

Senators Tomassoni, Kelley, Michel, Gaither and Scheid introduced--
S.F. No. 711: Referred to the Committee on Education.

1 A bill for an act

2 relating to education; providing for health and
3 physical education course requirements; amending
4 Minnesota Statutes 2004, sections 120B.021,
5 subdivision 1; 120B.024.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 120B.021,
8 subdivision 1, is amended to read:

9 Subdivision 1. [REQUIRED ACADEMIC STANDARDS.] The
10 following subject areas are required for statewide
11 accountability:

12 (1) language arts;

13 (2) mathematics;

14 (3) science;

15 (4) social studies, including history, geography,
16 economics, and government and citizenship;

17 (5) health and physical education, for which locally
18 developed academic standards apply; and

19 (6) the arts, for which statewide or locally developed
20 academic standards apply, as determined by the school district.

21 Public elementary and middle schools must offer at least three
22 and require at least two of the following four arts areas:

23 dance; music; theater; and visual arts. Public high schools

24 must offer at least three and require at least one of the

25 following five arts areas: media arts; dance; music; theater;

1 and visual arts.

2 The commissioner must submit proposed standards in science
3 and social studies to the legislature by February 1, 2004.

4 For purposes of applicable federal law, the academic standards
5 for language arts, mathematics, and science apply to all public
6 school students, except the very few students with extreme
7 cognitive or physical impairments for whom an individualized
8 education plan team has determined that the required academic
9 standards are inappropriate. An individualized education plan
10 team that makes this determination must establish alternative
11 standards.

12 A school district, no later than the 2007-2008 school year,
13 must adopt graduation requirements that meet or exceed state
14 graduation requirements established in law or rule. A school
15 district that incorporates these state graduation requirements
16 before the 2007-2008 school year must provide students who enter
17 the 9th grade in or before the 2003-2004 school year the
18 opportunity to earn a diploma based on existing locally
19 established graduation requirements in effect when the students
20 entered the 9th grade. District efforts to develop, implement,
21 or improve instruction or curriculum as a result of the
22 provisions of this section must be consistent with sections
23 120B.10, 120B.11, and 120B.20.

24 School districts must maintain the same physical education
25 and health education requirements for kindergarten through 8th
26 grade students adopted for the 2004-2005 school year through the
27 2007-2008 school year. Beginning in the 2008-2009 school year,
28 public elementary school students must participate in physical
29 education for at least 150 minutes during the school week and
30 health education for at least 50 hours a school year. Beginning
31 in the 2008-2009 school year, public 7th and 8th grade students
32 must participate in physical education for at least 225 minutes
33 per week and health education for at least 50 hours a school
34 year.

35 Sec. 2. Minnesota Statutes 2004, section 120B.024, is
36 amended to read:

1 120B.024 [GRADUATION REQUIREMENTS; COURSE CREDITS.]

2 Students beginning 9th grade in the 2004-2005 school year
3 and later must successfully complete the following high school
4 level course credits for graduation:

5 (1) four credits of language arts;

6 (2) three credits of mathematics, encompassing at least
7 algebra, geometry, statistics, and probability sufficient to
8 satisfy the academic standard;

9 (3) three credits of science, including at least one credit
10 in biology;

11 (4) three and one-half credits of social studies,
12 encompassing at least United States history, geography,
13 government and citizenship, world history, and economics or
14 three credits of social studies encompassing at least United
15 States history, geography, government and citizenship, and world
16 history, and one-half credit of economics taught in a school's
17 social studies or business department;

18 (5) one credit in the arts; and

19 (6) one credit in physical education and one credit in
20 health education; and

21 (7) a minimum of seven five elective course credits.

22 A course credit is equivalent to a student successfully
23 completing an academic year of study or a student mastering the
24 applicable subject matter, as determined by the local school
25 district.

1 Senator moves to amend S.F. No. 711 as follows:
2 Page 2, line 24, before "School" insert "At a minimum,"
3 Page 3, after line 25, insert:
4 "Sec. 3. [MODEL CURRICULUM.]
5 By July 1, 2006, the commissioner of education must develop
6 and transmit to school districts a model kindergarten through
7 grade 12 health and physical education curriculum."

Senator Saxhaug introduced--

S.F. No. 1543: Referred to the Committee on Education.

