

Sec. 25. [124.2727] [INTERMEDIATE DISTRICT REVENUE.]

*Subdivision 1. [ELIGIBILITY.] A school district is eligible for intermediate school district revenue if the property in the school district was subject to taxation by or on behalf of an intermediate school district for taxes payable in 1991.*

*Subd. 2. [REVENUE.] Intermediate school district revenues for an eligible school district are equal to the product of:*

*(1) the greater of:*

*(i) the quotient obtained by dividing five-sixths of the levy certified by the intermediate school district for taxes payable in 1989 by the sum of the actual pupil units of the eligible school districts for the fiscal year to which the levy is attributable; or*

*(ii) \$48, times*

*(2) the actual pupil units in the school district for the year to which the levy is attributable.*

*Subd. 3. [LEVY.] The intermediate school district levy for an eligible school district is equal to the product of:*

*(1) the quotient obtained by dividing the sum of the amounts computed in subdivision 2 for all eligible member districts of the intermediate school district by the total adjusted net tax capacity of the intermediate school district; times*

*(2) the adjusted net tax capacity of the school district.*

*Subd. 4. [REVENUE ADJUSTMENTS.] The intermediate school district revenue adjustment for an eligible school district is equal to the intermediate school district revenue minus the intermediate school district levy times the ratio of the actual amount levied to the permitted levy. If the permitted intermediate school district levy exceeds the intermediate school district revenue, the department shall reduce other aid due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for revenue adjustments under this subdivision.*

*Subd. 5. [REVENUE USES.] Five-elevenths of the proceeds of the revenue must be used for special education and six-elevenths of the proceeds of the revenue must be used for secondary vocational education. The district may provide special education or secondary vocational education, or both. The district may purchase some or all of either type of education from the intermediate district, another school district, or any other provider.*

*Sec. 26. Minnesota Statutes 1990, section 124.431, is amended by adding a subdivision to read:*

*Subd. 15. [OBLIGATIONS UPON DISTRICT COMBINATION.] If a district has a capital loan that is outstanding at the time of combination, according to sections 122.241 to 122.248, the obligations for the loan may remain solely with the preexisting district. In that case, the obligation of the taxable property in the preexisting district with respect to payment of the capital loan is not affected by the combination. If the plan for combination provides for payment of the capital loan obligations by the combined district or makes no provision for payment, all of the taxable property in the combined district is taxable for the payment. This subdivision shall not relieve any property from any tax liability for payment of any capital loan obligation.*

*Sec. 27. Minnesota Statutes 1990, section 124.493, is amended by adding a subdivision to read:*



*Subd. 3. [APPLICATIONS.] Districts that apply for a cooperative secondary facilities grant after May 1, 1991, shall:*

*(1) submit a plan as set forth in section 122.242 for approval by the state board of education; and*

*(2) comply with the provisions of sections 122.243 to 122.247, applicable to combined districts.*

*The districts are not eligible for cooperation and combination revenue under section 124.2725. Sections 124.494, 124.4945, and 124.4946 do not apply to districts applying for a grant after May 1, 1991, except for provisions in the sections relating to acquiring, constructing, remodeling, or improving a building or site of a cooperative secondary facility.*

Sec. 28. Minnesota Statutes 1990, section 124.575, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] ~~A secondary vocational cooperative established under section 123.351~~ school district is eligible for secondary vocational cooperative revenue if it ~~meets~~ *certified a secondary vocational cooperative levy for fiscal year 1992 and* the size requirements specified in section 122.91, subdivision 3, and the cooperative ~~offers~~ *offered* programs authorized under section 123.351, subdivision 4, paragraph (b), clause (1), and clause (2) or (3). The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 124.2721.

Sec. 29. Minnesota Statutes 1990, section 124.575, subdivision 2, is amended to read:

Subd. 2. [REVENUE.] ~~Each year the secondary vocational cooperative board shall certify to the department of education the amount of revenue to be raised. Secondary vocational cooperative revenue for the secondary vocational cooperative shall be the lesser of:~~

~~(1) \$20 times the actual pupil units in the secondary vocational cooperative;~~  
~~or~~

~~(2) the amount certified by the secondary vocational cooperative board district.~~

Sec. 30. Minnesota Statutes 1990, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The secondary vocational cooperative levy for a school district is equal to the following:

(1) the *sum of the* secondary vocational cooperative revenue according to subdivision 2 *for all member school districts of the secondary vocational cooperative according to subdivision 1*, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted net tax capacity ~~for taxes payable in 1991 and thereafter~~ of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to \$20 divided by .78 percent ~~for taxes payable in 1991 and thereafter~~, times

(3) *the ratio of the adjusted net tax capacity of the school district to the total adjusted net tax capacity of the secondary vocational cooperative.*

~~The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.~~

Sec. 31. Minnesota Statutes 1990, section 124.575, subdivision 4, is amended to read:

Subd. 4. [AID.] ~~The aid for a~~ Secondary vocational cooperative aid equals ~~its~~ the secondary vocational cooperative revenue minus ~~its~~ the secondary vocational cooperative levy, times the ratio of the actual amount levied to the permitted levy. *If the permitted amount of the secondary vocational cooperative levy exceeds the secondary vocational cooperative revenue, the department shall reduce other aids due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for aid payments under this subdivision.*

Sec. 32. Minnesota Statutes 1990, section 124.575, is amended by adding a subdivision to read:

Subd. 5. [USE OF REVENUE.] *Secondary vocational cooperative revenue shall be used to provide or purchase vocational offerings, special education for handicapped pupils, or other educational programs or services offered by a secondary vocational center, school district, or other provider.*

Sec. 33. Minnesota Statutes 1990, section 124B.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The amount of general education revenue certified by an education district board under section 124B.10 may be increased in any amount that is approved by the voters of the education district at a referendum called for the purpose. The referendum may be called by the education district board or must be called by the education district board upon written petition of qualified voters of the education district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate must be used to finance school operations. The ballot shall designate a specific number of years for which the referendum authorization applies. The ballot may contain a text with the information required in this subdivision and a question stating substantially the following:

“Shall the increase in the levy proposed by (petition to) the board of . . . . ., Education District No. . . . ., be approved?”

(b) If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year before the year the levy is certified is authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the education district at a later referendum.

(c) The education district board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the election to each taxpayer at the address listed on each member district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall

be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the education district.

(d) The notice must include the following statement: "In 1989, the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(e) A referendum on the question of revoking or reducing the increased levy amount authorized under paragraph (a) may be called by the education district board and must be called by the education district board upon the written petition of qualified voters of the education district. A levy approved by the voters of the education district under paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one election may be held to revoke or reduce a levy for any specific year and for later years.

(f) A petition authorized by paragraph (a) or (e) shall be effective if signed by a number of qualified voters in excess of 15 percent of the average number of voters at the two most recent districtwide school elections in all the member school districts. A referendum invoked by petition must be held on the day specified in paragraph (a).

(g) The approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(h) Within 30 days after the education district holds a referendum according to this subdivision, the education district shall notify the commissioner of education of the results of the referendum.

(i) The department shall allocate the amount certified by the education district board under paragraph (a) or subdivision 1 proportionately among the member districts based on net tax capacity. The member districts shall may levy an amount up to the amount allocated.

~~(j) Each year, a member district shall transfer referendum revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:~~

~~(1) 50 percent times~~

~~(2) the amount certified in this subdivision minus homestead and agricultural credit aid allocated for that levy according to section 273.1308, subdivision 6.~~

Sec. 34. Minnesota Statutes 1990, section 136D.22, is amended by adding a subdivision to read:

*Subd. 3. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] No district shall be required by an agreement or otherwise to be a member of, participate in, or provide financial support for any service or*

*activity of the intermediate school district for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred by the intermediate school district before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the obligation or debt is discharged.*

**Sec. 35. [136D.281] [BONDS.]**

*Subdivision 1. [PURPOSE.] The intermediate school board, acting in its own behalf, may issue bonds for the acquisition and betterment of school facilities or equipment or for the funding or refunding of outstanding bonds, warrants, orders, or certificates of indebtedness.*

*Subd. 2. [GENERAL LAW.] Chapter 475 shall be applicable in all respects.*

*Subd. 3. [RESOLUTION.] The purpose and the amount of any borrowing shall first be approved by resolution of the school board of the intermediate school district. When the resolution has been adopted by the intermediate school board it shall be published once in a newspaper of general circulation in said district.*

*Subd. 4. [REFERENDUM.] The intermediate school board shall not sell and issue bonds for acquisition or betterment purposes until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for the intermediate district. The date of the election, the question to be submitted, and all other necessary conduct of the election shall be fixed by the intermediate school board. The election shall be conducted and canvassed under the direction of the intermediate school board in accordance with chapter 205A, insofar as applicable.*

*If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may proceed with the sale and issuance of the bonds.*

*Subd. 5. [GENERAL OBLIGATION BONDS.] The full faith, credit, and unlimited taxing powers of the intermediate school district shall be pledged to the payment of all bonds and certificates of indebtedness, and none of the obligations shall be included in the net debt of any participating school district as defined by section 475.51, subdivision 4, or any other similar law.*

*Subd. 6. [LEVIES FOR PAYMENT.] The intermediate school board upon awarding a contract for the sale of the bonds shall certify to the county auditor or county auditors the years and amounts of taxes required to be levied for the payment of the bonds as provided by section 475.61. The county auditor shall cause taxes to be spread in each year until bonds and interest have been paid upon all of the assessable, taxable valuation of the intermediate school district.*

*Subd. 7. [TAX EXEMPT SECURITIES.] In all other respects chapter 475 shall apply and the bonds shall be deemed authorized securities within the provisions of section 50.14 and shall be deemed instruments of a public governmental agency.*

**Sec. 36. Minnesota Statutes 1990, section 136D.29, is amended to read:**

**136D.29 [TERM OF AGREEMENT; DISSOLUTION; BOND TAXES; WITHDRAWAL.]**

*Subdivision 1. [TERM OF AGREEMENT AND TERMINATION.]* The agreement shall state the term of its duration and may provide for the method of termination and distribution of assets after payment of all liabilities of the joint school board. No termination shall affect the obligation to continue to levy taxes required for payment of any bonds issued as provided in section ~~136D.28~~ 31.

*Subd. 2. [WITHDRAWAL.]* Any participating district may withdraw from the intermediate school district upon mutual consent of a majority vote of the full membership of the participating school board desiring withdrawal and the intermediate school board. If withdrawal resolutions are duly enacted, the intermediate school board shall file a copy of its resolution reciting the necessary facts and file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the following fiscal year but withdrawal shall not affect the continued liability of the withdrawing district and all of the net tax capacity within its geographic confines for its share of the bonded indebtedness outstanding and authorized by the intermediate school district.

Sec. 37. Minnesota Statutes 1990, section 136D.71, is amended to read:

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

*Subdivision 1. [AGREEMENT.]* 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 chapter 205A.

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 northeastern metropolitan intermediate school district, state of Minnesota. The commissioner of education shall assign an appropriate identification number as provided by section 122.03.

*Subd. 2. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.]* No district shall be required by an agreement or otherwise to be a member of, participate in, or provide financial support for any service or activity of the intermediate school district for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred by the intermediate school district before the effective date of

*this section but only according to the payment schedule in effect on the effective date of this section and only until the obligation or debt is discharged.*

Sec. 38. Minnesota Statutes 1990, section 136D.72, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The district shall be operated by a school board of ~~not less than six nor more than 12 members. The board shall consist consisting of at least one member from each of the school districts within the special intermediate school district. Board members shall be members of the school boards of the respective school districts and shall be appointed by their respective school boards. Members shall serve at the pleasure of their respective school boards and may be subject to recall by a majority vote of the school board. They shall report at least quarterly to their boards on the activities of the intermediate district.~~

Sec. 39. Minnesota Statutes 1990, section 136D.76, subdivision 2, is amended to read:

Subd. 2. [JOINDER.] *An independent school district must receive the approval of the state board of education and the state board of technical colleges to become a participant in the intermediate school district. Thereafter, upon approval of the majority vote of its board and of the intermediate school board as well as approval of the state board of education and without the requirement for an election, independent school district No. 138 of Chisago and Isanti counties and independent school district No. 141 of Chisago and Washington counties, and any other independent school district adjoining the territory embraced in the intermediate school district may become a participant in the intermediate school district and be governed by the provisions of sections 136D.71 to 136D.77 thereafter. The net tax capacity of the property within the geographic confines of such district shall become proportionately liable for any indebtedness issued, outstanding or authorized of the intermediate school district.*

Sec. 40. Minnesota Statutes 1990, section 136D.82, is amended by adding a subdivision to read:

Subd. 3. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] *No district shall be required by an agreement or otherwise to be a member of, participate in, or provide financial support for any service or activity of the intermediate school district for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void. However, this subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred by the intermediate school district before the effective date of this section, but only according to the payment schedule in effect on the effective date of this section and only until the obligation or debt is discharged.*

Sec. 41. [136D.88] [BONDS.]

Subdivision 1. [PURPOSE.] *The intermediate school board, acting in its own behalf, may issue bonds for the acquisition and betterment of school facilities or equipment or for the funding or refunding of outstanding bonds, warrants, orders, or certificates of indebtedness.*

Subd. 2. [GENERAL LAW.] *Chapter 475 shall be applicable in all respects.*

Subd. 3. [RESOLUTION.] *The purpose and the amount of any borrowing shall first be approved by resolution of the school board of the intermediate*

*school district. When the resolution has been adopted by the intermediate school board it shall be published once in a newspaper of general circulation in the district.*

*Subd. 4. [REFERENDUM.] The intermediate school board shall not sell and issue bonds for acquisition or betterment purposes until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for the intermediate district. The date of the election, the question to be submitted, and all other necessary conduct of the election shall be fixed by the intermediate school board. The election shall be conducted and canvassed under the direction of the intermediate school board in accordance with chapter 205A, insofar as applicable.*

*If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may thereupon proceed with the sale and issuance of the bonds.*

*Subd. 5. [GENERAL OBLIGATION BONDS.] The full faith, credit, and unlimited taxing powers of the intermediate school district shall be pledged to the payment of all bonds and certificates of indebtedness, and none of the obligations shall be included in the net debt of any participating school district as defined by section 475.51, subdivision 4, or any other similar law.*

*Subd. 6. [LEVIES FOR PAYMENT.] The intermediate school board upon awarding a contract for the sale of the bonds shall certify to the county auditor or county auditors the years and amounts of taxes required to be levied for the payment of the bonds as provided by section 475.61. The county auditor shall cause taxes to be spread in each year until bonds and interest have been paid upon all of the assessable, taxable valuation of the intermediate school district.*

*Subd. 7. [TAX EXEMPT SECURITIES.] In all other respects chapter 475 shall apply and the bonds shall be deemed authorized securities within the provisions of section 50.14, and shall be deemed instruments of a public governmental agency.*

Sec. 42. Minnesota Statutes 1990, section 136D.90, is amended to read:

**136D.90 [TERM OF AGREEMENT, DISSOLUTION, BOND TAXES TERMINATION, AND WITHDRAWAL.]**

*Subdivision 1. [TERM OF AGREEMENT AND TERMINATION.] The agreement shall state the term of its duration and may provide for the method of termination and distribution of assets after payment of all liabilities of the joint school board. No termination shall affect the obligation to continue to levy taxes required for payment of any bonds issued as provided in section ~~136D.89~~ 37.*

*Subd. 2. [WITHDRAWAL.] Any participating district may withdraw from the intermediate school district upon mutual consent of a majority vote of the full membership of the participating school board desiring withdrawal and the intermediate school board. If withdrawal resolutions are duly enacted, the intermediate school board shall file a copy of its resolution reciting the necessary facts and file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the following fiscal year, but withdrawal shall not affect the continued liability of the withdrawing district and all of the net tax capacity within its geographic confines for its share of the bonded indebtedness outstanding and authorized by the intermediate school district.*

Sec. 43. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. ~~Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575,~~ Payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 44. Minnesota Statutes 1990, section 275.125, by adding a subdivision.

Subd. 11g. [EXTRA CAPITAL EXPENDITURE LEVY FOR INTERACTIVE TELEVISION.] *A school district with its central administrative office located within economic development region one, two, eight, and ten may levy up to .5 percent of the adjusted net tax capacity of the district for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 11d shall apply to the levy authority in this subdivision.*

Sec. 45. Laws 1989, chapter 329, article 6, section 53, subdivision 6, as amended by Laws 1990, chapter 562, article 7, section 13, is amended to read:

Subd. 6. [TELECOMMUNICATIONS GRANT.] For grants of up to \$20,000 each to independent school districts Nos. 356, 353, 444, 441, 524, 564, 592, 440, 678, 676, 682, 690, 390, 593, 595, 630, 600, 599, 447, 742, 627, 628, ~~and~~ 454, 561, 601, 603, 413, 402, 403, 896, 891, 418, 409, 584, 411, 412, 414, 404, and 791 to support cooperative educational technology programs:

\$340,000 . . . . . 1991.

*The amount appropriated shall not cancel but shall be available until June 30, 1992.*

Sec. 46. Laws 1989, chapter 329, article 9, section 35, is amended to read:

Sec. 35. [EFFECTIVE DATE.]

Sections 17, 18, and 19 are effective July 1, ~~1992~~ 1993. Section 28 is effective retroactively to May 7, 1988.

Section 30 is effective for the 1989-1990 school year.

Sections 1 and 3 are effective for the 1990-1991 school year and thereafter.

Sec. 47. [RECOGNITION OF COOPERATION REVENUE.]

*Independent school district Nos. 543, Deer Creek, and 819, Wadena, may recognize revenue received for fiscal year 1993 according to Minnesota Statutes, section 124.2725, subdivision 6, in fiscal year 1992.*



**Sec. 48. [AID REDUCTION FOR MOTLEY SCHOOL DISTRICT.]**

*Notwithstanding Minnesota Statutes, section 122.541, or any other law to the contrary, all pupils residing in independent school district No. 483, Motley, who are enrolled and attending school in kindergarten through grade 12 in independent school district No. 793, Staples, shall be treated as non-resident pupils enrolled and attending school in independent school district No. 793, Staples, under Minnesota Statutes, section 120.062, beginning with the 1990-1991 school year. The department of education shall:*

*(1) determine the amount of state education aid calculated under section 120.062, subdivision 12, due district No. 793 as a result of this section;*

*(2) reduce state education aid for district No. 483 in an amount equal to the amount of aid due district No. 793 under clause (1) plus \$110,198.19 for the cost to district No. 793 of educating 48 resident pupils of district No. 483 who attended kindergarten through grade 6 in district No. 793 during the 1989-1990 school year; and*

*(3) pay district No. 793 the amount of state education aid calculated under clause (1).*

**Sec. 49. [DISTRICTS WITH SECONDARY EDUCATION AGREEMENTS.]**

*A district that has had an agreement for secondary education according to Minnesota Statutes, section 122.535, with one or more districts continuously since the 1987-1988 school year is eligible for cooperation and combination revenue if it meets the requirements of Minnesota Statutes, sections 122.241 to 122.248, not later than the first year of cooperation. The department of education shall extend the deadline for submitting a plan in 1991.*

**Sec. 50. [FINLAYSON AND HINCKLEY COOPERATION AND COMBINATION.]**

*Independent school district Nos. 570, Finlayson, and 573, Hinckley, may cooperate and combine under Minnesota Statutes, sections 122.241 to 122.248, and receive revenue under Minnesota Statutes, section 124.2725, even if the districts are not contiguous. The districts shall comply with all other requirements for cooperation and combination.*

**Sec. 51. [OLIVIA OPERATING DEBT LEVY.]**

*Independent school district No. 653, Olivia, may levy to eliminate a deficit in the net unappropriated operating funds of one or more of its component cooperating districts determined as of June 30 at the end of the first year of cooperation, and certified and adjusted by the commissioner. The amount of the levy may be certified over a period not to exceed five years. After the effective date of the combination, this levy must be certified and spread only on the property in the combined district that would have been taxable in the former district that incurred the debt.*

*The amount may be levied by the school board unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of adopting a resolution to levy under this section. The percentage shall be determined according to the number of registered voters in the school district on the day before the petition is filed with the school board. The petition must call for a referendum on the question of whether the district may levy for the project. The approval of 50 percent plus one of those voting on the question is required to pass a referendum.*

## Sec. 52. [APPLICABILITY.]

(a) *The restrictions on the duration of agreements of regional management information centers, education districts, secondary vocational centers, ECSUs, and intermediate school districts apply to agreements in effect on the effective date of the applicable section, modifications of agreements, and future agreements.*

(b) *The provisions relating to capital loans for cooperating and combining districts apply to all districts that have contracts for capital loans the day following final enactment of this act.*

## Sec. 53. [LEVY ADJUSTMENT.]

*The department of education shall adjust the 1991 payable 1992 levy for each school district by the amount of the change in the district's education district levy for fiscal year 1992 according to Minnesota Statutes, section 124.2721, subdivision 3, resulting from the change to education district revenue under section 124.2721, subdivision 2. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1992.*

## Sec. 54. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [EDUCATION DISTRICT AID.] For education district aid according to Minnesota Statutes, section 124.2721:*

*\$2,772,000 . . . . . 1992*

*\$2,275,000 . . . . . 1993*

*The 1992 appropriation includes \$555,000 for 1991 and \$2,217,000 for 1992.*

*The 1993 appropriation includes \$391,000 for 1992 and \$1,884,000 for 1993.*

*Subd. 3. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:*

*\$2,327,000 . . . . . 1992*

*\$4,666,000 . . . . . 1993.*

*The 1992 appropriation includes \$210,000 for 1991 and \$2,117,000 for 1992.*

*The 1993 appropriation includes \$373,000 for 1992 and \$4,293,000 for 1993.*

*Up to \$535,000 of the 1993 appropriation is available for districts that combine without cooperating.*

*Subd. 4. [SECONDARY VOCATIONAL COOPERATIVE AID.] For secondary vocational cooperative aid according to Minnesota Statutes, section 124.575:*

*\$178,000 . . . . . 1992*

*\$165,000 . . . . . 1993*

*The 1992 appropriation includes \$24,000 for 1991 and \$154,000 for 1992.*

*The 1993 appropriation includes \$27,000 for 1992 and \$138,000 for 1993.*

*Subd. 5. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For aid attributable to educational cooperative service units:*

*\$748,000 . . . . . 1992*

*\$748,000 . . . . . 1993*

*The 1992 appropriation includes \$112,000 for 1991 and \$636,000 for 1992.*

*The 1993 appropriation includes \$112,000 for 1992 and \$636,000 for 1993.*

*Subd. 6. [MANAGEMENT INFORMATION CENTERS.] For aid attributable to management information centers:*

*\$3,411,000 . . . . . 1992*

*\$3,411,000 . . . . . 1993*

*Sec. 55. [REPEALER.]*

*Subdivision 1. [JULY 1, 1991.] Minnesota Statutes 1990, sections 121.935, subdivision 5; 122.91, subdivision 7; 122.945, subdivision 4; 124.2721, subdivision 3a; 124.575, subdivision 3a; 124C.02; 136D.27, subdivision 1; 136D.74, subdivisions 2 and 3; 136D.87, subdivision 1; and 275.125, subdivisions 8d and 8e, are repealed.*

*Subd. 2. [IMMEDIATE.] Minnesota Statutes 1990, sections 124.493, subdivision 2; 136D.28; 136D.30; 136D.89; and 136D.91, are repealed.*

*The repeal of Minnesota Statutes, sections 136D.28 and 136D.89, shall not affect any rights or duties relating to bonds issued according to the repealed sections.*

*Sec. 56. [EFFECTIVE DATE.]*

*Sections 2, 8, 9, 11, 12, 33, 35, 36, 37, 38, 39, 40, 41, 42, 52, and 55, subdivision 2, are effective the day following final enactment. Section 51 is effective immediately.*

## ARTICLE 7

### ACCESS TO EXCELLENCE

*Section 1. [121.112] [OFFICE OF EDUCATIONAL LEADERSHIP.]*

*Subdivision 1. [OFFICE.] The commissioner of education shall maintain the office of educational leadership. The purpose of the office is to assist the commissioner in the development of a statewide outcome-based education system.*

*Subd. 2. [OFFICE STAFF.] The commissioner shall appoint the executive director and other staff who shall serve in the unclassified service and who shall perform duties and have responsibilities solely related to the office.*

*Subd. 3. [POWERS AND DUTIES.] The office shall:*

*(1) provide structured research for the development of outcome-based education, including the transformation of educational structures and*

organizations;

(2) evaluate the level and methods of education funding as it relates to alternative learning strategies and organizational structures; and

(3) evaluate, report, and make recommendations to the state board of education.

**Subd. 4. [RESEARCH ADVISORY COMMITTEE.]** *The commissioner of education shall appoint an advisory committee of no more than 15 members to advise the office in ongoing research and development of educational policies and processes that lead to the transformation of the education system. Committee members shall include representatives of at least the following: the board of teaching, the state board of education, the Minnesota association of colleges for teacher education, the education effectiveness advisory task force, the state council on vocational technical education, association of school administrators, association of secondary school principals, Minnesota education association, elementary school principals association, Minnesota federation of teachers, Minnesota school boards association, one teacher education faculty member associated with a research and development site, two teachers selected at large who represent research and development sites, and a parent selected at large.*

**Subd. 5. [INFORMATION CLEARINGHOUSE.]** *The office shall work with districts in the state that have implemented outcome-based education to gather information on instructional strategies and organizational structures. This information shall be used in the research performed by the office and shall be disseminated to other districts through the educational effectiveness program.*

**Sec. 2. [121.113] [RESEARCH AND DEVELOPMENT SITES.]**

**Subdivision 1. [SITE CHARACTERISTICS.]** *The state board of education shall maintain up to ten sites including public schools, school districts, and education districts to serve as research and development sites to examine and implement learner outcome-based education policies.*

*The office of educational leadership shall coordinate the learner outcome-based education transformation efforts of each research and development site and shall provide technical assistance upon request.*

*The educational activities and policies of each site must conform with the research plan of the office. The sites must be located in different geographical areas of the state and include school populations of various sizes and schools at various stages of implementing a learner outcome-based system of education. The sites must establish and maintain an affiliation with a teacher preparation institution that incorporates a learner outcome-based system of education in training beginning teachers. The sites may have been pilot or demonstration sites for other education improvement programs. Sites may be chosen to demonstrate how vocational outcomes can be integrated into a comprehensive education curriculum.*

**Subd. 2. [GRANT AMOUNTS.]** *The state board, in consultation with the office of educational leadership, shall select the sites and determine the amount of the grant to be awarded to each site August 1 of each year of the project for which resources are available.*

**Sec. 3.** Minnesota Statutes 1990, section 121.608, is amended to read:

**121.608 [EDUCATIONAL EFFECTIVENESS PLAN.]**

The commissioner of education shall develop a comprehensive statewide plan for maintaining and improving educational effectiveness in ~~the schools~~ *early childhood family education programs through secondary education programs. The plan shall include provisions for the participation of post-secondary teacher preparation programs and early childhood family education programs.* The plan shall encourage implementation of educational effectiveness strategies based on research findings in the area, develop in-service programs for school district staff, integrate developments in educational technology with classroom instruction, and develop a mechanism for establishing a statewide network to coordinate and disseminate information on research in educational effectiveness. The commissioner may employ consultants and specialists to assist in the development of the plan, and, to the extent possible, shall utilize the information provided by the planning, evaluation, and reporting process and the statewide assessment program. The plan shall be revised as necessary.

Sec. 4. Minnesota Statutes 1990, section 121.609, subdivision 1, is amended to read:

Subdivision 1. [ADVISORY TASK FORCE; PROGRAM IMPLEMENTATION.] The commissioner of education shall appoint an advisory task force to assist the department of education, in cooperation with the educational cooperative service units, in developing an implementation program for providing in-service instruction to school district staff in educational effectiveness. The in-service program shall be based on established principles of instructional design and the essential elements of effective instruction as determined by *existing* educational research *and the office of educational leadership*. The in-service program shall take into account the diverse needs of the school districts due to such factors as district size and location, and shall be structured to facilitate regional delivery of in-service instruction through the educational cooperative service units.

Sec. 5. Minnesota Statutes 1990, section 121.609, subdivision 2, is amended to read:

Subd. 2. [RESEARCH AND DEVELOPMENT OF IN-SERVICE PROGRAM.] The commissioner shall administer a research and development program of educational effectiveness *and outcome-based education* in-service. The advisory task force established in subdivision 1 may recommend modifications in the in-service program as necessary.

Sec. 6. [121.831] [LEARNING READINESS PROGRAMS.]

*Subdivision 1. [ESTABLISHMENT.] A district or a group of districts may establish a learning readiness program for eligible children.*

*Subd. 2. [CHILD ELIGIBILITY.] A child is eligible to participate in a learning readiness program if the child is:*

- (1) at least four years old but has not entered kindergarten; and*
- (2) has participated or will participate in an early childhood screening program according to section 123.706.*

*A child may participate in a program provided by the district in which the child resides or by any other district.*

*Subd. 3. [PROGRAM ELIGIBILITY.] A learning readiness program shall include the following:*

- (1) a social service plan to provide for the needs of the families and*

*collaboration and cooperation with the agencies providing services to meet the needs;*

*(2) a development and learning component to help a child develop socially, intellectually, physically, and emotionally in a manner appropriate to the child's age and level of development;*

*(3) health services and referral services to assist in addressing the medical, dental, mental health, and nutritional needs of the children;*

*(4) a nutrition component to assist in meeting the nutritional needs of the children; and*

*(5) involvement of parents in the educational, health, social service, and other needs of the children.*

*Subd. 4. [PROGRAM CHARACTERISTICS.] Learning readiness programs may include the following:*

*(1) an individualized service plan to meet the individual needs of each child by providing services that reflect the needs of the child;*

*(2) participation by families who are representative of the cultural and socioeconomic diversity of the community;*

*(3) parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;*

*(4) substantial parent involvement, that may include developing curriculum or serving as a paid or volunteer educator, resource person, or other staff;*

*(5) identification of the needs of families with respect to the child's learning readiness;*

*(6) efforts to expand public, business community, and other private collaboration to promote the development of a coordinated system of services available to all families with eligible children;*

*(7) coordination of treatment and follow-up services for all identified health problems;*

*(8) staff and program resources reflective of the racial and ethnic population of the children in the program, including interpreters;*

*(9) transportation for eligible children and parents for whom other forms of transportation are not available or would constitute an excessive financial burden; and*

*(10) substantial outreach efforts to assure participation by families with unmet needs.*

*Subd. 5. [PURCHASE OR CONTRACT FOR SERVICES.] A district may contract with a public or private organization for one or more of the program requirements in subdivision 3, clauses (1) to (4). A district may also pay tuition or fees to place an eligible child in an existing program or to establish a new program. Services may be provided in a center or in the home of the child or a combination of both. The district may not limit participation to residents of the district.*

*Subd. 6. [COORDINATION WITH OTHER PROVIDERS.] The district shall maximize coordination of the learning readiness program with existing service providers located in the community.*

*Subd. 7. [ADVISORY COUNCIL.] Each learning readiness program shall have an advisory council. The school board shall:*

*(1) appoint parents of children enrolled in the program and representatives of early childhood service providers as representatives to an existing advisory council; or*

*(2) appoint a joint council made up of members of existing boards, parents of participating children, and representatives of early childhood service providers.*

*Subd. 8. [PARTICIPATION ENCOURAGED.] The district shall particularly encourage participation of eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness.*

*Subd. 9. [CHILD RECORDS.] A record of a child's progress and development shall be maintained in the child's cumulative record while enrolled in the learning readiness program. The cumulative record shall be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record.*

*Subd. 10. [SUPERVISION.] A licensed teacher shall supervise the program but is not required to be present during the time children and their parents are participating in the program.*

*Subd. 11. [PROGRAM FEES.] A district may adopt a sliding fee schedule based on a family's income but shall waive a fee for a participant unable to pay. The fees charged must be designed to maximize participation in the program by eligible children of all socioeconomic levels.*

*Subd. 12. [ADDITIONAL REVENUE.] A district or organization contracting with the district may receive money or in-kind services from a public or private organization.*

**Sec. 7. [124.2615] [LEARNING READINESS AID.]**

*Subdivision 1. [PROGRAM REVIEW AND COMMENT.] A district must submit to the commissioners of education, health, and jobs and training:*

*(1) a description of the services to be provided;*

*(2) a description of procedures and methods to be used to coordinate public and private resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;*

*(3) agreements with all participating service providers; and*

*(4) an estimate of the total number of eligible children who are expected to participate and, of the total, the number of children from families who would be eligible for free or reduced school lunch.*

*Each commissioner may review and comment on the program, but not approve or disapprove a program, within 30 days of receiving the description.*

*Subd. 2. [AMOUNT OF AID.] A district is eligible to receive learning readiness aid if it has submitted a program description as required by subdivision 1. For fiscal year 1992, the aid is equal to:*

*(1) \$500 times the number of eligible children residing in the district, as*

determined according to section 124.2711, subdivision 2; plus

(2) \$200 times the result of;

(3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times

(4) the number of children in clause (1).

For fiscal year 1993 and thereafter, a district shall receive learning readiness aid equal to:

(1) \$500 times the number of all participating eligible children; plus

(2) \$200 times the number of participating eligible children identified according to section 6, subdivision 8.

*Subd. 3. [USE OF AID.] Learning readiness aid shall be used to provide a learning readiness program and may be used to provide transportation. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.*

*Subd. 4. [SEPARATE ACCOUNTS.] The district shall deposit learning readiness aid in a separate account within the community education fund.*

*Subd. 5. [REPORT.] The district must report by January 1 of 1992 and 1993 to the commissioner of education about the types of services provided through the program, progress made by eligible children, the number of participating children receiving services without charge, the number paying reduced fees, and the number paying the full fee.*

Sec. 8. [124C.10] [CITATION.]

Sections 9 and 10 may be cited as the Minnesota local partnership act.

Sec. 9. [124C.11] [PURPOSE OF THE MINNESOTA LOCAL PARTNERSHIP ACT.]

*The purpose of the Minnesota local partnership act is to design methods to focus on the development and learning of children and youth in Minnesota in the 1990's and the next century. Cooperation and collaboration of all services, including education, health, and human services for children and youth will be encouraged at the local and state level. The program will provide incentives to design a system of child-focused coordinated services to enhance the learning and development of individual children and youth.*

Sec. 10. [124C.12] [MINNESOTA LOCAL PARTNERSHIP PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] A program is established under the direction of the state board of education, with the cooperation of the commissioners of education, health, and human services. It is expected that participants and other districts will become exemplary districts by the year 2000.*

*Subd. 2. [ELIGIBILITY.] An applicant for revenue may be any one of the following:*

*(1) a school district located in a city of the first class offering a program in cooperation with other districts or by itself, in one or more areas in the district or in the entire district;*



(2) at least two cooperating school districts located in the seven-county metropolitan area but not located in a city of the first class;

(3) a group of school districts that are all members of the same education district;

(4) an education district;

(5) a group of cooperating school districts none of which are members of any education district; or

(6) a school district.

**Subd. 3. [COMMUNITY EDUCATION COUNCIL.]** Each revenue recipient must establish one or more community education councils. A community education council may be composed of elected representatives of local governments, an education district board, school boards, human service providers, health providers, education providers, community service organizations, clergy, local education sites, and local businesses. The community education council shall plan for the education, human service, and health needs of the community and collaborative ways to modify or build facilities for use by all community residents. A council formed under this subdivision may be an expansion of and replace the community education advisory council required by section 121.88, subdivision 2.

**Subd. 4. [APPLICATION PROCESS.]** To obtain revenue, a district or districts must submit an application to the state board in the form and manner established by the state board. Additional information may be required by the state board.

**Subd. 5. [REVENUE.]** The state board may award revenue to up to 20 applicants. The board may determine the size of the award based upon the application. Recipients must be located throughout the state.

**Subd. 6. [PROCEEDS OF REVENUE.]** Revenue may be used for initial planning expenses and for implementing child-focused learning and development programs.

**Sec. 11.** Minnesota Statutes 1990, section 126.663, subdivision 2, is amended to read:

**Subd. 2. [STATE LEARNER OUTCOMES.]** The state board of education, with the assistance of the state curriculum advisory committee and the office on educational leadership shall identify and adopt learner goals, essential learner outcomes, and integrated learner outcomes for curriculum areas, under section 120.101, subdivision 6, and for career vocational curricula. Learner outcomes shall include thinking and problem solving skills. *Learner outcomes shall consist of a sequence of outcomes beginning with early childhood programs through secondary education programs.*

**Sec. 12.** Minnesota Statutes 1990, section 126.663, subdivision 3, is amended to read:

**Subd. 3. [MODEL LEARNER OUTCOMES.]** The department shall develop and maintain model learner outcomes in state board identified subject areas, including career vocational learner outcomes. The department shall make learner outcomes available upon request by a district. Learner outcomes shall be for pupils in kindergarten to early childhood through grade 12. The department shall consult with each of the public post-secondary systems and with the higher education coordinating board in developing model learner outcomes appropriate for entry into post-secondary

institutions. Learner outcomes shall include thinking and problem solving skills.