1 A bill for an act
2 relating to education; providing for regional
3 education districts; amending Minnesota Statutes 2004,
4 sections 123A.24, subdivision 2; 275.066; proposing
5 coding for new law in Minnesota Statutes, chapter 123A.
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
7 Section 1. [123A.10] [REGIONAL EDUCATION DISTRICTS.]
8 Subdivision 1. [PURPOSE.] The purpose of a regional
9 education district is to increase educational opportunities for
10 learners by increasing cooperation and coordination among school
11 districts, other governmental units, and postsecondary
12 institutions and to increase the efficiency of administrative
13 services for elementary and secondary education by combining
14 instruction, curriculum, and administrative functions for
15 multiple school districts, while maintaining independent school
16 district control of individual student attendance sites.
17 Subd. 2. [AGREEMENT TO ESTABLISH A REGIONAL EDUCATION
18 DISTRICT.] Two or more school districts may enter into a written
19 agreement to establish a regional education district. The
20 agreement must address methods to increase educational
21 opportunities for learners and improve the efficiency of
22 delivering noninstructional services. Once established, cities,
23 counties, and other governmental units as defined in section
24 471.59 may become members of the regional education district.
25 The agreement and subsequent amendments must be adopted by

1 majority vote of the full membership of each board.

2 Subd. 3. [NOTICE AND PUBLIC HEARING ON PROPOSED
3 AGREEMENT.] Before entering into an agreement, the board of each
4 member district must publish a summary of the proposed agreement
5 and its effect upon the district at least once in a newspaper of
6 general circulation in the district. The board must conduct a
7 public hearing on the proposed agreement not more than ten days
8 after the notice and at least 30 days before entering into an
9 agreement.

10 Subd. 4. [MEETING WITH TEACHER REPRESENTATIVES.] Before
11 entering into an agreement, the board of each member district
12 must meet and confer with the exclusive representatives of the
13 teachers of each district proposing to enter the regional
14 education district.

15 Sec. 2. [123A.11] [REGIONAL EDUCATION DISTRICT BOARD.]

16 Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The
17 regional education district board shall be composed of the
18 superintendent of each member district and at least one
19 additional representative appointed by the school board of each
20 member district. Each representative must be a member of the
21 appointing school board. Each representative shall serve at the
22 pleasure of the appointing board and may be recalled by a
23 majority vote of the appointing board. Each representative
24 shall serve for the term that is specified in the agreement.
25 The board shall select its officers from among its members and
26 shall determine the terms of the officers. The board shall
27 adopt bylaws for the conduct of its business. The board may
28 conduct public meetings via interactive television if the board
29 complies with chapter 13D in each location where board members
30 are present.

31 Subd. 2. [POSTSECONDARY REPRESENTATION.] The regional
32 education district board may appoint, with the approval of the
33 member postsecondary institution, a representative from one or
34 more member postsecondary institutions as a member of the
35 regional education district board. Each postsecondary
36 representative shall serve at the pleasure of the regional

1 education district board and may be recalled by a majority vote
2 of the regional education district board. The education
3 district agreement may specify issues on which a postsecondary
4 representative may vote.

5 Subd. 3. [PERSONNEL.] The board may employ personnel as
6 necessary to provide instruction, curriculum, and
7 noninstructional services for the regional education district.
8 Regional education district staff shall participate in
9 retirement programs. Notwithstanding section 123B.143,
10 subdivision 1, a member district of a regional education
11 district may contract with the regional education district to
12 obtain the services of a superintendent. The person to provide
13 the services need not be employed by the regional education
14 district or a member district at the time the contract is
15 entered into.

16 Subd. 4. [CONTRACTS.] The board may enter into contracts
17 with districts and other public and private agencies to provide
18 services needed in the regional education district.

19 Subd. 5. [GENERAL LAW.] The board shall be governed,
20 unless specifically provided otherwise, by section 471.59.

21 Subd. 6. [ANNUAL REPORT.] The board shall submit an annual
22 report to the member districts and the commissioner regarding
23 the activities of the regional education district.

24 Sec. 3. [123A.12] [REGIONAL EDUCATION DISTRICT AGREEMENT.]

25 Subdivision 1. [IMPLEMENTATION; REVIEW.] A regional
26 education district board shall implement the agreement for
27 provision of services to the member school districts adopted by
28 the member districts according to section 123A.10, subdivision
29 2. The education administrative district board shall review the
30 agreement annually and propose necessary amendments to the
31 member districts.