**Sec. 13. [APPROPRIATION.]**

*Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD.] The sums indicated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.*

*Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] To the higher education coordinating board, for scholarship awards for summer programs according to Minnesota Statutes, section 126.56:*

*\$214,000 . . . . . 1992*

*\$214,000 . . . . . 1993*

*Of this appropriation, any amount required by the higher education coordinating board may be used for the board's costs of administering the program.*

**Sec. 14. [APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [LEARNING READINESS PROGRAM REVENUE.] For revenue for learning readiness programs:*

*\$17,000,000 . . . . . 1992*

*\$20,000,000 . . . . . 1993*

*The 1992 appropriation includes \$ . . . . . for 1991 and \$17,000,000 for 1992.*

*The 1993 appropriation includes \$3,000,000 for 1992 and \$17,000,000 for 1993.*

*Any unexpended balance in the first year does not cancel but is available in the second year.*

*Subd. 3. [MINNESOTA LOCAL PARTNERSHIP REVENUE.] For revenue for the Minnesota local partnership act:*

*\$500,000 . . . . . 1992*

*Up to \$5,000 may be used for the expenses of a task force to advise the state board about the program and to make recommendations to the state board about revenue applications.*

*The amount appropriated is available until June 30, 1992.*

*Subd. 4. [AREA LEARNING CENTER GRANTS.] For grants to area learning centers:*

*\$150,000 . . . . . 1992*

*\$150,000 . . . . . 1993*

*Subd. 5. [ARTS PLANNING GRANTS.] For grants for arts planning according to Minnesota Statutes, section 124C.08:*

*\$38,000 . . . . . 1992*

*\$38,000 . . . . . 1993*

*Any unexpended balance in the first year does not cancel but is available in the second year.*

**Subd. 6. [RESEARCH AND DEVELOPMENT GRANTS.]** *For grants for research and development sites:*

\$250,000 . . . . . 1992

\$250,000 . . . . . 1993

*Up to \$20,000 each year may be used for administration and evaluation.*

*Any unexpended balance remaining from fiscal year 1992 does not cancel and is available for fiscal year 1993.*

**Subd. 7. [TECHNICAL ASSISTANCE; RESEARCH AND DEVELOPMENT SITES.]** *For the office of educational leadership to give technical assistance to research and development sites:*

\$125,000 . . . . . 1992

\$125,000 . . . . . 1993

**Subd. 8. [OUTCOME-BASED EDUCATION STAFF DEVELOPMENT PROGRAMS.]** *For outcome-based education staff development programs:*

\$2,000,000 . . . . . 1992

\$5,200,000 . . . . . 1993

*(a) Up to \$50,000 of the appropriation for fiscal year 1992 may be used by the commissioner of education, with the assistance of an advisory committee appointed by the commissioner, to define outcome-based education, determine staff development activities for teachers and districts, develop a scoring system for district applications, and explore the implications of outcome-based education and staff development activities for teacher preparation programs in post-secondary institutions.*

*(b) Up to \$390,000 in fiscal year 1992 and up to \$430,000 in fiscal year 1993 is for the department of education for the outcome-based education staff development program.*

*(c) Up to \$150,000 in fiscal year 1992 and up to \$550,000 in fiscal year 1993 shall be used to award grants of up to \$5,000 to school districts to purchase special equipment necessary to participate in the curriculum, instructional, and assessment banks and to provide electronic networks.*

*(d) Up to \$510,000 in fiscal year 1992 and up to \$920,000 in fiscal year 1993 shall be used to pay stipends to teachers of \$100 each day for two days to become aware of outcome-based education. The teachers in approximately 85 schools in fiscal year 1992 and 153 schools in fiscal year 1993 are eligible to participate.*

*(e) Up to \$900,000 in fiscal year 1992 and up to \$3,300,000 in fiscal year 1993 shall be used to pay stipends to teachers of \$100 each day for up to ten days to plan for implementation of outcome-based education. The teachers in approximately 30 schools in fiscal year 1992 and 110 schools in fiscal year 1993 are eligible to participate.*

*(f) The commissioner of education shall select districts whose teachers may participate in the programs in paragraphs (d) and (e) by December 15 of each year, based on criteria established by the commissioner. The programs shall be provided on days teachers are not required to perform duties in the*

*school district.*

**Sec. 15. [REPEALER.]**

*Minnesota Statutes 1990, section 121.11, is repealed.*

**ARTICLE 8**

**OTHER EDUCATION PROGRAMS**

Section 1. Minnesota Statutes 1990, section 121.912, is amended by adding a subdivision to read:

*Subd. 6. [UNEMPLOYMENT RESERVE BALANCE.] The reserved fund balance for unemployment insurance as of June 30 of each year may not exceed \$10 times the number of pupil units for that year. The department shall reduce the levy certified by the district, according to section 275.125, subdivision 4, the following year for obligations under section 268.06, subdivision 25, by the amount of the excess.*

Sec. 2. Minnesota Statutes 1990, section 124.276, subdivision 4, is amended to read:

**Subd. 4. [USE OF AID.]** Career teacher aid may be used only to implement a career teacher program.

*The aid may also be used to allow secondary pupils to provide services, as part of a youth service program, according to section 121.88, subdivision 9, in an extended day program offered by a district, according to section 121.88, subdivision 10. The services of secondary pupils may be coordinated by a career teacher and shall be eligible for credit for youth service requirements of the district.*

**Sec. 3. [124.278] [MINORITY TEACHER INCENTIVES.]**

**Subdivision 1. [ELIGIBLE DISTRICT.]** A district is eligible for reimbursement under this section if the district has:

- (1) a minority enrollment of more than ten percent; or*
- (2) a desegregation plan approved by the state board of education.*

**Subd. 2. [ELIGIBLE EMPLOYEE.]** The following employees are eligible for reimbursement under this section:

*(1) a teacher who is a member of a minority group and who has not taught in a Minnesota school district during the school year before the year the teacher is employed according to this section; and*

*(2) an aide or an education assistant who is a member of a minority group and who has not been employed as an aide or an education assistant in a Minnesota school district during the school year before the year the aide or education assistant is employed according to this section.*

**Subd. 3. [REIMBURSEMENT.]** Reimbursement shall equal one-half of the salary and fringe benefits, but not more than \$20,000. The district shall receive reimbursement for each year a minority teacher, aide, or education assistant is employed. The department of education shall establish application or other procedures for districts to obtain the reimbursement. The department shall not prorate the reimbursement.

**Subd. 4. [MINORITY GROUP.]** For the purposes of this section, a person is a member of a minority group if the person is African American, American Indian, Asian Pacific American, or an American of Mexican, Puerto Rican,

or Spanish origin or ancestry.

Sec. 4. Minnesota Statutes 1990, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, school districts participating in the national school lunch program shall be paid by the state in the amount of ~~7.5~~ 6.5 cents for each full paid, reduced, and free student lunch served to students in the district.

Sec. 5. Minnesota Statutes 1990, section 124.646, is amended by adding a subdivision to read:

*Subd. 4. [FOOD SERVICE FUND.] Food service administrative and supervisory costs directly attributable to the food service program may be charged to the food service fund. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative and supervisory costs attributable to operating the district, including costs attributable to the superintendent and business manager, may not be charged to the food service fund.*

Sec. 6. Minnesota Statutes 1990, section 124.6472, subdivision 1, is amended to read:

Subdivision 1. [BREAKFAST REQUIRED.] A school district shall offer a school breakfast program in every school building in which:

~~(1) at least 40 percent of the school lunches served during the 1989-1990 second preceding school year were served free or at a reduced price; or~~

~~(2) at least 45 percent of the children in the school would take part in the program, as indicated by a survey of the parents in the school.~~

Sec. 7. [124C.14] [DEMONSTRATION PROJECT GRANTS FOR CHILDREN WITH MENTAL HEALTH PROBLEMS.]

*Subdivision 1. [GRANT PROGRAM ESTABLISHED.] A grant program is established to demonstrate effective mechanisms for coordinating and enhancing social services and education for children experiencing or likely to experience mental health problems.*

*Subd. 2. [SERVICE GRANTS.] The commissioner of education may award up to three grants to districts, groups of districts, or an education district with high concentrations of children experiencing mental health problems to coordinate and enhance social and education services.*

*Project applicants must:*

*(1) evidence an integrated approach to academic, special education, mental health, and family support needs for children with mental health problems;*

*(2) describe how the proposed project will enhance and coordinate outreach, early intervention, outpatient mental health, and family community support services, as described in Minnesota Statutes, section 245.4871;*

*(3) identify how duplicative services will be eliminated or minimized;*

*(4) identify resources, funds, and staff that each agency will contribute;*

*(5) describe how cultural, economic, and linguistic diversity and parent involvement will be assured; and*

*(6) indicate what new or expanded services are being proposed and how*

*they will be coordinated.*

*Subd. 3. [CRITERIA.] The commissioner of education shall develop criteria for awarding grants.*

*Subd. 4. [EVALUATION.] The commissioner of education, in consultation with the commissioner of human services, shall prepare an evaluation of the demonstration project, including its cost-effectiveness and its impact on school performance, out-of-home placement, and parent involvement.*

**Sec. 8. [124C.63] [COMPREHENSIVE HEALTH AND WELLNESS PROGRAM.]**

*Subdivision 1. [APPLICATION; SITE DESIGNATION.] The commissioner of education shall prescribe the form and manner of application by school districts to be designated as sites to participate in the comprehensive health and wellness program. Up to 30 sites may be selected. The commissioner of education shall designate the sites.*

*Subd. 2. [POLICY AND PROGRAM.] Every site shall develop a comprehensive health and wellness education policy and a health and wellness education instructional program to implement the policy.*

*A school district shall establish an advisory committee composed of parents, community members, school board members, and teachers. A majority of the advisory committee shall be parents. The committee shall recommend to the school board a policy on health and wellness and a health and wellness education instructional program.*

*After receiving the recommendations of the advisory committee, the school board shall adopt a comprehensive health and wellness education policy. The policy must be included as part of the district's application to be designated as a site.*

*The health and wellness education instructional program proposed by the advisory committee shall include alternative approaches to achieving the learner outcomes identified in clauses (1) to (7).*

*The program shall include a kindergarten through grade 12 scope and sequence that must be coordinated with the total curriculum, and shall address at least the following:*

*(1) promotion of a wellness lifestyle, including curriculum on physical fitness, nutritional awareness, stress awareness and management, 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; and*

*(7) responses and efforts to prevent identifiable new and existing health problems such as teenage pregnancy, suicide, child abuse, communicable diseases including acquired immune deficiency syndrome, and chronic diseases.*

*The comprehensive health and wellness education policy shall address at least the following:*

*(1) development of health-related attitudes early in life to reduce health risk behavior;*

*(2) facilitation of wellness and healthy attitudes in school district personnel; and*

*(3) staff development programs.*

**Sec. 9. [124C.64] [COMPREHENSIVE SCHOOL HEALTH AND WELLNESS SITES.]**

*Subdivision 1. [FUNDING.] Each health and wellness program site shall receive \$3,000 each year for two years. If fewer than 30 sites are selected, each site shall receive an additional proportionate share of the appropriation available for grants. Before receiving a grant, a long-range plan for the comprehensive health and wellness program must be submitted to and receive review and comment by the department.*

*Subd. 2. [CRITERIA.] The commissioner of education shall establish criteria for site selection. Criteria shall include at least the following:*

*(1) a commitment by the site to designate a program chair for comprehensive health and wellness planning;*

*(2) a commitment by the site to create a committee including parents, students, and representatives of local health and human services agencies whose function is to review the comprehensive health and wellness program;*

*(3) a commitment on the part of committee members to participate in training offered by the department of education;*

*(4) a commitment by the committee to conduct a needs assessment of their comprehensive health and wellness program;*

*(5) a commitment by the committee to establish and offer developmentally and socially appropriate sexual health and responsibility education, including information on male responsibility, decision making, and resistance to peer pressure, for every age and grade level in elementary and secondary schools, taught by trained professionals such as health educators, family life teachers, school nurses, and public health nurses;*

*(6) a commitment by the committee to evaluate its involvement in the program;*

*(7) a commitment by the site to adopt a long-range plan for a comprehensive health and wellness program in the district; and*

*(8) location of sites to assure representation of urban, suburban, and rural districts, and distribution of sites throughout the state.*

*Subd. 3. [PROGRAM ACCOUNTS.] Each site shall designate a fiscal agent to receive grants and shall maintain a separate account for the receipt and disbursement of all money relating to the program. The grants may be spent only for programs, including teacher release time.*

*Subd. 4. [ADDITIONAL FUNDING.] Participating sites may also receive funding for the program from private sources and from other governmental agencies, including any state or federal funding available for a comprehensive health and wellness program.*

**Sec. 10. [124C.65] [DEPARTMENT RESPONSIBILITY.]**

*The department of education's division of school management and support*

*services and division of learning and instructional services, collaboratively with the departments of health and human services and the interagency teen pregnancy prevention task force, shall provide materials, training, and assistance to sites.*

Sec. 11. Minnesota Statutes 1990, section 126.113, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The Minnesota education in agriculture leadership council is established to promote education about agriculture.

Sec. 12. Minnesota Statutes 1990, section 126.113, subdivision 2, is amended to read:

Subd. 2. [GOVERNANCE.] The council must be appointed by the governor and has 12 members. One member must be appointed from each congressional district and the remaining members must be appointed at large. Council terms and removal of members are as provided in section 15.0575. ~~Council members may receive reimbursement for expenses only if sources other than a direct legislative appropriation are available to pay the costs of members' reimbursement.~~ The council is governed by an executive board of directors. The council may organize and appoint committees as it considers necessary.

Sec. 13. [NONOPERATING FUND TRANSFERS.]

*In fiscal year 1992, a school district may permanently transfer money from the capital expenditure fund and from the debt redemption fund, to the extent the transferred money is not needed for principal and interest payments on bonds outstanding at the time of transfer, to the transportation fund, capital expenditure fund, or the debt redemption fund. No levies shall be reduced as a result of a transfer. By December 1, 1992, each district transferring money according to this section shall report to the commissioner of education a report of each transfer. By January 15, 1992, the commissioner of education shall report to the chairs of the education funding divisions of the house of representatives and the senate the aggregate transfers, by fund, made by school districts.*

Sec. 14. [FUND TRANSFER.]

*Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, in fiscal year 1992, the reserved fund balance for unemployment insurance that exceeds \$10 times the number of pupil units in the district during the 1990-1991 school year as of June 30, 1991, remaining, after the levy for unemployment insurance is reduced by the department of education, shall be transferred to the capital expenditure fund or the transportation fund.*

Sec. 15. [BOARD OF TEACHING APPROPRIATION.]

Subdivision 1. [BOARD OF TEACHING.] *The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal year indicated.*

Subd. 2. [FELLOWSHIP GRANTS.] *For fellowship grants to highly qualified minority people seeking alternative preparation for licensure:*

*\$100,000 . . . . . 1992*

*A grant is not to exceed \$5,000 with one-half paid each year for two years.*



*Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.*

*Any unexpended balance in 1992 does not cancel but is available in 1993.*

**Subd. 3. [ASSESSMENT OF SKILLS OF BEGINNING TEACHERS.]** *To continue development of an assessment system for skills of beginning teachers:*

\$500,000 . . . . . 1992

\$500,000 . . . . . 1993

*The appropriations are to continue initiatives to develop structured internships for beginning teachers in professional development schools in Minnesota school districts that will prepare the beginning teachers for a performance assessment of their teaching skills. The appropriations are also to field test a research based model for an assessment system that requires candidates for initial licensure and first continuing licensure to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels. The purposes for which the appropriations are to be used are among specific responsibilities mandated by Minnesota Statutes, section 125.185, subdivision 4. Any unencumbered balance from the appropriation in fiscal year 1992 does not cancel and is available in fiscal year 1993.*

*By January 1, 1994, the board of teaching, in a report to the legislature, must recommend statewide implementation for a particular teacher assessment system including its components and instrumentation. The report must include a cost analysis for the statewide implementation.*

#### **Sec. 16. [APPROPRIATIONS.]**

**Subdivision 1. [DEPARTMENT OF EDUCATION.]** *The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.*

**Subd. 2. [ABATEMENT AID.]** *For abatement aid according to Minnesota Statutes, section 124.214:*

\$6,018,000 . . . . . 1992

\$6,018,000 . . . . . 1993

*The 1992 appropriation includes \$902,000 for 1991 and \$5,116,000 for 1992.*

*The 1993 appropriation includes \$902,000 for 1992 and \$5,116,000 for 1993.*

**Subd. 3. [INTEGRATION GRANTS.]** *For grants to districts implementing desegregation plans mandated by the state board:*

\$14,944,000 . . . . . 1992

\$14,944,000 . . . . . 1993

*\$1,285,200 each year shall be allocated to independent school district No. 709, Duluth; \$7,382,300 each year shall be allocated to special school district No. 1, Minneapolis; and \$6,276,500 each year shall be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must continue to report its costs according to the uniform*

*financial accounting and reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a portion of the grant to the transportation fund for this purpose.*

*Subd. 4. [GRANTS FOR COOPERATIVE DESEGREGATION.] For grants to develop interdistrict school desegregation programs:*

*\$400,000 . . . . . 1992*

*\$200,000 . . . . . 1993*

*The commissioner of education shall award grants to school districts to develop pilot interdistrict cooperative programs to reduce segregation, as defined in Minnesota Rules, part 3535.0200, subpart 4, in school buildings.*

*To obtain a grant, a district that is required to submit a plan under Minnesota Rules, part 3535.0600, with the assistance of at least one adjacent district that is not required to submit a plan, shall submit an application to the commissioner.*

*The application shall contain a plan for:*

*(1) activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents, and the community;*

*(2) implementation of the activities in clause (1) before possible student transfers occur; and*

*(3) possible voluntary transfer of students between districts beginning with the 1991-1992 school year.*

*A grant recipient shall submit a report about its activities.*

*Subd. 5. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:*

*\$8,892,000 . . . . . 1992*

*\$8,892,000 . . . . . 1993*

*The 1992 appropriation includes \$1,333,000 for 1991 and \$7,559,000 for 1992.*

*The 1993 appropriation includes \$1,333,000 for 1992 and \$7,559,000 for 1993.*

*Subd. 6. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:*

*\$6,425,000 . . . . . 1992*

*\$6,425,000 . . . . . 1993*

*Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.*

*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.*

*Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.*

*Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.*

*Subd. 7. [TOBACCO USE PREVENTION.] For tobacco use prevention aid according to Minnesota Statutes, section 124.252:*

*\$100,000 . . . . . 1992*

*The 1992 appropriation includes \$100,000 for 1991.*

*Subd. 8. [ALCOHOL-IMPAIRED DRIVER EDUCATION GRANTS.] For grants for alcohol-impaired driver education according to Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):*

*\$620,000 . . . . . 1992*

*\$620,000 . . . . . 1993*

*This appropriation is from the alcohol-impaired driver account of the special revenue fund.*

*Subd. 9. [CAREER TEACHER AID.] For career teacher aid according to Minnesota Statutes, section 124.276:*

*\$1,500,000 . . . . . 1992*

*\$1,500,000 . . . . . 1993*

*Any unexpended balance remaining in the first year does not cancel but is available in the second year.*

*Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the aid may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.*

*Subd. 10. [MINORITY TEACHER INCENTIVES.] For minority teacher incentives:*

*\$1,000,000 . . . . . 1992*

*Any unexpended balance remaining in 1992 does not cancel but is available in 1993.*

*Subd. 11. [NETT LAKE LIABILITY INSURANCE.] For a grant to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06:*

*\$40,000 . . . . . 1992*

*This sum is available until June 30, 1993.*

*Subd. 12. [NETT LAKE UNEMPLOYMENT COMPENSATION.] For payment of the obligation of independent school district No. 707, Nett Lake, for transfer to the appropriate state agency for unemployment compensation:*

*\$30,000 . . . . . 1992*

*This sum is available until June 30, 1993.*

*Subd. 13. [HEALTH AND WELLNESS GRANTS.] For grants for health and wellness program sites for substitute teachers and program materials:*

*\$45,000 . . . . . 1992*

*\$45,000 . . . . . 1993*

*Subd. 14. [EDUCATION IN AGRICULTURE LEADERSHIP COUNCIL.] For operating expenses of the Minnesota education in agriculture leadership council:*

*\$25,000 . . . . . 1992*

*\$25,000 . . . . . 1993*

*Subd. 15. [MINNESOTA PRINCIPAL ASSESSMENT CENTER.] For the Minnesota principal assessment center:*

*\$70,000 . . . . . 1992*

*\$70,000 . . . . . 1993*

*Subd. 16. [COMPUTER ASSISTED INSTRUCTIONAL STRATEGY GRANTS.] For grants to school districts of up to \$10,000 for each site in a district to purchase or lease computer assisted instructional strategy software:*

*\$250,000 . . . . . 1992*

*Software obtained with grant money shall include programmed teaching instructions that allow for individualized student learning. The commissioner shall give preference to districts with a high level of low-achieving or at-risk pupils. A grant is contingent upon a district providing money to match the grant money.*

*The appropriation is available until June 30, 1993.*

*Subd. 17. [RESEARCH AND IMPROVEMENT GRANTS.] For a collaborative grant program allowing school districts, with the assistance of post-secondary faculty, to develop research projects:*

*\$31,000 . . . . . 1992*

*\$31,000 . . . . . 1993*

*Subd. 18. [GRANTS FOR CHILDREN WITH MENTAL HEALTH PROBLEMS.] For grants for demonstration projects for children with mental health problems:*

*\$250,000 . . . . . 1992*

*\$250,000 . . . . . 1993*

*Sec. 17. [REPEALER.]*

*Minnesota Statutes 1990, sections 124.252; 124C.41, subdivision 7; and 125.231, are repealed.*

## ARTICLE 9

### MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 120.062, subdivision 8a, is amended to read:

Subd. 8a. [WAIVER OF DEADLINES.] (a) Notwithstanding subdivision 4, upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

(b) Notwithstanding subdivision 4, if as a result of an agreement under section 122.541 or 122.535 entered into after January 1 a pupil is assigned to a different school, the pupil may submit an application to a nonresident district after January 1 but before June 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

(c) *Notwithstanding subdivision 4, if the commissioner of education and the commissioner of human rights determine that the policies, procedures, or practices of a school district are in violation of Title VI of the Civil Rights Act of 1964 (Public Law Number 88-352) or chapter 363 and that the violation has harmed the actual educational performance or potential educational performance of pupils in the district, any pupil in the district may submit an application to a nonresident district at any time for enrollment beginning at any time. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice provisions do not apply.*

Sec. 2. [120.0621] [ENROLLMENT OPTIONS PROGRAMS IN BORDER STATES.]