32 Subd. 2. [EDUCATION AND ADMINISTRATIVE SERVICES.] The
33 agreement must specify which instruction, curriculum, and
34 administrative services are to be provided by the regional
35 education district. These services may include, but are not
36 limited to, the educational services and programs defined in

1 section 123A.21, subdivisions 7 and 8.

2 Subd. 3. [FINANCES.] The initial agreement must:

3 (1) include a three-year budget projection comparing
4 existing noninstructional services and their costs with the
5 proposed services and their costs for each year;

6 (2) specify any startup costs for the regional education
7 district;

8 (3) specify the estimated amount the board will levy for
9 startup costs or other operational expenses; and

10 (4) specify an equitable distribution formula for the
11 regional education district board to assess and certify to each
12 member school district its proportionate share of expenses.

13 Each member district must remit its assessment to the regional
14 education district board within 30 days after receipt.

15 Subd. 4. [SPECIAL TAXING DISTRICT.] A regional education
16 district is a special taxing district and may levy for the joint
17 provision of services under the agreement.

18 Subd. 5. [REPORTS TO DEPARTMENT OF EDUCATION.] Member
19 districts may submit joint reports and jointly provide
20 information required by the department. The joint reports must
21 allow information, including expenditures for the regional
22 education district, to be attributed to each member district.

23 Subd. 6. [ADDITION AND WITHDRAWAL OF DISTRICTS.] (a) Upon
24 approval by majority vote of a district school board and of the
25 regional education district board, a district may become a
26 member of the regional education district and be governed by the
27 provisions of this section and the agreement in effect.

28 (b) A district may withdraw from the regional education
29 district and from the agreement in effect by a majority vote of
30 the full board membership of the member district desiring
31 withdrawal and upon compliance with provisions in the agreement
32 establishing the regional education district. The withdrawal
33 shall become effective at the end of the next following fiscal
34 year.

35 Subd. 7. [DISSOLUTION.] The boards of each member district
36 may agree to dissolve the regional education district effective

1 at the end of any fiscal year or at an earlier time as they may
2 mutually agree. A dissolution must be accomplished in
3 accordance with any applicable provisions of the agreement
4 establishing the regional education district. The dissolution
5 must not affect the continuing liability of the previous member
6 districts for continuing obligations, including unemployment
7 benefits.

8 Sec. 4. [123A.13] [TEACHING POSITIONS.]

9 The provisions of section 123A.19 regarding teaching
10 positions apply to a regional education district.

11 Sec. 5. Minnesota Statutes 2004, section 123A.24,
12 subdivision 2, is amended to read:

13 Subd. 2. [COOPERATIVE UNIT DEFINED.] For the purposes of
14 this section, a cooperative unit is:

15 (1) an education district organized under sections 123A.15
16 to 123A.19;

17 (2) a cooperative vocational center organized under section
18 123A.22;

19 (3) an intermediate district organized under chapter 136D;

20 (4) a regional education district organized under sections
21 123A.10 to 123A.12;

22 (5) a service cooperative organized under section 123A.21;

23 or

24 ~~(5)~~ (6) a regional management information center organized
25 under section 123A.23 or as a joint powers district according to
26 section 471.59.

27 Sec. 5. Minnesota Statutes 2004, section 275.066, is
28 amended to read:

29 275.066 [SPECIAL TAXING DISTRICTS; DEFINITION.]

30 For the purposes of property taxation and property tax
31 state aids, the term "special taxing districts" includes the
32 following entities:

33 (1) watershed districts under chapter 103D;

34 (2) sanitary districts under sections 115.18 to 115.37;

35 (3) regional sanitary sewer districts under sections 115.61
36 to 115.67;

- 1 (4) regional public library districts under section
- 2 134.201;
- 3 (5) park districts under chapter 398;
- 4 (6) regional railroad authorities under chapter 398A;
- 5 (7) hospital districts under sections 447.31 to 447.38;
- 6 (8) St. Cloud Metropolitan Transit Commission under
- 7 sections 458A.01 to 458A.15;
- 8 (9) Duluth Transit Authority under sections 458A.21 to
- 9 458A.37;
- 10 (10) regional development commissions under sections
- 11 462.381 to 462.398;
- 12 (11) housing and redevelopment authorities under sections
- 13 469.001 to 469.047;
- 14 (12) port authorities under sections 469.048 to 469.068;
- 15 (13) economic development authorities under sections
- 16 469.090 to 469.1081;
- 17 (14) Metropolitan Council under sections 473.123 to
- 18 473.549;
- 19 (15) Metropolitan Airports Commission under sections
- 20 473.601 to 473.680;
- 21 (16) Metropolitan Mosquito Control Commission under
- 22 sections 473.701 to 473.716;
- 23 (17) Morrison County Rural Development Financing Authority
- 24 under Laws 1982, chapter 437, section 1;
- 25 (18) Croft Historical Park District under Laws 1984,
- 26 chapter 502, article 13, section 6;
- 27 (19) East Lake County Medical Clinic District under Laws
- 28 1989, chapter 211, sections 1 to 6;
- 29 (20) Floodwood Area Ambulance District under Laws 1993,
- 30 chapter 375, article 5, section 39;
- 31 (21) Middle Mississippi River Watershed Management
- 32 Organization under sections 103B.211 and 103B.241;
- 33 (22) emergency medical services special taxing districts
- 34 under section 144F.01;
- 35 (23) a county levying under the authority of section
- 36 103B.241, 103B.245, or 103B.251;

1 (24) a regional education district organized under sections
2 123A.10 to 123A.12;

3 (25) Southern St. Louis County Special Taxing District;
4 Chris Jensen Nursing Home under Laws 2003, First Special Session
5 chapter 21, article 4, section 12; and

6 ~~(25)~~ (26) any other political subdivision of the state of
7 Minnesota, excluding counties, school districts, cities, and
8 towns, that has the power to adopt and certify a property tax
9 levy to the county auditor, as determined by the commissioner of
10 revenue.

Senators Kelley and Olson introduced--

S.F. No. 1148: Referred to the Committee on Education.

A bill for an act

1
2 relating to education; providing for prekindergarten
3 through grade 12 education and early childhood and
4 families, including general education, education
5 excellence, special education, facilities and
6 technology, early childhood family support, and
7 prevention; providing for rulemaking; amending
8 Minnesota Statutes 2004, sections 119A.46,
9 subdivisions 1, 2, 3, 8; 120B.11, subdivisions 1, 2,
10 3, 4, 5, 8; 121A.06, subdivisions 2, 3; 121A.53;
11 122A.06, subdivision 4; 122A.09, subdivision 4;
12 122A.18, subdivision 2a; 123A.05, subdivision 2;
13 123B.143, subdivision 1; 123B.36, subdivision 1;
14 123B.49, subdivision 4; 123B.59, subdivisions 3, 3a;
15 123B.63, subdivision 2; 123B.71, subdivisions 8, 12;
16 123B.75, by adding a subdivision; 123B.76, subdivision
17 3; 123B.79, subdivision 6; 123B.81, subdivision 1;
18 123B.82; 123B.83, subdivision 2; 124D.095, subdivision
19 8; 124D.10, subdivisions 3, 4, 8; 124D.11,
20 subdivisions 1, 6; 124D.135, subdivision 5; 124D.16,
21 subdivision 3; 124D.68, subdivision 9; 124D.69,
22 subdivision 1; 124D.74, subdivision 1; 124D.81,
23 subdivision 1; 124D.84, subdivision 1; 125A.24;
24 125A.28; 126C.01, subdivision 11; 126C.05, by adding a
25 subdivision; 126C.15, subdivisions 1, 2, by adding a
26 subdivision; 126C.21, subdivision 4; 126C.48,
27 subdivisions 2, 8; 127A.49, subdivision 3; 134.31, by
28 adding a subdivision; 275.14; 275.16; 469.177,
29 subdivision 9; proposing coding for new law in
30 Minnesota Statutes, chapter 127A; repealing Minnesota
31 Statutes 2004, sections 123B.83, subdivision 1;
32 126C.42, subdivisions 1, 4.