*Subdivision 1. [OPTIONS FOR ENROLLMENT IN ADJOINING STATES.] Minnesota pupils and pupils residing in adjoining states may enroll in school districts in the other state according to:*

- (1) section 120.08, subdivision 2; or*
- (2) this section.*

Subd. 2. [PUPILS IN MINNESOTA.] *A Minnesota resident pupil may enroll in a school district in an adjoining state if the district is located in a county that borders Minnesota.*

Subd. 3. [PUPILS IN BORDERING STATES.] *A non-Minnesota pupil who resides in an adjoining state in a county that borders Minnesota may enroll in a Minnesota school district if either the school board of the district in which the pupil resides or state in which the pupil resides pays tuition to the school district in which the pupil is enrolled. The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1.*

*Subd. 4. [PROCEDURAL REQUIREMENTS.] Except as otherwise provided in this section, the rights and duties set forth in section 120.062 apply to pupils, parents, and school districts if a pupil enrolls in a nonresident district according to this section.*

*Subd. 5. [AID ADJUSTMENTS.] The state of Minnesota shall make adjustments to general education aid, capital expenditure facilities aid, and capital expenditure equipment aid according to sections 124A.036, subdivision 5, and 124.245, subdivision 6, respectively, for the resident district of a Minnesota pupil enrolled in another state according to this section. The state of Minnesota shall reimburse the nonresident district, according to section 120.08, subdivision 1, in which a Minnesota pupil is enrolled according to this section.*

*Subd. 6. [EFFECTIVE IF RECIPROCAL.] This section is effective with respect to South Dakota upon enactment of provisions by South Dakota that are essentially similar to the rights and duties of pupils residing in districts located in South Dakota counties that border Minnesota. After July 1, 1993, this section is effective with respect to any other bordering state upon enactment of provisions by the bordering state that are essentially similar to the rights and duties of pupils residing in and districts located in counties that border Minnesota.*

**Sec. 3. [120.064] [OUTCOME-BASED SCHOOLS.]**

*Subdivision 1. [PURPOSES.] The purposes of this section are to:*

- (1) improve pupil learning;*
- (2) increase learning opportunities for pupils;*
- (3) encourage the use of different and innovative methods of teaching;*
- (4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;*
- (5) establish new forms of accountability for schools; or*
- (6) create new professional opportunities for teachers and other educators, including the opportunity to be responsible for the learning program at the school site.*

*Subd. 2. [APPLICABILITY.] This section applies only to outcome-based schools formed and operated under this section.*

*Subd. 3. [SPONSOR.] A sponsor may be any of the following:*

- (1) a school board;*
- (2) an education district board;*
- (3) an intermediate district board;*
- (4) a joint powers board formed for educational purposes under section 471.59 if at least one of the members is a school board; or*
- (5) the state board of education.*

*A sponsor may authorize as many outcome-based schools as it sees fit. A sponsor need not authorize any outcome-based schools.*

*Subd. 4. [FORMATION OF SCHOOL.] A sponsor may authorize one or more individuals or an organization to form and operate an outcome-based*

*school. An individual or organization shall organize and operate as a cooperative under chapter 308A or nonprofit corporation under chapter 317A. The sponsor's authorization shall be in the form of a written contract between the sponsor and the board of directors of the outcome-based school.*

*Subd. 5. [CONTRACT.] The contract shall be in writing and contain at least the following:*

*(1) a description of a program that carries out one or more of the purposes in subdivision 1;*

*(2) specific outcomes to be achieved by the pupils according to subdivision 10;*

*(3) admission policies and procedures;*

*(4) management and administration of the school;*

*(5) requirements and procedures for program and financial audits;*

*(6) how the school will comply with subdivisions 8, 13, 15, and 21;*

*(7) assumption of liability by the outcome-based school;*

*(8) types and amounts of insurance coverage to be obtained by the outcome-based school; and*

*(9) the term of the contract which may be up to three years.*

*Subd. 6. [ADVISORY COMMITTEE.] (a) The state board of education shall appoint an advisory committee comprised of ten members. At least two members shall be African American, two members shall be American Indian, two members shall be Asian Pacific American, and two members shall be Hispanic. One of each of the two members shall reside within the seven-county metropolitan area and one shall reside within Minnesota but outside of the seven-county metropolitan area. In addition, at least one of each of the two members shall be a parent of a child in any of the grades kindergarten through 12. As least five of the ten members shall have family incomes that would make them eligible for free or reduced school lunches.*

*(b) Each sponsor listed in subdivision 3 shall request the advisory committee to review and make recommendations about a proposal it receives from an individual or organization that is predominately Caucasian to establish an outcome-based school in which one-half or more of the pupils are expected to be non-Caucasian.*

*(c) Each sponsor listed in subdivision 3 may request the advisory committee to review and make recommendations about a proposal it receives from an individual or organization that is predominately non-Caucasian if requested to do so by the individual or organization.*

*Subd. 7. [EXEMPTION FROM STATUTES AND RULES.] Except as provided in this section, an outcome-based school is exempt from all statutes and rules applicable to a school board or school district, although it may elect to comply with one or more provisions of statutes or rules.*

*Subd. 8. [REQUIREMENTS.] (a) An outcome-based school shall meet the same health and safety requirements required of a school district.*

*(b) The school must be located in Minnesota. Its specific location may not be prescribed or limited by a sponsor or other authority except a zoning authority.*

(c) *The school must be nonsectarian in its programs, admission policies, employment practices, and all other operations.*

(d) *The primary focus of the school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.*

(e) *The school may not charge tuition.*

(f) *The school is subject to and shall comply with chapter 363 and section 126.21.*

(g) *The school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.*

(h) *The school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.901 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, and legislative auditor may conduct financial, program, and compliance audits.*

(i) *The school is a school district for the purposes of tort liability according to chapter 466.*

Subd. 9. [ADMISSION REQUIREMENTS.] *The school may limit admission in any of the following ways:*

(1) *pupils within an age group or grade level;*

(2) *people who have attributes designating them as at risk of failure, as defined in section 126.22;*

(3) *pupils who have a specific affinity for the school's teaching methods, the school's learning philosophy, or a subject such as mathematics, science, fine arts, performing arts, or a foreign language; or*

(4) *residents of a specific geographic area if the percentage of the population of non-Caucasian people in the geographic area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, as long as the school is reflective of the racial and ethnic diversity of that area.*

*An eligible pupil who makes timely application shall be accepted, unless the number of applications exceed the capacity of a program, class, grade level, or building. In this case, acceptance of pupils shall be by lot.*

*The school may not limit admission to pupils who have high intellectual ability, high measures of achievement or aptitude, or athletic ability.*

Subd. 10. [PUPIL PERFORMANCE.] *An outcome-based school must design its programs to at least meet the outcomes adopted by the state board of education. In the absence of state board requirements, the school must meet the outcomes as set forth in the contract with the sponsor. The outcomes may exceed any outcomes adopted by the state board.*

Subd. 11. [EMPLOYEES.] *The board of directors of the school shall employ and contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which employed in the school. The board may employ necessary employees*



*who are not required to hold licenses and may contract for other services. The board may discharge teachers and nonlicensed employees.*

*Subd. 12. [HANDICAPPED PUPILS.] The school must comply with sections 120.03 and 120.17 and rules relating to the education of handicapped pupils as though it were a school district.*

*Subd. 13. [LENGTH OF SCHOOL YEAR.] An outcome-based school shall provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.*

*Subd. 14. [REPORTS.] An outcome-based school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.*

*Subd. 15. [TRANSPORTATION.] Transportation for pupils enrolled at a school shall be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the outcome-based school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.*

*Subd. 16. [LEASED SPACE.] The school may lease space from a board eligible to be a sponsor or any other public or private organization.*

*Subd. 17. [INITIAL COSTS.] A sponsor may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital.*

*Subd. 18. [DISSEMINATION OF INFORMATION.] The department of education must prepare and make available to the public, directly and through sponsors, information on how to form and operate an outcome-based school and how to make use of the offerings of an outcome-based school.*

*Subd. 19. [LEAVE TO TEACH IN A SCHOOL.] If a teacher employed by a school district makes a written request for an extended leave of absence for up to five years to teach at an outcome-based school, the school district must grant the leave. The school district may permit a leave to extend beyond five years. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.*

*During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.*

*Subd. 20. [COLLECTIVE BARGAINING.] Employees of the board of directors of the school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of the school*

is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school are separate from any other units.

*Subd. 21. [CAUSES FOR NONRENEWAL OR TERMINATION.] The duration of the contract with a sponsor shall be for the term set forth in the contract according to subdivision 5. The sponsor may or may not renew a contract at the end of the term and may unilaterally terminate a contract during the term of the contract. At least 60 days before not renewing a contract or terminating a contract, the sponsor shall notify the board of directors of the school in writing. The notice shall state the sponsor's grounds in reasonable detail and contain a statement that the board of directors of the school may make a written request for a hearing before the sponsor within 14 days of receiving the notification. If no hearing is requested within the time period, it shall be deemed acquiescence by the board of directors to the sponsor's action. If the board of directors of the school requests a hearing, it must do so in writing within 14 days of receiving the notice. The sponsor shall give reasonable notice to the board of directors of the school of the date set for the hearing and conduct a hearing before taking final action. The sponsor shall take final action to renew, not renew, or terminate by the last day of classes in the school year.*

A contract may be not renewed or terminated upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance set forth in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) for violations of law; or
- (4) other good cause shown.

If a contract is not renewed or terminated, the school shall be dissolved in accordance with the applicable provisions of chapter 308A or 317A.

*Subd. 22. [PUPIL ENROLLMENT.] If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.*

*Subd. 23. [GENERAL AUTHORITY.] The board of directors of an outcome-based school may sue and be sued. The board may not levy taxes or issue bonds.*

*Subd. 24. [IMMUNITY.] A sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to an outcome-based school it has sponsored. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.*

Sec. 4. Minnesota Statutes 1990, section 120.08, subdivision 3, is amended to read:

Subd. 3. [SEVERANCE PAY.] A district shall pay severance pay to a

teacher who is:

(4) placed on unrequested leave of absence by the district ~~because the teacher's position is discontinued~~ as a result of an agreement under this section; and

(2) not employed by another district for the school year following the teacher's placement on unrequested leave of absence. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;

(2) has a continuing contract with the district according to section 125.12, subdivision 4; and

(3) severs all employment and reinstatement rights with the district.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a technical college, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

The severance pay ~~shall be equivalent to the teacher's salary for one year~~ and is subject to section 465.72. The district may levy annually according to section 275.125, subdivision 4, for the severance pay.

Sec. 5. Minnesota Statutes 1990, section 120.59, is amended to read:

120.59 ~~[FLEXIBLE SCHOOL PURPOSE OF FLEXIBLE LEARNING YEAR PROGRAMS; PURPOSE.]~~

The purpose of sections 120.59 to 120.67 is to authorize ~~school~~ districts

to evaluate, plan and employ the use of flexible ~~school~~ *learning* year programs. It is anticipated that the open selection of the type of flexible ~~school~~ *learning* year operation from a variety of alternatives will allow each district which seeks to utilize this concept to suitably fulfill the educational needs of its pupils. These alternatives shall include, but not be limited to, various 45-15 plans, four-quarter plans, quinmester plans, extended ~~school~~ *learning* year plans, flexible all-year plans, and four-day week plans.

Sec. 6. Minnesota Statutes 1990, section 120.60, is amended to read:

120.60 [DEFINITION OF FLEXIBLE LEARNING YEAR.]

"Flexible ~~school~~ *learning* year program" means any ~~school~~ district plan approved by the state board of education which utilizes ~~school~~ buildings and facilities during the entire year and/or which provides forms of optional scheduling of pupils and ~~school~~ personnel during the ~~school~~ *learning* year in elementary and secondary schools or residential facilities for handicapped children.

Sec. 7. Minnesota Statutes 1990, section 120.61, is amended to read:

120.61 [ESTABLISHMENT OF FLEXIBLE LEARNING YEAR PROGRAM.]

The ~~school~~ board of any district, with the approval of the state board of education, may establish and operate a flexible ~~school~~ *learning* year program in one or more of the ~~schools~~ *day* or residential facilities for handicapped children within the district.

Sec. 8. Minnesota Statutes 1990, section 120.62, is amended to read:

120.62 [DIVISION OF CHILDREN INTO GROUPS.]

The ~~school~~ board of any district operating a flexible ~~school~~ *learning* year program in one or more of the ~~schools~~ *facilities* within the district shall divide the students of each selected ~~school~~ *facility* into as many groups as necessary to accommodate this program. Students of the same family shall be placed in the same group unless one or more of these students is enrolled in a special education class or unless the parent or guardian of these students requests that the students be placed in different groups. No ~~school~~ board shall discriminate on the basis of race, color, creed, religion, marital status, status with regard to public assistance, sex, or national origin when assigning pupils to attendance groups pursuant to this section.

Sec. 9. Minnesota Statutes 1990, section 120.63, is amended to read:

120.63 [PUBLIC HEARING BEFORE IMPLEMENTATION.]

Prior to implementing a flexible ~~school~~ *learning* year program in any ~~school~~ *facility* of the district, the ~~school~~ board shall negotiate with the teachers, principals, assistant principals, supervisory personnel and employees of the ~~school~~ to the extent required by the public employment labor relations act, and shall consult with the parents of pupils who would be affected by the change, and with the community at large. These procedures shall include at least three informational meetings for which the board has given published notice to the teachers and employees and to the parents of pupils affected.

Sec. 10. Minnesota Statutes 1990, section 120.64, is amended to read:

120.64 [ASSIGNMENT OF TEACHERS.]

Subdivision 1. In ~~school~~ districts where a flexible ~~school~~ *learning* year program is implemented in fewer than all of the ~~schools~~ *facilities* maintained by the ~~school~~ district, the board of the ~~school~~ district shall make every reasonable effort to assign qualified teachers who prefer ~~the regular school a traditional~~ *the regular school a traditional* schedule to ~~schools facilities~~ of the same level retaining ~~the regular school a traditional~~ *the regular school a traditional* schedule.

Subd. 2. A full-time ~~classroom~~ teacher currently employed by a ~~school~~ district which converts to a flexible ~~school~~ *learning* year program shall not, without the teacher's written consent, be required to teach under this program (1) more or less than the number of scheduled days or their equivalent the ~~schools facilities~~ of the district were maintained during the year preceding implementation of the flexible ~~school~~ *learning* year program; (2) in a period of the calendar year substantially different from the period in which the teacher taught during the year preceding implementation of the flexible *learning* year program.

Subd. 3. In no event shall a teacher's continuing contract rights to a position held the year preceding implementation of a flexible ~~school~~ *learning* year program or teaching experience earned during a probationary period the year preceding implementation be lost or impaired upon adoption of a flexible ~~school~~ *learning* year program. If the year of teaching preceding implementation was the end of a probationary period, the continuing contract right to a full year's contract which normally would be acquired for the next succeeding ~~school~~ *learning* year shall be acquired in the year of adoption of the flexible program.

Subd. 4. Any ~~school~~ district operating a flexible ~~school~~ *learning* year program shall enter into one contract governing the entire ~~school~~ *learning* year with each teacher employed in a flexible program. If individual teachers contract to teach less than a period of 175 days during a ~~school~~ *learning* year, each 175 days of employment accrued during any five-year period after the adoption of a flexible *learning* year program shall be deemed consecutive and shall constitute a full year's employment for purposes of establishing and retaining continuing contract rights to a full ~~school~~ *learning* year position pursuant to sections 125.12, subdivisions 3 and 4, and 125.17, subdivisions 2 and 3. A teacher who has not been discharged or advised of a refusal to renew the teacher's contract by the applicable date, as specified in section 125.12 or 125.17, in the year in which the teacher will complete the requisite number of days for securing a continuing contract shall have a continuing full ~~school~~ *learning* year contract with the district.

Subd. 5. Continuing contract rights established pursuant to this section shall not be impaired or lost by the termination of a flexible ~~school~~ *learning* year program.

Sec. 11. Minnesota Statutes 1990, section 120.65, is amended to read:  
120.65 [ESTABLISHMENT AND APPROVAL.]

The state board of education shall:

(1) establish standards and requirements for the qualification of ~~school~~ districts which may operate on a flexible ~~school~~ *learning* year basis;

(2) establish standards and evaluation criteria for flexible ~~school~~ *learning* year programs;

(3) prepare and distribute all necessary forms for application by any ~~school~~ district for state authorization for a flexible ~~school~~ *learning* year

program;

(4) review the proposed flexible ~~school~~ *learning* year program of any qualified ~~school~~ district as to conformity to standards and the evaluation of appropriateness of priorities, workability of procedure and overall value;

(5) approve or disapprove proposed flexible ~~school~~ *learning* year programs.

Sec. 12. Minnesota Statutes 1990, section 120.66, is amended to read:

120.66 [POWERS AND DUTIES OF THE STATE BOARD.]

Subdivision 1. The state board of education shall:

(1) Promulgate rules necessary to the operation of sections 120.59 to 120.67;

(2) Cooperate with and provide supervision of flexible ~~school~~ *learning* year programs to determine compliance with the provisions of sections 120.59 to 120.67, the state board standards and qualifications, and the proposed program as submitted and approved;

(3) Provide any necessary adjustments of (a) attendance and membership computations and (b) the dates and percentages of apportionment of state aids;

(4) Consistent with the definition of "average daily membership" in section 124.17, subdivision 2, furnish the board of a district implementing a flexible ~~school~~ *learning* year program with a formula for computing average daily membership. This formula shall be computed so that tax levies to be made by the district, state aids to be received by the district, and any and all other formulas based upon average daily membership are not affected solely as a result of adopting this plan of instruction.

Subd. 2. Sections 120.59 to 120.67 shall not be construed to authorize the state board to require the establishment of a flexible ~~school~~ *learning* year program in any district in which the ~~school~~ board has not voted to establish, maintain, and operate such a program.

Sec. 13. Minnesota Statutes 1990, section 120.67, is amended to read:

120.67 [TERMINATION OF PROGRAM.]

The ~~school~~ board of any district, with the approval of the state board of education, may terminate a flexible ~~school~~ *learning* year program in one or more of the ~~schools~~ *day* or residential facilities for handicapped children within the district. This section shall not be construed to permit an exception to section 120.101 or 124.19.

Sec. 14. Minnesota Statutes 1990, section 121.931, subdivision 6a, is amended to read:

Subd. 6a. [DATA STANDARD COMPLIANCE.] The department shall monitor and enforce compliance with the data standards. For financial accounting data and property accounting data, the department shall develop statistically based tests to determine data quality. The department shall annually test the data submitted by districts or regional centers and determine which districts submit inaccurate data. The department shall require these districts to review the data in question and, if found in error, to submit corrected data. *The department shall develop standard editing checks for data submitted and shall provide these to districts and regional centers.*

Sec. 15. Minnesota Statutes 1990, section 121.931, subdivision 7, is amended to read:

Subd. 7. [APPROVAL POWERS.] The state board, with the advice and assistance of the ESV computer council and the information policy office of the department of administration, shall approve or disapprove the following, according to the criteria in section 121.937 and rules adopted pursuant to subdivision 8:

(a) the creation of regional management information centers pursuant to section 121.935; and

(b) ~~the transfer by a district of its affiliation from one regional management information center to another;~~

(c) ~~the use by a district of a management information system other than the ESV-IS subsystem through the regional management information center or a state board approved alternative system management information systems~~ pursuant to section 121.936, subdivisions 2 to 4; and

(d) ~~annual and biennial plans and budgets submitted by regional management information centers pursuant to section 121.935, subdivisions 3 and 4.~~

Sec. 16. Minnesota Statutes 1990, section 121.931, subdivision 8, is amended to read:

Subd. 8. [RULES.] The state board shall adopt rules prescribing criteria for its decisions pursuant to subdivision 7. These rules shall include at least the criteria specified in section 121.937. The state board shall also adopt rules specifying the criteria and the process for determining which data and data elements are included in the data element dictionary and the annual data acquisition calendar developed pursuant to section 121.932, ~~subdivisions 4 and subdivision 2.~~ The state board shall adopt rules requiring regional management information centers to use cost accounting procedures which will account by district for resources consumed at the center for support of each ESV-IS subsystem and of any approved alternative financial management information systems. The adoption of the systems architecture plan and the long range plan pursuant to subdivisions 3 and 4 shall be exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.

Sec. 17. Minnesota Statutes 1990, section 121.932, subdivision 2, is amended to read:

Subd. 2. [DATA ACQUISITION CALENDAR.] The department of education shall maintain a current annual data acquisition calendar specifying the reports which ~~districts are required to provide to the department; the reports which regional management information centers are required to provide must be provided to the department for their affiliated districts; and the dates when these reports are due.~~

Sec. 18. Minnesota Statutes 1990, section 121.932, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION FROM CHAPTER 14.] Except as provided in section 121.931, subdivision 8, the ~~data element dictionary; annual data acquisition calendar; and the essential data elements~~ are exempt from the administrative procedure act but, to the extent authorized by law to adopt

rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.

Sec. 19. Minnesota Statutes 1990, section 121.932, subdivision 5, is amended to read:

Subd. 5. [ESSENTIAL DATA.] The department shall maintain a list of essential data elements which must be recorded and stored about each pupil, licensed and nonlicensed staff member, and educational program. Each school district shall send the essential data to the ESV regional computer center to which it belongs, ~~where it shall be assembled and transmitted or~~ to the department in the form and format prescribed by the department.

Sec. 20. Minnesota Statutes 1990, section 121.933, subdivision 1, is amended to read:

Subdivision 1. [PERMITTED DELEGATIONS.] The state board of technical colleges, the state board of education, and the department may provide, by the delegation of powers and duties or by contract, for the implementation and technical support of ESV-IS and SDE-IS, including the development of applications software pursuant to section 121.931, subdivision 5, ~~by the Minnesota educational computing consortium,~~ by a regional management information center or by any other appropriate provider.

Sec. 21. Minnesota Statutes 1990, section 121.934, subdivision 7, is amended to read:

Subd. 7. [ADVISORY DUTIES.] (a) Pursuant to section 121.931, the ESV computer council shall advise and assist the state board in:

(1) the development of the long-range plan and the systems architecture plan;

(2) the development of applications software for ESV-IS and SDE-IS;

(3) the approval of the creation ~~and alteration~~ of regional management information centers;

(4) the approval of ~~the use by districts~~ of alternative management information systems; ~~and~~

(5) the statewide applicability of alternative management information systems proposed by districts; ~~and~~

(6) ~~the approval of annual and biennial plans and budgets of regional management information centers; and~~

(7) ~~the monitoring and enforcement of compliance with data standards.~~

(b) The council shall also review the data standards recommended by the council on uniform financial accounting and reporting standards and the advisory task forces on uniform standards for student reporting and personnel/payroll reporting and make recommendations to the state board concerning:

(1) the consistency of the standards for finance, property, student and personnel/payroll data with one another;

(2) the implications of the standards for implementation of ESV-IS and SDE-IS; and

(3) the consistency of the standards with the systems architecture plan and the long-range plan.



(c) Pursuant to section 121.932, the council shall advise the department in the development and operation of SDE-IS.

Sec. 22. Minnesota Statutes 1990, section 121.935, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] Any group of two or more independent, special or common school districts may with the approval of the state board pursuant to sections 121.931 and 121.937 create a regional management information center pursuant to section 123.58 or 471.59 to provide computer services to school districts. A regional management information center ~~which is not in existence on July 1, 1979~~ shall not come into existence until the first July 1 of an ~~odd-numbered year~~ after its creation is approved by the state board or until it can be accommodated by state appropriations, ~~which-ever occurs first. Each member of the center board shall be a current member of a member school board.~~

Sec. 23. Minnesota Statutes 1990, section 121.935, subdivision 4, is amended to read:

Subd. 4. [~~BIENNIAL~~ ANNUAL BUDGET ESTIMATES.] Every regional management information center shall submit to the department by July 1 ~~of each even-numbered year a biennial~~ *an annual* budget estimate for its administrative and management computer activities. The ~~biennial~~ budget estimates shall be in a program budget format and shall include all estimated and actual revenues, expenditures, and fund balances of the center ~~for the appropriate fiscal years.~~ Budget forms developed pursuant to section 16A.10 may be used for these estimates. The department of education shall assemble this budget information into a supplemental ~~biennial~~ budget summary for the statewide elementary, secondary, and vocational management information system. Copies of ~~this supplemental biennial the~~ budget summary shall be provided to the ESV computer council and the department of finance, and shall be available to the legislature upon request.

Sec. 24. Minnesota Statutes 1990, 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 obligations, as defined in section 475.51, for computer hardware.~~ If a district uses a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district is liable for its contracted proportionate share of the outstanding regional ~~debt obligation.~~ The district is not liable for any additional outstanding regional ~~debt obligations that occurs occur~~ after written notice is given to transfer or use an alternative finance system. A regional management information center must not charge a district for transferring the district's summary financial data and essential data elements to the state. The regional management information center may charge the district for any service it provides to, or performs on behalf of, a district to render the data in the proper format for reporting to the state. *If a district transfers to another regional center, the center shall transfer to the district within 90 days after the end of the fiscal year the district's per actual pupil share of the center's unreserved fund balance in each fund. The fund balance shall be determined as of June 30 preceding the year the district transfers.*

Sec. 25. Minnesota Statutes 1990, section 121.935, is amended by adding

a subdivision to read:

*Subd. 8. [COMPUTER HARDWARE PURCHASE.] A regional management information center may not purchase or enter into a lease-purchase agreement for computer hardware in excess of \$100,000 without unanimous consent of the center board.*

Sec. 26. Minnesota Statutes 1990, 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 121.917.

(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 *financial management accounting* 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 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. 27. Minnesota Statutes 1990, section 121.936, subdivision 2, is amended to read:

Subd. 2. [ALTERNATIVE MANAGEMENT INFORMATION SYSTEMS.] A district may be exempted from the requirement in subdivision 1, clause (b)(2), if it ~~receives the approval of the state board to use~~ *uses another financial management information system approved by the state board.* A district permitted before July 1, 1980, to submit its financial transactions in summary form to a regional management information center pursuant to subdivision 1 may continue to submit transactions in the approved form without obtaining the approval of the state board pursuant to this subdivision. ~~A district may be exempted from the requirement in subdivision 1a, clause (b), if it receives the approval of the state board to use~~

~~an alternative fixed assets property management information system.~~ Any district desiring to use another management information system *not previously approved by the state board* shall submit a detailed proposal to the state board and the ESV computer council. The detailed proposal shall include a statement of all costs to the district, regional management information center or state for software development or operational services needed to provide data to the regional management information center pursuant to the data acquisition calendar.

Sec. 28. Minnesota Statutes 1990, section 121.936, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE SYSTEMS; STATE BOARD.] Upon approval of the proposal by the state board the district may proceed in accordance with its approved proposal. Except as provided in section 121.931, subdivision 5, an alternative system approved pursuant to this subdivision shall be developed and purchased at the expense of the district. *Notwithstanding any law to the contrary, when an alternative system has been approved by the state board, another district may use the system without state board approval.* A district which has submitted a proposal for an alternative system which has been disapproved may not submit another proposal for that fiscal year, but it may submit a proposal for the subsequent fiscal year.

Sec. 29. Minnesota Statutes 1990, section 121.937, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL CRITERIA.] The criteria adopted by the state board for approval of the creation of a regional management information center; ~~the transfer of a school district's affiliation from one regional management information center to another;~~ and the approval of an alternative management information system shall include:

- (a) The provisions of the plans adopted by the state board pursuant to section 121.931, subdivisions 3 and 4;
- (b) The cost effectiveness of the proposed center; ~~transfer~~ or alternative;
- (c) The effect of the proposed center; ~~transfer~~ or alternative on existing regional management information centers; and
- (d) Whichever of the following is applicable:
  - (i) The ability of a proposed center to comply with section 121.935, ~~or the effect of a transfer on a center's ability to comply with section 121.935,~~ or
  - (ii) The ability of a proposed alternative financial management information system to comply with section 121.936, subdivision 1, clauses (a) and (b) (1), or
  - (iii) The ability of a proposed alternative fixed assets property management information system to comply with ~~sections section 121.936, subdivision 1, clause (b)(1); and 121.936, subdivision 1a, clause (a).~~

Sec. 30. Minnesota Statutes 1990, section 122.41, is amended to read:

122.41 [POLICY DUTY TO MAINTAIN ELEMENTARY AND SECONDARY SCHOOLS.]

The policy of the state is to encourage organization of school districts into units of administration to afford better educational opportunities for all pupils; make possible more economical and efficient operation of the schools; and

insure more equitable distribution of public school revenue. To this end all area of the state shall be included in an independent or special school district maintaining. Each school district shall maintain classified elementary and secondary schools, grades 1 through 12, unless a the district is exempt according to section 122.34 or 122.355, has made an agreement with another district or districts as provided in sections 122.535, 122.541, or sections 122.241 to 122.248, or 122.93, subdivision 8, or has received a grant under sections 124.492 to 124.495, or unless all of the pupils in one or more grades are enrolled in an outcome-based school, established according to section 3. A district that has an agreement according to sections 122.241 to 122.248 or 122.541 shall operate a school with the number of grades required by those sections. A district that has an agreement according to section 122.535 or 122.93, subdivision 8, or has received a grant under sections 124.492 to 124.495 shall operate a school for the grades not included in the agreement, but not fewer than three grades. A district in which all of the pupils in one or more grades are enrolled in an outcome-based school shall operate at least three grades.

Sec. 31. Minnesota Statutes 1990, section 122.535, subdivision 6, is amended to read:

Subd. 6. [SEVERANCE PAY.] A district shall pay severance pay to a teacher who is:

(1) placed on unrequested leave of absence by the district because the teacher's position is discontinued as a result of the agreement; and

(2) not employed by another district for the school year following the teacher's placement on unrequested leave of absence. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;

(2) has a continuing contract with the district according to section 125.12, subdivision 4; and

(3) severs all employment and reinstatement rights with the district.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a technical college, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six

*months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.*

The severance pay ~~shall be equivalent to the teacher's salary for one year~~ and is subject to section 465.72. The district may levy annually according to section 275.125, subdivision 4, for the severance pay.

Sec. 32. Minnesota Statutes 1990, section 122.541, subdivision 7, is amended to read:

Subd. 7. [MEETING LOCATION.] Notwithstanding any law to the contrary, school boards that have an agreement may hold a valid joint meeting at any location that would be permissible for one of the school boards participating in the meeting. *A school board that has an agreement may hold a meeting in any district that is a party to the agreement. The school board shall comply with section 471.705 and any other law applicable to a meeting of a school board.*

Sec. 33. [122.895] [EMPLOYEES OF COOPERATIVE DISTRICTS UPON DISSOLUTION OR WITHDRAWAL.]

Subdivision 1. [DEFINITIONS.] *For purposes of this section, "teacher" means a teacher as defined in section 125.12, subdivision 1, who is employed by a district or center listed in subdivision 2, except that it does not include a superintendent. "Cooperative" means any district or center to which this section applies.*

Subd. 2. [APPLICABILITY.] *This section applies to:*

(1) *an education district organized according to sections 122.91 to 122.95;*

(2) *a cooperative vocational center organized according to section 123.351;*

(3) *a joint powers district or board organized according to section 471.59;*

(4) *a joint vocational technical district organized according to sections 136C.60 to 136C.69; and*

(5) *an intermediate district organized according to chapter 136D.*

Subd. 3. [NOTIFICATION OF TEACHERS.] *In any year in which a cooperative dissolves or a member withdraws from a cooperative, the governing board of a cooperative shall provide all teachers employed by the cooperative written notification by March 10 of:*

(1) *the dissolution of the cooperative and the effective date of dissolution; and*

(2) *the withdrawal of a member of the cooperative and the effective date of withdrawal.*

*Subd. 4. [RIGHTS OF TEACHERS TENURED IN A MEMBER DISTRICT UPON DISSOLUTION.] (a) This subdivision applies to a teacher who:*

- (1) had a continuing contract with a member district;*
  - (2) has been continuously employed after leaving the member district by one or more cooperatives that provided instruction to resident pupils of the member district; and*
  - (3) is either a probationary teacher or has a continuing contract with the cooperative that is dissolving.*
- (b) A teacher may elect to resume the teacher's continuing contract with the member district by filing a written notice of the election with the member school board. A teacher who does not file written notice by March 20 may not exercise any rights accorded by this subdivision.*

*The member district shall make reasonable realignments of course assignments for the protection of the seniority rights of a teacher resuming continuing contract rights in the member district according to this subdivision. The teacher does not have a right to the same part of a position that the teacher held in the cooperative.*

*Upon returning the teacher shall receive credit for:*

- (1) all years of continuous service under contract with the cooperative and the member district for all purposes relating to seniority and employment benefits; and*
  - (2) the teacher's current educational attainment on the member district's salary schedule.*
- (c) A teacher who does not elect to return to a member district according to this subdivision may exercise rights under subdivision 5.*

*Subd. 5. [RIGHTS OF OTHER TEACHERS UPON DISSOLUTION.] (a) This subdivision applies to a teacher who:*

- (1) has a continuing contract with the cooperative; and*
  - (2) either did not have a continuing contract with any member district or does not elect to return to a member district.*
- (b) By May 10, the cooperative shall provide to each teacher described in subdivision 4 and this subdivision a written notice of available teaching positions in the districts providing services through the cooperative at the time of dissolution. Available teaching positions are all teaching positions that, during the school year following dissolution:*
- (1) require a license under which instruction has been provided by the cooperative during the three years preceding dissolution, or other vacant positions for which the teacher is licensed; and*
  - (2) are not assigned to a nonprovisionally licensed, continuing contract teacher employed by the member school districts in order to accommodate the seniority rights of teachers employed by the member district, according to section 125.12, subdivision 6a or 6b.*

*(c) On or before June 15, any teacher wishing to do so must file with the school board a written notice of the teacher's intention to exercise the teacher's rights for an available teaching position for which the teacher is licensed.*

(d) *This paragraph applies to a district that was a member of a dissolved cooperative and any other district providing instruction that was provided by the dissolved cooperative to pupils residing in a district that was a member of the dissolved cooperative. Except as provided in this paragraph, for five years following dissolution of a cooperative, a district may not appoint a new teacher or assign a probationary or provisionally licensed teacher to any position requiring licensure in a field in which the dissolved cooperative provided instruction. An appointing or assigning district shall provide each teacher formerly employed by the dissolved cooperative who holds the requisite licensure with written notice of a position's availability at least 30 days prior to the appointment or assignment. If no such teacher files a written request to be appointed to the position with the board of education within 21 days of receiving the notice, the district may fill the position as it sees fit. During any part of and the first full school year following dissolution, a teacher may file a request for an appointment according to this paragraph regardless of prior contractual commitments with other member districts.*

(e) *A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the appointing district's salary schedule for the teacher's years of experience and the teacher's educational attainment at the time of appointment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for accumulations of sick leave and rights to severance benefits according to the collective bargaining agreement with the dissolved cooperative.*

**Subd. 6. [RIGHTS OF TEACHERS TENURED IN A MEMBER DISTRICT UPON WITHDRAWAL OF THE DISTRICT.]** (a) *This subdivision applies to a teacher who:*

(1) *had a continuing contract with a member district which withdraws from a cooperative;*

(2) *has been continuously employed after leaving the member district by one or more cooperatives that provided instruction to resident pupils of the member district; and*

(3) *is either a probationary teacher or has a continuing contract with the cooperative from which the member district is withdrawing.*

(b) *A teacher may elect to resume the teacher's continuing contract with the withdrawing district by filing a written notice of the election with the withdrawing school board. A teacher who does not file written notice by March 20 may not exercise any rights accorded by this subdivision.*

*The member district shall make reasonable realignments of course assignments for the protection of the seniority rights of a teacher resuming continuing contract rights in the member district according to this subdivision. The teacher does not have a right to the same part of a position that the teacher held in the cooperative.*

*Upon returning, the teacher shall receive credit on the district's salary schedule for the teacher's years of experience and the teacher's current educational attainment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for accumulations of sick leave and rights to severance benefits according to the collective bargaining agreement with the cooperative.*

**Subd. 7. [RIGHTS OF TEACHER PLACED ON UNREQUESTED**

LEAVE UPON WITHDRAWAL.] (a) *This subdivision applies to a teacher who is placed on unrequested leave of absence by a cooperative from which a member district is withdrawing.*

(b) *A teacher shall be appointed by the withdrawing district, or by any other district providing instruction to the withdrawing district's resident pupils in subject areas in which the pupils received instruction from the cooperative, to a teaching position within fields of licensure in which the cooperative provided instruction to resident pupils of the withdrawing district. For the purpose of this subdivision, an available teaching position includes any position that after June 1 is vacant or occupied by a probationary or provisionally licensed teacher.*

(c) *A board may not appoint a new teacher to any available teaching position unless no teacher on unrequested leave from the cooperative has filed a written request for appointment. The request shall be filed with the board of the appointing district within 30 days of receiving written notice from the appointing board that a position is available.*

(d) *A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the district's salary schedule for the teacher's years of experience and the teacher's educational attainment at the time of appointment.*

**Subd. 8. [NONLICENSED EMPLOYEES UPON DISSOLUTION.]** *A nonlicensed employee of a dissolved cooperative may be appointed by a district that is a member of the dissolved cooperative to a position that is available at the time of the dissolution of the cooperative.*

**Subd. 9. [NONLICENSED EMPLOYEES UPON WITHDRAWAL.]** *A nonlicensed employee of a cooperative whose position is discontinued as a result of withdrawal of a district from a cooperative may be appointed by a district that withdraws to a position that is available at the time of withdrawal.*

Sec. 34. Minnesota Statutes 1990, section 123.34, subdivision 10, is amended to read:

**Subd. 10. [PRINCIPALS.]** *Each public school building, as defined by section 120.05, subdivision 2, clauses (1), (2) and (3), in an independent school district shall be under the supervision of a principal who is assigned to that responsibility by the board of education in that school district upon the recommendation of the superintendent of schools of that school district. If pupils in kindergarten through grade 12 attend school in one building, one principal may supervise the building.*

*Each principal assigned the responsibility for the supervision of a school building shall hold a valid ~~certification~~ license in the assigned position of supervision and administration as established by the rules of the state board of education.*

*The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the school district and in accordance with the policies, rules, and regulations of the board of education, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.*

Sec. 35. Minnesota Statutes 1990, section 123.35, is amended by adding a subdivision to read:



*Subd. 20. [LEGAL COUNSEL; REIMBURSEMENT.] If reimbursement is requested by a school district employee, the board may, after consulting with its legal counsel, reimburse the employee for any costs and reasonable attorney fees incurred by the person to defend criminal charges brought against the person arising out of the performance of duties for the school district. A board member who is a witness or an alleged victim in the case may not vote on the reimbursement. If a quorum of the board is unavailable to vote on the reimbursement, the reimbursement shall be approved by a judge of the district court.*