33 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

34 ARTICLE 1

35 GENERAL EDUCATION

36 Section 1. Minnesota Statutes 2004, section 123A.05,
37 subdivision 2, is amended to read:

38 Subd. 2. [RESERVE REVENUE.] Each district that is a member
39 of an area learning center must reserve revenue in an amount

1 equal to the sum of (1) at least 90 percent of the district
2 average general education revenue per pupil unit minus an amount
3 equal to the product of the formula allowance according to
4 section 126C.10, subdivision 2, times .0485, calculated without
5 basic skills revenue, and transportation sparsity revenue, and
6 ~~the-transportation-portion-of-the-transition-revenue-adjustment,~~
7 times the number of pupil units attending an area learning
8 center program under this section, plus (2) the amount of basic
9 skills revenue generated by pupils attending the area learning
10 center. The amount of reserved revenue under this subdivision
11 may only be spent on program costs associated with the area
12 learning center. ~~Compensatory-revenue-must-be-allocated~~
13 ~~according-to-section-126C.15, subdivision 2.~~

14 Sec. 2. Minnesota Statutes 2004, section 123B.49,
15 subdivision 4, is amended to read:

16 Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.]

17 (a) The board may take charge of and control all extracurricular
18 activities of the teachers and children of the public schools in
19 the district. Extracurricular activities means all direct and
20 personal services for pupils for their enjoyment that are
21 managed and operated under the guidance of an adult or staff
22 member. The board shall allow all resident pupils receiving
23 instruction in a home school as defined in section 123B.36,
24 subdivision 1, paragraph (a), to be eligible to fully
25 participate in extracurricular activities on the same basis as
26 public school students.

27 (b) Extracurricular activities have all of the following
28 characteristics:

29 (1) they are not offered for school credit nor required for
30 graduation;

31 (2) they are generally conducted outside school hours, or
32 if partly during school hours, at times agreed by the
33 participants, and approved by school authorities;

34 (3) the content of the activities is determined primarily
35 by the pupil participants under the guidance of a staff member
36 or other adult.

1 (c) If the board does not take charge of and control
2 extracurricular activities, these activities shall be
3 self-sustaining with all expenses, except direct salary costs
4 and indirect costs of the use of school facilities, met by dues,
5 admissions, or other student fund-raising events. The general
6 fund must reflect only those salaries directly related to and
7 readily identified with the activity and paid by public funds.
8 Other revenues and expenditures for extra curricular activities
9 must be recorded according to the ~~"Manual-of-Instruction-for~~
10 ~~Uniform-Student-Activities-Accounting-for-Minnesota-School~~
11 ~~Districts-and-Area-Vocational-Technical-Colleges."~~ Manual for
12 Activity Fund Accounting. Extracurricular activities not under
13 board control must have an annual financial audit and must also
14 be audited annually for compliance with this section.

15 (d) If the board takes charge of and controls
16 extracurricular activities, any or all costs of these activities
17 may be provided from school revenues and all revenues and
18 expenditures for these activities shall be recorded in the same
19 manner as other revenues and expenditures of the district.

20 (e) If the board takes charge of and controls
21 extracurricular activities, the teachers or pupils in the
22 district must not participate in such activity, nor shall the
23 school name or any allied name be used in connection therewith,
24 except by consent and direction of the board.

25 Sec. 3. Minnesota Statutes 2004, section 123B.75, is
26 amended by adding a subdivision to read:

27 Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in
28 a calendar year by a school district under section 298.28,
29 subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d),
30 is fully recognized in the fiscal year in which the February
31 payment falls.

32 Sec. 4. Minnesota Statutes 2004, section 123B.76,
33 subdivision 3, is amended to read:

34 Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes
35 of this section, "building" means education site as defined in
36 section 123B.04, subdivision 1.

1 (b) Each district shall maintain separate accounts to
2 identify general fund expenditures~~7-excluding-capital~~
3 ~~expenditures-and-pupil-transportation7~~ for each building. All
4 expenditures for regular instruction, secondary vocational
5 instruction, and school administration must be reported to the
6 department separately for each building. All expenditures for
7 special education instruction, instructional support services,
8 and pupil support services provided within a specific building
9 must be reported to the department separately for each
10 building. Salary expenditures reported by building must reflect
11 actual salaries for staff at the building and must not be based
12 on districtwide averages. All other general fund expenditures
13 may be reported by building or on a districtwide basis.

14 (c) The department must annually report information showing
15 school district general fund expenditures per pupil by program
16 category for each building and estimated school district general
17 fund revenue generated by pupils attending each building on its
18 Web site. For purposes of this report:

19 (1) expenditures not ~~required-to-be~~ reported by building
20 shall be allocated among buildings on a uniform per pupil basis;

21 (2) basic skills revenue shall be allocated according