Sec. 36. Minnesota Statutes 1990, section 123.3514, subdivision 4, is amended to read:

*Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.*

Sec. 37. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

*Subd. 6c. [SCHOOL DISTRICT AID PAYMENTS.] For a pupil attending a post-secondary institution under this section, whether or not the pupil is enrolled in the post-secondary institution for secondary credit, post-secondary credit, or a combination of both, a school district shall receive aid equal to:*

*(1) for a pupil who attends a secondary school part-time, the formula allowance, according to section 124.22, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to the total number of hours made available by the district to 11th and 12th grade pupils for instructional purposes; and*

*(2) for a pupil who is not enrolled in classes at a secondary school, 12 percent of the formula allowance, according to section 124.22, subdivision 2, times 1.3.*

Sec. 38. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

*Subd. 6d. [POST-SECONDARY FINANCIAL ARRANGEMENTS.] With the assistance of the commissioner of finance, the state board of education may enter into an agreement with each of the following: the board of regents of the University of Minnesota, state university board, state board for community colleges, state board for technical colleges, and representatives of each private college that admits pupils according to this section. The agreement shall establish a fee for a pupil attending a post-secondary institution full time, as determined by the post-secondary system or institution, and a fee per credit, or the equivalent for a program for a technical college, for a pupil attending a post-secondary institution part time. The fee may include reimbursement for part or all of the tuition, textbooks,*

*materials, and other charges directly related to courses taken by secondary pupils.*

*Each quarter or semester, each public post-secondary institution shall report to the system the number of full-time pupils and the number of credits taken by part-time pupils. The system shall aggregate the information and report it to the commissioner of finance. Each private post-secondary institution shall report to the commissioner of finance the number of full-time pupils and the number of credits taken by part-time pupils. The reports may be based upon preliminary enrollment information. Actual enrollment information shall be included in a report for a subsequent quarter or semester.*

*The commissioner of finance shall reduce the appropriation for general education aid by the amounts due to the public post-secondary systems and the private colleges. The commissioner shall increase the appropriations for each public post-secondary system and make payments to each private college for the amounts due.*

*If an agreement is not reached with a board of a post-secondary system or with representatives of the private colleges, the department of education shall make payments to post-secondary institutions of that system or to private colleges, as applicable, according to subdivisions 6 and 6b, except that payment for an academic year shall be made by October 31 of the following academic year.*

Sec. 39. Minnesota Statutes 1990, section 123.40, is amended by adding a subdivision to read:

*Subd. 9. [RESEARCH AND EVALUATION PROJECTS.] A school district may not conduct a program research or evaluation project except under the direction of the school board. A project may be implemented only by a resolution adopted by the board. The results of any project shall be part of the board's official proceedings and published or mailed according to section 123.33, subdivisions 11 and 11a.*

Sec. 40. Minnesota Statutes 1990, section 124.17, is amended by adding a subdivision to read:

*Subd. 1c. [FOREIGN EXCHANGE PUPILS.] Notwithstanding section 123.35, subdivision 8c, or any other law to the contrary, a foreign exchange pupil enrolled in a district under a cultural exchange program may be counted as a resident pupil for the purposes of chapters 124 and 124A and section 275.125 even if the pupil has graduated from high school or the equivalent.*

Sec. 41. [124.248] [REVENUE FOR AN OUTCOME-BASED SCHOOL.]

*Subdivision 1. [GENERAL EDUCATION REVENUE.] General education revenue shall be paid to an outcome-based school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.*

*Subd. 2. [CAPITAL EXPENDITURE EQUIPMENT REVENUE.] Capital expenditure equipment aid shall be paid to an outcome-based school according to section 124.245, subdivision 6, as though it were a school district. Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, an*

*outcome-based school may use the revenue for any purpose related to the school.*

*Subd. 3. [SPECIAL EDUCATION AID.] Special education aid shall be paid to an outcome-based school according to section 124.32 as though it were a school district. The school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. The district of residence shall levy as provided in section 275.125, subdivision 8c, as though it were participating in a cooperative.*

*Subd. 4. [OTHER AID, GRANTS, REVENUE.] An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.*

*Subd. 5. [USE OF STATE MONEY.] Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.*

*Sec. 42. Minnesota Statutes 1990, section 125.09, subdivision 4, is amended to read:*

*Subd. 4. [MANDATORY REPORTING.] A school board shall report to the board of teaching, the state board of education, or the state board of technical colleges, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the board within ten days after the discharge, suspension, or resignation has occurred. The board to which the report is made shall investigate the report for violation of subdivision 1 and the reporting school board shall cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a school board or school superintendent shall provide the licensing board with information about the teacher from the school district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a school board or school superintendent may, at the discretion of the school board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the school district. Any data transmitted to any board under this section shall be private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.*

*The board to which a report is made shall transmit to the attorney general's*

*office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.*

**Sec. 43. [125.191] [LICENSE, DEGREE EXEMPTION FOR HEAD COACH.]**

*(a) Notwithstanding section 125.03, subdivision 1, a school district may employ as a head varsity coach of an interscholastic sport at its senior high school a person who does not have a license as head varsity coach of interscholastic sports and who does not have a bachelor's degree if:*

*(1) in the judgment of the school board, the person has the fundamental knowledge and experience necessary to coach the sport; and*

*(2) the person can verify completion of six quarter credits, or the equivalent, or 60 clock hours of instruction on first aid and the care and prevention of athletic injuries.*

*(b) Notwithstanding section 125.121, a person employed as a head varsity coach under this section has an annual contract as a coach that the school board may or may not renew as the board sees fit.*

**Sec. 44. Minnesota Statutes 1990, section 126.266, subdivision 2, is amended to read:**

**Subd. 2.** A teacher serving under an exemption as provided in subdivision 1 shall be granted a license as soon as that teacher qualifies for it. Not more than one year of service by a teacher under an exemption shall be credited to the teacher for the purposes of section 125.12; ~~and not more than two years shall be credited to the teacher for purposes of section 125.17; and the one or two years shall be deemed to precede immediately and be consecutive with the year in which the teacher becomes licensed. For purposes of section 125.17, a teacher shall receive credit equal to the number of years the teacher served under an exemption.~~

**Sec. 45. Minnesota Statutes 1990, section 126.666, subdivision 1, is amended to read:**

**Subdivision 1. [ADOPTING POLICIES.]** A school board shall adopt each year a written PER policy that includes the following:

(1) district curriculum goals;

(2) learner outcomes for each subject area at each grade level ~~that include the essential learner outcomes adopted by the state board under section 126.663, subdivision 2;~~

(3) a process for evaluating each student's progress toward attaining learner outcomes and for identifying strengths and weaknesses of the curriculum;

(4) a system for establishing a review cycle for all curriculum;

(5) curriculum and instruction improvement plans; and

(6) ~~an instruction plan that includes education effectiveness processes developed according to section 121.608 and~~ integration of curriculum and technology.

*School boards which adopt district PER policies which are inconsistent with the recommendations of the curriculum advisory committee established in subdivision 2 must provide a written explanation for the discrepancies to the committee.*

Sec. 46. Minnesota Statutes 1990, section 126.666, subdivision 2, is amended to read:

Subd. 2. [CURRICULUM ADVISORY COMMITTEE.] Each school board shall establish a curriculum advisory committee to permit active community participation in all phases of the PER process, *including the development of the district's annual PER policy and the review of proposed instructional materials, as defined in section 48, subdivision 4.* The advisory committee shall be representative of the community served by the district and include principals, teachers, parents, support staff, and other community residents. ~~Whenever possible,~~ Parents and other community residents shall comprise at least two-thirds of the advisory committee. The committee shall make recommendations to the board about the programs ~~enumerated in section 124A.27, that~~ the committee determines should be offered. The recommendations shall be based on district needs and priorities.

Sec. 47. [126.667] [PARENT PETITION FOR CURRICULUM REVIEW.]

*Subdivision 1. [PETITION.] Upon receipt of a petition signed by the parents of a school district, a school board shall conduct a meeting to review the issue, or issues, identified by the petition. A petition shall be effective if it is signed by 15 percent of the parents of pupils enrolled in the district.*

*Subd. 2. [PUBLIC MEETING.] The school board meeting described in subdivision 1 shall be held for the purpose of discussing the board's rationale for adopting or rejecting the curriculum content identified in the petition authorized in subdivision 1. The school board's decisions regarding curriculum scope and sequence, and the integration of curricular subject areas shall also be reviewed if requested in the petition.*

Sec. 48. [126.73] [DEFINITIONS.]

*Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 48 to 50.*

*Subd. 2. [ACADEMIC AND OCCUPATIONAL INSTRUCTION.] "Academic and occupational instruction" means the teaching of pupils in public education in the subject areas of mathematics; natural sciences; foreign languages; English and literature; agriculture; home economics and family living; vocational, industrial, and technical education; business and distributive education; history; geography; government; fine arts; health and physical education; and other subject areas that can be similarly classified.*

*Subd. 3. [PERSONAL DEVELOPMENT AND RELATED INSTRUCTION.] "Personal development and related instruction" means the teaching of pupils in public education beliefs, values, and choices regarding drugs, sex, and sexual behavior, birth control, suicide and death, family relationships, spirituality, meditation, personal identity, and other subject areas that can be similarly classified.*

*Subd. 4. [INSTRUCTIONAL MATERIALS.] "Instructional materials" means the medium used by instructors to communicate with pupils in public education and includes, but is not limited to, textbooks, teacher manuals, filmstrips and videos, handouts, and visual displays.*

**Sec. 49. [126.74] [FINDINGS OF THE LEGISLATURE.]**

*The legislature finds that the parent of a child is primarily responsible for assuring that the child acquires beliefs, knowledge, and skills that foster a responsible lifestyle, effective citizenship, and an appreciation for one's cultural heritage. As such, the parent should be empowered to fulfill this responsibility within the public education system. Further, the legislature finds that the mission of public education is best accomplished through student mastery of academic and occupational instruction subject areas.*

**Sec. 50. [126.75] [PUBLIC INSPECTION OF INSTRUCTIONAL MATERIALS.]**

*Upon request, instructional materials must be made available by schools for public inspection in a reasonably expeditious and convenient manner, with parents of pupils in public education being given priority over other members of the general public.*

**Sec. 51. [126.76] [PARENTAL RIGHTS.]**

*Subdivision 1. [PARENTAL APPROVAL.] Notwithstanding any law to the contrary, parents have the right to approve or disapprove the participation of their child in personal development and related instruction whether it is a separate course or included in another subject area. School boards are encouraged to organize the instruction in personal development and related areas as electives to facilitate the implementation of this provision or adopt alternative methods of instruction to encourage participation.*

*Subd. 2. [WRITTEN NOTICE.] On an annual basis, school boards shall provide written information to parents regarding courses or programs which, in whole or in part, contain personal development and related instruction.*

*The notice shall briefly describe the content and goals of the course or program and provide the parents the opportunity to indicate their permission for their child to participate.*

*Parents must respond to the district's notification no less than five working days prior to the beginning of the course. Failure of parents to respond to the district's written notification shall be considered as consenting to their child's participation in personal development and related instruction.*

*Subd. 3. [PUPIL PROTECTION.] A pupil in public education may not be penalized or denied graduation as a result of any permissible parental action taken under this section or as a result of not participating in personal development and related instruction. Parents may accept the responsibility for their child's achievement of any required learner outcomes affected by their decision if the district does not have an alternative.*

**Sec. 52. Minnesota Statutes 1990, section 128C.01, is amended by adding a subdivision to read:**

**Subd. 5. [CERTAIN COMMERCIAL RELATIONSHIPS PROHIBITED.]** *The board may not enter into corporate partnerships or similar agreements with any business or commercial organization that sells products or services used by student or adult participants in league activities while they participate in activities regulated by the league. The board may sell advertising*

*to any such business or organization if the advertising is clearly identified as advertising paid for by the business or commercial organization.*

Sec. 53. [181A.13] [BETWEEN 12:30 A.M. AND 6:00 A.M.]

*It is unlawful for an employer to have a 16 or 17 year old person work between 12:30 a.m. and 6:00 a.m. on any day except under direct adult supervision, and then, on an instructional day, only if there are at least eight hours after the person's work ends and the person's instructional day begins.*

Sec. 54. Minnesota Statutes 1990, section 203B.085, is amended to read:

203B.085 [COUNTY AUDITOR'S OFFICE TO REMAIN OPEN DURING CERTAIN HOURS PRECEDING ELECTION.]

The county auditor's office in each county must be open for acceptance of absentee ballot applications and casting of absentee ballots between the hours of 1:00 to 3:00 p.m. on Saturday and 5:00 to 7:00 p.m. on Monday immediately preceding a primary or general election. *The school district clerk, when performing the county auditor's election duties, need not comply with this section.*

Sec. 55. Minnesota Statutes 1990, section 214.10, is amended by adding a subdivision to read:

Subd. 9. [ACTS AGAINST MINORS.] (a) *As used in this subdivision, the following terms have the meanings given them.*

(1) *"Licensed person" means a person who is licensed under this chapter by the board of nursing, the board of psychology, the social work licensing board, the board of marriage and family therapy, the board of unlicensed mental health service providers, or the board of teaching.*

(2) *"Crime against a minor" means conduct that constitutes a violation of section 609.185, 609.19, 609.195, 609.20, 609.205, 609.21, 609.215, 609.221, 609.222, 609.223, 609.342, 609.343, 609.345, or a felony violation of section 609.377.*

(b) *In any license revocation proceeding, there is a rebuttable presumption that a licensed person who is convicted in a court of competent jurisdiction of committing a crime against a minor is unfit to practice the profession or occupation for which that person is licensed.*

Sec. 56. Minnesota Statutes 1990, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten *regular and* special education programs that are operated by the commissioner of education or a school as defined in section 120.101, subdivision 4, *or are exempt under clause (12)*;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs whose primary purpose is to provide social or recreational activities for adults or school-age children, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) mental health outpatient services for adults with mental illness or children with emotional disturbance; or

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules.

Sec. 57. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:



Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the *current budget and proposed property tax levy*. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), for taxes levied in 1990 and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable

the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed or final taxes do not include the following:

- (1) special assessments;
- (2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;
- (3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and
- (4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 58. Minnesota Statutes 1990, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, ~~a property tax levy, to review its current budget and proposed property taxes payable the following year at a public hearing.~~ The notice must be published not less than two days nor more than six days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district ~~must not~~ *may* include references to *the current budget hearings or to adoption of a budget in regard to proposed property taxes.*

#### “NOTICE OF

#### PROPOSED PROPERTY TAXES

(City/County/School District) of . . . . .

The governing body of . . . . . will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199\_\_\_/school district services that will be provided in 199\_\_\_ and 199\_\_\_).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199\_\_\_ if the budget now being considered is approved.

199__	Proposed 199__	199__ Increase
Property Taxes	Property Taxes	or Decrease
\$ . . . . .	\$ . . . . .	. . . . . %

### NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes, *or in the case of a school district, its current budget and proposed property taxes, payable the following year.* The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

Sec. 59. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to *review its current budget and* adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 60. Minnesota Statutes 1990, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] *(a) Except as provided in paragraph (b), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.*

*(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds 5 percent of the total tax capacity of the school district in which the property is located, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.*

Sec. 61. Minnesota Statutes 1990, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment

sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 23, paragraph (c), or subdivision 25, paragraph (d)(1) or (c)(4), clause (5), in for which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale, *except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds 5 percent of the total tax capacity of the school district in which the property is located.*

Sec. 62. Minnesota Statutes 1990, section 364.09, is amended to read:  
364.09 [EXCEPTIONS.]

(a) This chapter shall not apply to the practice of law enforcement, to fire protection agencies, to eligibility for a private detective or protective agent license, to eligibility for a family day care license, a family foster care license, a home care provider license, *to eligibility for a license issued or renewed by the board of teaching or state board of education*, to eligibility for school bus driver endorsements, or to eligibility for juvenile corrections employment where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district.

(c) Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

Sec. 63. Minnesota Statutes 1990, section 631.40, is amended to read:

631.40 [JUDGMENT ON CONVICTION; JUDGMENT ROLL DEFINED.]

*Subdivision 1.* When judgment upon a conviction is rendered, the court administrator shall enter the judgment upon the minutes, stating briefly the offense for which the conviction was had. The court administrator shall then immediately attach together and file the papers specified in clauses (1) to (5). The judgment roll consists of the papers specified in clauses (1) to (5):

(1) a copy of the minutes of challenge made by the defendant to the panel of the grand jury, or to an individual grand juror, and the proceedings and decisions on the challenges;

(2) the indictment or complaint and a copy of the minutes of the plea or motion to dismiss or to grant appropriate relief;

(3) a copy of the minutes of a challenge made to the panel of the trial jury or to an individual juror, and the proceedings and decision on the challenge;

(4) a copy of the minutes of the trial; and

(5) a copy of the minutes of the judgment.

*Subd. 2. [CRIMES AGAINST MINORS.] When a person is convicted of committing a crime against a minor as defined in section 214.10, subdivision 9, the court shall order that the presentence investigation include information about any professional or occupational license held by the offender. If the offender is a licensed person under section 214.10, subdivision 9, the court administrator shall send a certified copy of the conviction to the board having jurisdiction over the offender's license. Within 30 days of receiving notice of the conviction, the appropriate licensing board must initiate proceedings to consider revoking the offender's license.*

**Sec. 64. [DEPARTMENT OF FAMILIES AND CHILDREN TASK FORCE.]**

*Subdivision 1. [DEPARTMENT ESTABLISHED.] By July 1, 1993, a department of families and children shall be implemented to provide coordinated social services to support families and children.*

*Subd. 2. [TASK FORCE ESTABLISHED.] A task force is established to develop procedures to implement the department of families and children. The procedures shall include programmatic, financial, statutory, personnel, and other changes needed to make the department operational by July 1, 1993.*

*Subd. 3. [MEMBERSHIP AND CHAIR.] The task force shall be composed of:*

*(1) three members of the senate, appointed by the subcommittee on committees of the committee on rules and administration;*

*(2) three members of the house of representatives appointed by the speaker;*

*(3) the commissioner of education;*

*(4) the commissioner of human services; and*

*(5) the commissioner of health.*

*The members of the task force shall elect a chair from among the membership.*

*Subd. 4. [COORDINATED SOCIAL SERVICES.] The task force shall review health and social services and related support services currently provided to families and children of all ages by the departments of education, human services, health, and other state agencies. These services shall be combined under a single state department to provide more effective and efficient services.*

*Subd. 5. [STAFF.] Staff assistance shall be provided by legislative staff*

*or agency staff or both, as determined by the task force.*

**Subd. 6. [INFORMATION.]** *Upon request of the task force, state agencies shall provide information needed to assist the task force in its duties.*

**Subd. 7. [REPORT TO LEGISLATURE.]** *The task force shall submit a progress report to the legislature by January 1, 1992, and a final report by January 1, 1993.*

**Subd. 8. [EXPIRATION.]** *The task force shall expire June 30, 1993.*

**Sec. 65. [APPLICABILITY OF TEACHER RIGHTS UNDER DISSOLUTION OF A COOPERATIVE.]**

*Section 33 applies to the dissolution of a cooperative or the withdrawal of any member district from a cooperative that is effective after February 1, 1991, except that the deadlines do not apply in 1991.*

**Sec. 66. [REGIONAL CENTER EXPENDITURE LIMIT.]**

*For fiscal year 1991, a regional management information center may not spend more money than the amount approved by the state board in June 1990.*

**Sec. 67. [RETROACTIVE EFFECT OF SEVERANCE PAY.]**

*Notwithstanding the effective date of Laws 1990, chapter 562, article 6, section 6, a district shall pay severance pay, according to section 31, to a teacher who was placed on unrequested leave of absence as a result of an agreement for secondary education according to Minnesota Statutes 1990, section 122.535, effective on or about the close of the 1989-1990 school year, if the teacher is otherwise eligible according to section 31. The amount of the severance pay shall be the amount set forth in section 31.*

**Sec. 68. [WAIVER AND PRINCIPAL LICENSURE RULE.]**

*A district that is subject to section 34 shall be granted a waiver to allow an elementary school principal or a secondary school principal to serve as principal of a school enrolling pupils in kindergarten through 12th grade for two school years following adoption of the rules. The state board of education shall adopt rules for licensure of a principal for kindergarten through 12th grade. An individual who holds a valid elementary or secondary school license on April 1, 1991, shall be granted a K-12 principal license without fulfilling the requirements of the rule if the individual applies for the license within 24 months after the license becomes available.*

**Sec. 69. [STATE BOARD REVIEW OF STATE POLICIES REGARDING THE INTEGRATION OF CURRICULAR SUBJECT AREAS.]**

*The state board of education shall conduct a review of state policies regarding the integration of curricular subject areas.*

*In conducting its review, the state board shall identify all laws and rules which require the integration of curricular subject areas and the curricular subject areas to be integrated. The state board shall also review the state's role and practices in assisting school districts to develop curriculum scope and sequence policies.*

*The state board shall focus on the state's influence on local school board decisions regarding the provision of instructional programs which emphasize student "health and wellness" practices.*

*By January 15, 1992, the state board shall submit a report to the legislature describing the state's influence on the development of school district curriculum content and scope and sequence.*

**Sec. 70. [REPEALER.]**

*Minnesota Statutes 1990, sections 121.932, subdivision 1; 121.933, subdivision 2; 121.935, subdivision 3; 121.937, subdivision 2; 122.43, subdivision 1; 123.3514, subdivisions 6 and 6b; and 123.73, are repealed. Minnesota Rules, parts 3560.0030, subparts 2(A), 4, and 5; 3560.0040, subparts 2 and 4; and 3560.0060, are repealed.*

*Section 45 is repealed effective June 30, 1993.*

**Sec. 71. [EFFECTIVE DATE.]**

*Sections 33, 35, 42, 46, 47, 52, and 55 are effective the day following final enactment. Section 30 is effective July 1, 1992. Sections 36 and 40 are effective retroactively to July 1, 1990. Section 22 is effective January 1, 1992. Section 61 is effective for taxes deemed delinquent after December 31, 1991.*

**ARTICLE 10**

**LIBRARIES**

Section 1. Minnesota Statutes 1990, section 134.001, subdivision 2, is amended to read:

Subd. 2. "Public library" means any library that provides free access to all residents of a city or county without discrimination, receives at least half of its financial support from public funds and is organized under the provisions of chapter 134. *Except as provided in section 3, it does not include libraries such as law, medical, school and academic libraries organized to serve a special group of persons, or libraries organized as a combination of a public library and another type of library.*

Sec. 2. Minnesota Statutes 1990, section 134.001, subdivision 3, is amended to read:

Subd. 3. "Public library services" means services provided by or on behalf of a public library ~~and~~. *Except as provided in section 3, it does not include services for elementary schools, secondary schools or post-secondary educational institutions.*

Sec. 3. [134.195] [LIBRARY OPERATED BY CITY AND SCHOOL DISTRICT.]

*Subdivision 1. [ESTABLISHMENT.] A school district and a city that has established a public library under sections 134.07 and 134.08, by ordinance or resolution, may jointly finance and operate a library for use by school students and the public. If the city is already taxed for public library service by a county and is served by a regional public library system, approval of the board of county commissioners and the regional public library system board is required. Library service established under this section may be discontinued by action of the city council or the school board upon one year's notice to the other party.*

Subd. 2. [APPOINTMENT OF JOINT LIBRARY BOARD.] *The ordinance or resolution shall establish a library board of five, seven, or nine members and shall state the number of members to be appointed by the mayor, with the approval of the city council, and the number of members*



*to be appointed by the school board. Board members shall be residents of the city or the school district. Not more than one city council member or one school board member shall at any time be a member of the library board.*

*Subd. 3. [BOARD TERMS OF OFFICE.] The terms of office for board members shall be established according to section 134.09, subdivision 2.*

*Subd. 4. [REMOVAL OF BOARD MEMBERS.] The mayor, with the approval of the council, or the school board may remove for misconduct or neglect any member it has appointed to the library board.*

*Subd. 5. [ABOLISHMENT OF BOARD.] Upon recommendation of a majority of the library board established under subdivision 2, the city council and the school board may abolish the library board provided that the city council and the school district shall immediately establish, by ordinance or resolution, a successor library board of five, seven, or nine members. The appointment of successor board members shall be as provided in subdivision 2 and the terms shall be as provided in subdivision 3.*

*Subd. 6. [BOARD VACANCIES AND COMPENSATION.] The library board president shall report a vacancy on the board to the appointing authority who shall fill the vacancy by appointment for the unexpired term. Library board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.*

*Subd. 7. [POWERS AND DUTIES OF BOARD.] Except as provided in subdivision 9, the library board has the powers and duties set forth in section 134.11, subdivision 2.*

*Subd. 8. [FUNDING.] The ordinance or resolution establishing the library shall provide for joint financing of the library by the school district and the city. The city shall provide at least the minimum dollar amount established in section 134.34, subdivision 1. Neither the city nor the school district shall reduce the financial support provided for operation of library or media services below the level of support provided in the preceding year.*

*Subd. 9. [CONTRACTS.] The library board may contract with the school board or the city in which the library is situated to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.*

*Subd. 10. [CRITERIA.] If public library services are located in an elementary or secondary school building and available for simultaneous use by students and residents of the area, a separate entrance, accessible from the outside of the school building, shall be provided for use by the residents. The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. The library shall be centrally located in the community and the library shall be available for use by residents during all hours the school is in session, at least 15 additional hours each week during evenings, and on Saturdays. The library shall continue to maintain approximately the same hours of operation when the school is not in session. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to residents.*

Sec. 4. Minnesota Statutes 1990, section 134.35, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS;

## DISTRIBUTION FORMULA.]

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Subd. 2. ~~Sixty~~ *Fifty-seven and one-half* percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Subd. 3. ~~Fifteen~~ *Twelve and one-half* percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Subd. 4. ~~Seven and one-half~~ *Five* percent of the available grant funds shall be paid to each system as a base grant for basic system services.

Subd. 5. ~~Seventeen and one-half~~ *Twenty-five* percent of the available grant funds shall be distributed to regional public library systems ~~which contain counties whose based upon the adjusted net tax capacity per capita were below the state average adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the second year preceding the fiscal year for which the grant is made.~~ Each system's entitlement shall be calculated as follows:

(a) ~~subtract the adjusted net tax capacity per capita for each eligible county or participating portion of a county from the statewide average adjusted net tax capacity per capita;~~

(b) ~~multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;~~

(c) ~~for each regional public library system; determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;~~

(d) ~~determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;~~

(e) ~~for each system; divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;~~

(f) ~~multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.~~

(a) *Multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082.*

(b) *Add sufficient grant funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to paragraph (a) to the amount of the county or participating portion of a county with the next highest value calculated according to paragraph (a). Multiply the amount of the additional*

grant funds by the population of the county or participating portion of a county.

(c) Continue the process described in paragraph (b) by adding sufficient grant funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in paragraph (a) to raise it and the amount of counties and participating portions of counties with lower values calculated in paragraph (a) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county.

(d) If the point is reached using the process in paragraphs (b) and (c) at which the remaining grant funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received grant funds under the calculation in paragraphs (b) and (c).

Subd. 6. [POPULATION DETERMINATION.] Population shall be determined according to section 275.14.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

\$7,563,000 . . . . . 1992

\$7,818,000 . . . . . 1993

The 1992 appropriation includes \$917,000 for 1991 and \$6,646,000 for 1992.

The 1993 appropriation includes \$1,172,000 for 1992 and \$6,646,000 for 1993.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$341,000 . . . . . 1992

\$356,000 . . . . . 1993

The 1992 appropriation includes \$38,000 for 1991 and \$303,000 for 1992.

The 1993 appropriation includes \$53,000 for 1992 and \$303,000 for 1993.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 11  
STATE EDUCATION AGENCIES

Section 1. Minnesota Statutes 1990, 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 state academy for the deaf or the Minnesota 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, subdivision 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 cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education 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 *as provided in paragraph (f)*.

(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 paragraphs~~ (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in ~~clause paragraph~~ (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 paragraph~~ (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of ~~clauses paragraphs~~ (b) and (c), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota 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.

(f) *On May 1 of each year, the state board shall determine the actual number of elementary students and the actual number of secondary students*

*enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:*

*(1) the total number of students on May 1 less 175, times the ratio of the number of elementary students to the total number of students on May 1, times the general education formula allowance; plus*

*(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.*

*(g) The sum provided in paragraph (f), clauses (1) and (2), shall be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind. There is annually appropriated to the department of education for the Faribault academies the amounts received and credited for the academies.*

Sec. 2. Minnesota Statutes 1990, section 120.17, subdivision 11a, is amended 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 children under age seven with handicaps, three representatives of public or private providers of services for children under age five with handicaps, 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 children with handicaps, at least one representative of a school district or a school district cooperative, and other members knowledgeable about children under age five with handicaps. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly. A representative of each of the commissioners of education, health, and human services shall attend council meetings as a nonvoting member of the council.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with handicaps and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with handicaps 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.

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 children with handicaps to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

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. 3. Minnesota Statutes 1990, section 121.14, is amended to read:

121.14 [RECOMMENDATIONS; BUDGET.]

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

Sec. 4. Minnesota Statutes 1990, section 121.165, is amended to read:

121.165 [REPORTS BY THE COMMISSIONER.]

Prior to January 15 of each year, the commissioner of education shall gather ~~and report to the committees on education of the senate and house of representatives~~ from presently available reports or from new reports it may require of school districts, the following types of information: the number of classroom teachers in every district at each training, experience and salary level; the ratio of pupils to full time equivalent certified classroom teachers in every district; and any other district staffing characteristics of fiscal import. This information shall be gathered in such a manner as to render it capable of district by district, regional and statewide comparison and analysis.

Sec. 5. Minnesota Statutes 1990, section 121.49, subdivision 1, is amended to read:

Subdivision 1. The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies ~~which that~~ have information necessary for the itemization required by this section shall provide the information to the department of education. ~~The completed itemizations shall be reported to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.~~

Sec. 6. Minnesota Statutes 1990, section 121.609, subdivision 3, is amended to read:

Subd. 3. [EVALUATION AND REPORT.] The commissioner shall provide for independent evaluation of the effectiveness of this section. ~~The~~

~~evaluation results shall be reported to the education committees of the legislature by January 15 of each year.~~

The commissioner, with the assistance of the advisory task force, shall develop a long-term evaluation instrument for use at the research and development sites and other districts utilizing the educational effectiveness program. The long-term evaluation instrument shall include a method for measuring student achievement.

Sec. 7. Minnesota Statutes 1990, section 121.612, subdivision 9, is amended to read:

Subd. 9. [REPORT.] The board of directors of the foundation shall submit an annual report to the ~~education committees of the legislature~~ *state board of education* on the progress of its activities. The annual report shall contain a financial report for the preceding year, including all receipts and expenditures of the foundation.

Sec. 8. Minnesota Statutes 1990, section 121.917, subdivision 3, is amended to read:

Subd. 3. If a school district does not limit its expenditures in accordance with this section, the commissioner ~~shall~~ *may* so notify the appropriate committees of the legislature by no later than January 1 of the year following the end of that fiscal year.

Sec. 9. Minnesota Statutes 1990, section 124.14, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION TRANSFERS.] If a direct appropriation from the general fund to the department of education for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 124C, 125, 126, and 134 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. ~~The commissioner of education shall report appropriation transfers to the education committees of the legislature each year by January 15.~~ If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 10. Minnesota Statutes 1990, section 124.431, subdivision 7, is amended to read:

Subd. 7. [RECOMMENDATIONS OF THE COMMISSIONER.] The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.

~~The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by February 1 of each year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.~~

Sec. 11. Minnesota Statutes 1990, section 124C.03, subdivision 16, is amended to read:

Subd. 16. [REPORTING AND EVALUATION.] The commissioner of the state planning agency shall evaluate the performance of the grantees ~~and report to the legislature by November 15 of each year, except that a preliminary report may be submitted by February 15, 1991.~~

Sec. 12. Minnesota Statutes 1990, section 126.665, is amended to read:

126.665 [STATE CURRICULUM ADVISORY COMMITTEE.]

The commissioner shall appoint a state curriculum advisory committee of 11 members to advise the state board and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a district curriculum advisory committee. The state committee shall provide information and recommendations about at least the following:

- (1) department procedures for reviewing and approving reports and disseminating information;
- (2) exemplary PER processes;
- (3) recommendations for improving the PER process and reports; and
- (4) developing a continuous process for identifying and attaining essential learner outcomes.

~~By February 1 of each year, the commissioner, in cooperation with the state curriculum advisory committee, shall prepare a report for the education committees of the legislature. The report shall include the recommendations of the state curriculum advisory committee. The committee expires as provided in section 15.059, subdivision 5.~~

Sec. 13. Minnesota Statutes 1990, section 128A.02, subdivision 4, is amended to read:

Subd. 4. [PLAN.] (a) The state board must have a two-year plan for the academies and must update it annually.

(b) The plan must deal with:

- (1) interagency cooperation;
- (2) financial accounting;
- (3) cost efficiencies;
- (4) staff development;
- (5) program and curriculum development;
- (6) use of technical assistance from the department;
- (7) criteria for program and staff evaluation;
- (8) pupil performance evaluation;
- (9) follow-up study of graduates;
- (10) implementing this chapter;



(11) how to communicate with pupils' districts of residence; and

(12) coordinating instructional and residential programs.

(c) The plan may deal with other matters.

~~(d) The state board must submit the plan and recommendations for improvement of the academies to the education committees of the legislature by January 15 of each odd-numbered year.~~

Sec. 14. Minnesota Statutes 1990, section 128C.12, subdivision 3, is amended to read:

Subd. 3. [COPIES.] The state auditor must file copies of the *financial and compliance* audit report with the commissioner of education; ~~the chairs of the house and senate education committees~~ and the director of the legislative reference library.

Sec. 15. Minnesota Statutes 1990, section 128C.20, is amended to read:

128C.20 [COMMISSIONER TO REPORT ON REVIEW OF LEAGUE TO LEGISLATURE.]

Subdivision 1. [ANNUALLY.] *Each year* the commissioner of education ~~must report to the legislature before each regular session on the activities of the league. The report must contain at least shall obtain and review the following information about the league:~~

(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the league and league staff;

(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;

(3) an explanation of the executive director's performance review;

(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and

(5) an evaluation of any proposed changes in league policy.

Subd. 2. [RECOMMEND LAWS.] The commissioner ~~must~~ *may* recommend to the legislature whether any legislation is made necessary by league activities.

Sec. 16. Minnesota Statutes 1990, section 129C.10, subdivision 3, is amended to read:

Subd. 3. [POWERS AND DUTIES OF BOARD.] (a) The board has the powers necessary for the care, management, and control of the Minnesota center for arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the center for arts education.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the

terms and conditions of the gift, grant, bequest, or devise and its acceptance. *The board shall adopt internal procedures to administer and monitor aids and grants.*

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils in grades 9 to 12 who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) ~~a pilot an interdisciplinary academic and arts program for pupils in the 11th and 12th grades, beginning with 135 pupils in the 11th grade in September 1989, and 135 pupils in the 11th grade and 135 pupils in the 12th grade in September 1990. The total number of pupils accepted under this clause and clause (2) shall not exceed 300;~~

(2) *additional instruction to pupils for a thirteenth grade. Pupils eligible for this instruction are those enrolled in 12th grade who need extra instruction and who apply to the board, or pupils enrolled in the 12th grade who do not meet learner outcomes established by the board. Criteria for admission into the thirteenth grade shall not be subject to chapter 14;*

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

~~(3)~~ (4) summer arts institutes for pupils in grades 9 to 12;

~~(4)~~ (5) artist mentor and extension programs in regional sites; and

~~(5)~~ (6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Minnesota center for arts education and any additional facilities related to the center, including the authority to lease a temporary facility.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of education for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or educational cooperative service units to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the center for arts education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the

center for arts education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the center for arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils. *If the board provides room and board, it shall charge a reasonable fee for the room and board. The fee is not subject to chapter 14 and is not a prohibited fee according to sections 120.71 to 120.76.*

(o) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

Sec. 17. Minnesota Statutes 1990, section 129C.10, subdivision 3a, is amended to read:

Subd. 3a. [CENTER FUND APPROPRIATION.] There is established in the state treasury a center for arts education fund. All money collected by the board, *including rental income*, shall be deposited in the fund. Money in the fund, including interest earned, is annually appropriated to the board for the operation of its services and programs.

*Income from fees for conferences, seminars, technical assistance, and producing instructionally related materials shall be deposited in the state treasury and credited to a revolving fund of the center. Money in the revolving fund for fees from conferences, seminars, technical assistance, and producing instructionally related materials is annually appropriated to the board to defray expenses of conferences, seminars, technical assistance, and producing materials.*

Sec. 18. Minnesota Statutes 1990, section 129C.10, subdivision 4a, is amended to read:

Subd. 4a. [ADMISSION AND CURRICULUM REQUIREMENTS GENERALLY.] (a) The board may adopt rules for admission to and discharge from the full-time programs for talented pupils, *rules regarding discharge from the dormitory*, and rules regarding the operation of the center, including transportation of its pupils. Rules covering admission are governed by chapter 14. Rules covering discharge from the full-time program for talented pupils must be consistent with sections 127.26 to 127.39, the pupil fair dismissal act. *Rules covering discharge from the dormitory are not governed by the pupil fair dismissal act as set forth in sections 127.26 to 127.39.* Rules regarding discharge and the operation of the center are not governed by chapter 14.

(b) Proceedings concerning the full-time program for talented pupils, including admission, discharge, a pupil's program, and a pupil's progress, are governed by the rules adopted by the board and are not contested cases

governed by chapter 14.

**Sec. 19. [129C.15] RESOURCE, MAGNET, AND OUTREACH PROGRAMS.]**

*Subdivision 1. [RESOURCE AND OUTREACH.] The center shall offer resource and outreach programs and services statewide aimed at the enhancement of arts education opportunities for pupils in elementary and secondary school. The programs and services shall include:*

*(1) developing and demonstrating exemplary curriculum, instructional practices, and assessment;*

*(2) disseminating information; and*

*(3) providing programs for pupils and teachers that develop technical and creative skills in art forms that are underrepresented and in geographic regions that are underserved.*

*Subd. 2. [MAGNET PROGRAMS.] The center shall identify at least one school district in each congressional district with interest and the potential to offer magnet arts programs using the curriculum developed by the Minnesota center for arts education.*

**Sec. 20. Minnesota Statutes 1990, section 134.31, subdivision 4, is amended to read:**

**Subd. 4.** The department shall collect statistics on the receipts, expenditures, services, and use of the regional public library systems and the public libraries of the state. It shall also collect statistics on all activities undertaken pursuant to sections 134.31 to 134.35. ~~The department shall report its findings to the legislature prior to November 15 of each even-numbered year, together with a statement of its expenditures relating to these activities and any other matters as it deems appropriate.~~

**Sec. 21. Minnesota Statutes 1990, section 134.351, subdivision 7, is amended to read:**

**Subd. 7. [REPORTS.]** Each multicounty, multitype system receiving a grant pursuant to section 134.353 or 134.354 shall provide an annual progress report to the department of education. ~~The department shall report before November 15 of each even-numbered year to the legislature on all projects funded under sections 134.353 and 134.354.~~

**Sec. 22. Minnesota Statutes 1990, section 141.25, subdivision 8, is amended to read:**

**Subd. 8. [FEES AND TERMS OF LICENSE.]** (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by ~~\$540~~ \$560 as a nonrefundable application fee.

(b) All licenses shall expire on December 31 of each year. Each renewal application shall be accompanied by a nonrefundable renewal fee of ~~\$380~~ \$430.

(c) Application for renewal of license shall be made on or before October 1 of each calendar year. Each renewal form shall be supplied by the commissioner. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the commissioner.

**Sec. 23. Minnesota Statutes 1990, section 141.26, subdivision 5, is**

amended to read:

Subd. 5. [FEE.] The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of ~~\$490~~ \$210.

Sec. 24. Minnesota Statutes 1990, section 268.08, subdivision 6, is amended to read:

Subd. 6. [SERVICES PERFORMED FOR STATE, MUNICIPALITIES OR CHARITABLE CORPORATION.] Benefits based on service in employment defined in section 268.04, subdivision 12, clauses (7), (8) and (9), are payable in the same amount, on the same terms and subject to the same conditions as benefits payable on the basis of other service subject to this chapter; except that

(a) Benefits based upon service performed in an instructional, research, or principal administrative capacity for an institution of higher education or a public school, or a nonpublic school, or the Minnesota state academy for the deaf or Minnesota state academy for the blind, *or the Minnesota center for arts education*, or in a public or nonpublic school for an educational cooperative service unit established under section 123.58, or any other educational service agency as defined in section 3304(a)(6)(A)(IV) of the Federal Unemployment Tax Act, shall not be paid for any week of unemployment commencing during the period between two successive academic years or terms, or during a similar period between two regular but not successive terms, or during a period of paid sabbatical leave provided for in the individual's contract, to any individual if the individual performs the services in the first of the academic years or terms and if there is a contract or a reasonable assurance that the individual will perform services in any such capacity for any institution of higher education, public school, nonpublic school, Minnesota state academies for the deaf and blind, *the Minnesota center for arts education*, an educational cooperative service unit, or other educational service agency, in the second of the academic years or terms, and

(b) With respect to service performed in any capacity other than those capacities described in clause (a) of this subdivision, for an institution of higher education, or a public school or nonpublic school, or the Minnesota state academy for the deaf or Minnesota state academy for the blind, *or the Minnesota center for arts education*, or in a public or nonpublic school or for an educational cooperative service unit established under section 123.58, or any other educational service agency as defined in section 3304(a)(6)(A)(IV) of the Federal Unemployment Tax Act, benefits shall not be paid on the basis of these services to any individual for any week which commences during a period between two successive academic years or terms if the individual performs the services in the first of the academic years or terms and there is a reasonable assurance that the individual will perform the services in the second of the academic years or terms. If benefits are denied to any individual under this clause and the individual was not offered an opportunity to perform the services in the second of the academic years or term, the individual shall be entitled to a retroactive payment of benefits for each week in which the individual filed a timely claim for benefits, but the claim was denied solely because of this clause; and

(c) With respect to services described in clauses (a) or (b), benefits payable on the basis of the services shall not be paid to any individual for any week which commences during an established and customary vacation period or

holiday recess if the individual performs the services in the period immediately before the vacation period or holiday recess, and there is a reasonable assurance that the individual will perform the services in the period immediately following the vacation period or holiday recess.

#### Sec. 25. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.*

*The amounts that may be spent for each program are specified in the following subdivisions.*

*The approved complement is:*

	1992	1993
General Fund	258.5	258.5
Federal	135.6	135.6
Other	28.9	28.9
Total	423.0	423.0

*The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the activities that do not receive direct appropriations during the biennium. Transfers must be reported immediately to the house of representatives education finance division and the senate education funding division. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.*

*The commissioner of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The commissioner must report material changes to the house of representatives education finance division and the senate education funding division.*

*The expenditures of federal grants and aids as shown in the biennial budget document are approved and shall be spent as indicated.*

#### *Subd. 2. [EDUCATIONAL SERVICES.]*

*\$7,726,000 . . . . . 1992*

*\$7,723,000 . . . . . 1993*

*\$21,000 each year is from the trunk highway fund.*

*\$100,000 each year is from the alcohol-impaired driver education account in the special revenue fund.*

*\$104,000 each year is for the academic excellence foundation.*

#### *Subd. 3. [EDUCATIONAL ADMINISTRATION AND FINANCE SERVICES.]*

*\$7,023,000 . . . . . 1992*

*\$7,033,000 . . . . . 1993*

*\$12,000 each year of these amounts is for the expenses of the ESV computer council.*

\$219,000 each year is for the state board of education.

*The commissioner shall maintain no more than six total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.*

*Subd. 4. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:*

\$900,000 . . . . . 1992

\$900,000 . . . . . 1993

*Subd. 5. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation according to Minnesota Statutes, section 121.612:*

\$260,000 . . . . . 1992

\$260,000 . . . . . 1993

*Up to \$50,000 each year is contingent upon the match of \$1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1992 does not cancel but is available in 1993. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.*

#### Sec. 26. [FARIBAULT ACADEMIES APPROPRIATION.]

*The sums indicated in this section are appropriated to the department of education for the Faribault academies:*

\$7,876,000 . . . . . 1992

\$7,848,000 . . . . . 1993

*Any unexpended balance in the first year does not cancel and is available for the second year.*

*The approved complement is:*

	1992	1993
General fund	185.6	185.6
Federal	8.0	8.0
Total	193.6	193.6

*The state board of education may increase the complement above the approved levels if funds are available for the academies in addition to the amounts appropriated in this section.*

*The state board of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The state board must report material changes to the house of representatives education finance division and the senate education funding division.*

#### Sec. 27. [MINNESOTA CENTER FOR ARTS EDUCATION.]

\$5,814,000 . . . . . 1992

\$5,807,000 . . . . 1993

*The approved complement is:*

	1992	1993
General Fund	53.0	53.0
Total	53.0	53.0

*Any unexpended balance remaining in the first year does not cancel but is available in the second year.*

Sec. 28. [REPEALER.]

*Minnesota Statutes 1990, sections 3.865; 3.866; 120.104; 121.15, subdivision 10; 121.936, subdivision 5; 124.333; 124.48, subdivision 2; 125.231, subdivision 6; 128B.10, subdivisions 2 and 3; 128C.12, subdivision 2; 129C.10, subdivision 5; 135A.10, subdivision 2; and 136A.044, are repealed.*

## ARTICLE 12

### MAXIMUM EFFORT SCHOOL LOAN BONDS

Section 1. [124.479] [BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS, 1991.]

*To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$45,065,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.*

*No bonds may be sold or issued under this section until all bonds authorized by Laws 1990, chapter 610, are sold and issued and the authorized project contracts have been initiated or abandoned. This provision applies only when the necessary conditions in Laws 1990, chapter 610, have been met.*

Sec. 2. [1991 MAXIMUM EFFORT LOANS.]

*The commissioner of education shall make capital loans to independent school district No. 115, Cass Lake; independent school district No. 192, Farmington; independent school district No. 682, Roseau; independent school district No. 748, Sartell; independent school district No. 345, New London-Spicer; independent school district No. 533, Dover-Eyota; independent school district No. 95, Cromwell; and independent school district No. 255, Pine Island. Capital loans to these districts are approved.*

*Districts approved by the legislature for a maximum effort loan shall have*



*their project plans and budgets reviewed by the commissioner to determine optimum cost efficiency. The commissioner may reduce the amount of the loans in accord with this review. Costs incurred by the commissioner for professional services associated with the review may be recovered from the districts.*

*Notwithstanding any law to the contrary, if the available funding is inadequate to meet the loan requests of all the approved districts, the commissioner may reduce the amount of the loan. Capital loans must be made to all approved districts.*

*Except for reductions in the loans made according to this section, the amount, terms, and forgiveness of the loans are governed by Minnesota Statutes 1990, section 124.431, as amended by 1991 H.F. No. 73.*

### Sec. 3. [BONDING AUTHORITY.]

*Notwithstanding the election requirements of Minnesota Statutes, chapter 475, or any other law to the contrary, any school district with a capital loan approved in section 2 may issue general obligation bonds without an election in an amount not to exceed the difference between the state board approved capital loan project cost and the sum of the amount of the capital loan actually granted and the voter approved local bonding authority. To pay the principal of and interest on bonds issued under this section, the school district shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to any other taxes levied under Minnesota Statutes, chapter 124, 124A, or 275, or any other law.*

### Sec. 4. [APPROPRIATION; MAXIMUM EFFORT SCHOOL LOAN FUND.]

*\$3,795,000 is appropriated from the general fund to the department of education for fiscal year 1993 for the maximum effort school loan fund. This appropriation is added to the appropriation in article 5 for this purpose. All the conditions that apply to the maximum effort school loan fund appropriation in article 5 apply to this appropriation.*

### Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to education; providing for revenue for general education, transportation, special programs, community education, facilities, equipment, cooperation, libraries, state education agencies, Faribault academies, center for arts education, and other purposes; establishing a learning readiness program; altering the operations of regional education organizations; providing for teacher rights in certain circumstances; imposing duties on certain state agencies; requiring a report; appropriating money; amending Minnesota Statutes 1990, sections 120.062, subdivisions 8a and 9; 120.08, subdivision 3; 120.17, subdivisions 7a, 11a, 12, and by adding a subdivision; 120.59; 120.60; 120.61; 120.62; 120.63; 120.64; 120.65; 120.66; 120.67; 121.14; 121.165; 121.49, subdivision 1; 121.608; 121.609, subdivisions 1, 2, and 3; 121.612, subdivision 9; 121.88, subdivision 10; 121.882, by adding a subdivision; 121.904, subdivisions 4a and 4e;

121.912, by adding a subdivision; 121.917, subdivision 3; 121.931, subdivisions 6a, 7, and 8; 121.932, subdivisions 2, 3, and 5; 121.933, subdivision 1; 121.934, subdivision 7; 121.935, subdivisions 1, 4, 6, and by adding subdivisions; 121.936, subdivisions 1, 2, and 4; 121.937, subdivision 1; 122.241, subdivisions 1 and 2; 122.242, subdivision 9; 122.243, subdivision 2; 122.247, by adding a subdivision; 122.41; 122.531, by adding a subdivision; 122.535, subdivision 6; 122.541, subdivision 7; 122.94, subdivision 6, and by adding a subdivision; 123.34, subdivision 10; 123.35, by adding subdivisions; 123.351, subdivision 8; 123.3514, subdivisions 4, 8, and by adding subdivisions; 123.40, by adding a subdivision; 123.58, by adding subdivisions; 123.706, subdivision 6; 123.707, subdivisions 1 and 2; 124.14, subdivision 7; 124.17, subdivisions 1, 1b, and by adding subdivisions; 124.223, subdivision 1; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711; 124.2713, subdivisions 1, 3, 5, 6, and 9; 124.2721, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 124.2725, subdivisions 4, 5, 6, 8, and 10; 124.273, subdivision 1b; 124.276, subdivision 4; 124.32, subdivisions 1b and 10; 124.431, subdivision 7, and by adding a subdivision; 124.493, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, 4, and by adding a subdivision; 124.646, subdivision 1, and by adding a subdivision; 124.6472, subdivision 1; 124.83, subdivisions 3 and 4; 124.86; 124A.02, subdivisions 16 and 23; 124A.03, subdivision 2; 124A.04; 124A.22, subdivisions 2, 3, 4, 5, 8, and 9; 124A.23, subdivision 1; 124A.24; 124A.26, subdivision 1; 124B.03, subdivision 2; 124C.03, subdivision 16; 125.09, subdivision 4; 126.113, subdivisions 1 and 2; 126.22, subdivisions 2, 3, 4, and 8; 126.23; 126.266, subdivision 2; 126.51, subdivision 1a; 126.663, subdivisions 2 and 3; 126.665; 126.666, subdivisions 1 and 2; 126.70, subdivisions 1 and 2a; 128A.02, subdivision 4; 128B.03, subdivisions 4, 5, 7, and by adding a subdivision; 128B.04; 128B.05, subdivisions 2 and 3; 128B.06, subdivision 1; 128B.08; 128B.09; 128B.10, subdivisions 1 and 2; 128C.01, by adding a subdivision; 128C.12, subdivision 3; 128C.20; 129C.10, subdivisions 3, 3a, and 4a; 134.001, subdivisions 2 and 3; 134.31, subdivision 4; 134.35; 134.351, subdivision 7; 136D.22, by adding a subdivision; 136D.29; 136D.71; 136D.72, subdivision 1; 136D.76, subdivision 2; 136D.82, by adding a subdivision; 136D.90; 141.25, subdivision 8; 141.26, subdivision 5; 203B.085; 214.10, by adding a subdivision; 245A.03, subdivision 2; 268.08, subdivision 6; 272.02, subdivision 8; 273.1398, subdivision 6; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 5, 5b, 5c, 11d, and by adding a subdivision; 279.03, subdivision 1a; 281.17; 364.09; and 631.40; Laws 1989, chapter 329, articles 6, section 53, as amended, and 9, section 35; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 122; 124; 124A; 124C; 125; 126; 127; 128B; 129C; 134; 136D; and 181A; repealing Minnesota Statutes, sections 3.865; 3.866; 120.104; 121.11; 121.15, subdivision 10; 121.932, subdivision 1; 121.933, subdivision 2; 121.935, subdivisions 3 and 5; 121.936, subdivision 5; 121.937, subdivision 2; 122.43, subdivision 1; 122.531, subdivision 5; 122.91, subdivision 7; 122.945, subdivision 4; 123.3514, subdivisions 6 and 6b; 123.701; 123.702; 123.704; 123.706, subdivision 3a; 123.707, subdivision 3; 123.73; 124.17, subdivision 1b; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j; 124.252; 124.2713, subdivision 4; 124.2721, subdivision 3a; 124.331; 124.332; 124.333; 124.48, subdivision 2; 124.493, subdivision 2; 124.575, subdivision 3a; 124A.02, subdivision 19; 124A.04, subdivision 1; 124C.02; 124C.41, subdivision 7; 125.231; 128B.01; 128B.03, subdivisions 3 and

8; 128B.07; 128B.10, subdivisions 2 and 3; 128C.12, subdivision 2; 129C.10, subdivision 5; 135A.10, subdivision 2; 136A.044; 136D.27, subdivision 1; 136D.28; 136D.30; 136D.74, subdivisions 2 and 3; 136D.87, subdivision 1; 136D.89; 136D.91; and 275.125, subdivisions 8b, 8c, 8d, and 8e."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1184: A bill for an act relating to the environment; conforming permit fee requirements to the federal Clean Air Act; appropriating money; amending Minnesota Statutes 1990, section 116.07, subdivision 4d.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 4, after "*costs*" insert "*, including attorney general costs,*"

Page 2, line 8, after "*chapter*" insert "*and the rules adopted under this chapter*" and before the period, insert "*and noise*"

Page 2, line 10, after "*enforcing*" insert "*statutes, rules, and*"

Page 2, line 11, delete everything after "*permit*"

Page 2, line 12, delete everything before the semicolon and delete "*and*" and insert a comma and after "*ambient*" insert "*, and deposition*"

Page 2, line 13, delete "*or*" and insert "*; responding to federal*"

Page 2, line 14, delete the second "*and*"

Page 2, line 15, before the period, insert "*; providing information to the public about these activities; and, after June 30, 1992, the costs of acid deposition monitoring currently assessed under section 116C.69, subdivision 3*"

Page 2, line 33, delete "*As necessary*"

Page 3, line 4, delete from the colon through page 3, line 5, to "*(1)*"

Page 3, line 6, after "*of*" insert "*:*"

*(1)*"

Page 3, line 12, delete everything before the period

Page 3, delete lines 17 to 21 and insert:

"Sec. 2. [EMERGENCY RULES.]

*The agency shall adopt the fee rules for paragraphs (b) to (d) by September 1, 1991.*

Sec. 3. [REPORT.]

*The pollution control agency shall report to the legislature by December 30, 1992, on the following:*

*(1) the basis on which air emission fees are assessed for each pollutant;*

(2) *the basis on which air emission fees are distributed among various emission sources;*

(3) *how the scope and costs of Minnesota air emission fees and air quality programs compare to neighboring states; and*

(4) *the allocation of air emission fees among various programs within the air quality division."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring a report;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1333: A bill for an act relating to natural resources; amending certain provisions concerned with the management of fish and wildlife; designating red fox as an unprotected wild animal; increasing certain license fees; authorizing an experimental season on mourning doves in a designated area; requiring mourning dove stamps and setting a fee for them; requiring a report to the legislature on the experimental season; changing watercraft and snowmobile fees; allowing money from the sale of natural resource related merchandise to be credited to certain accounts; removing the refund of angling license fees for senior citizens; allowing the issuance of a deer license during the season under certain conditions; changing state park permit fees; changing eligibility requirements for moose licenses; appropriating money; amending Minnesota Statutes 1990, sections 84.0855; 84.82, subdivisions 2 and 3; 84.944, subdivision 2; 84.96, subdivision 5; 85.055, subdivision 1; 86B.415, subdivisions 1, 2, 3, 4, 5, 6, and 7; 97A.015, subdivisions 45 and 53; 97A.075, subdivision 2; 97A.325, subdivision 2; 97A.431, subdivision 2; 97A.435, subdivision 2; 97A.475, subdivisions 2, 3, and 7; 97A.485, subdivisions 6, 7, and 9; 97A.541; 97B.075; 97B.601, subdivisions 3 and 4; 97B.631; 97B.655, subdivision 1; 97B.721; and 97B.801; repealing Minnesota Statutes 1990, section 97B.301, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 13, delete "*commissioner*" and insert "*deputy registrar*"

Page 4, after line 13, insert:

"Sec. 6. Minnesota Statutes 1990, section 85.053, subdivision 5, is amended to read:

Subd. 5. [DAILY VEHICLE PERMIT FOR GROUPS.] The commissioner ~~may authorize~~ *shall prescribe* a special daily vehicle state park ~~permits permit~~ for groups ~~by rule~~ *for use of state parks, state recreation areas, or state waysides for up to one day under conditions prescribed by the commissioner."*

Page 4, line 23, strike "as prescribed by the commissioner" and insert "\$2"

Page 5, line 4, delete "\$12" and insert "\$18"

Page 6, line 11, strike "to 6"

Page 6, line 12, before "for" insert "2, 3, and 5"

Page 8, line 3, delete "\$20" and insert "\$16"

Page 13, delete sections 34 and 35

Page 14, line 9, delete "16, 34, and 35" and insert "and 17"

Page 14, line 11, delete "17, 19, 33, and 37" and insert "18, 20, 34, and 36" and after the period, insert "*Sections 6 and 7 are effective October 1, 1991, for the 1992 park season.*"

Page 14, line 12, delete "7 to 13" and insert "8 to 14" and delete "20" and insert "21"

Page 14, line 13, delete "22 and 24" and insert "23 and 25"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "authorizing"

Page 1, delete lines 6 to 8

Page 1, line 9, delete everything before "changing"

Page 1, line 19, after the second semicolon, insert "85.053, subdivision 5;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

## **SECOND READING OF SENATE BILLS**

S.F. Nos. 1184 and 1333 were read the second time.

## **MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Marty moved that S.F. No. 296, No. 12 on General Orders, be stricken and re-referred to the Committee on Health and Human Services. The motion prevailed.

## **MEMBERS EXCUSED**

Mr. Johnson, D.J. was excused from the Session of today from 12:00 noon to 3:00 p.m. Mr. Riveness was excused from the Session of today from 12:00 noon to 12:30 p.m. Mr. Novak was excused from the Session of today from 12:00 noon to 1:15 p.m.

## **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Friday, April 26, 1991. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate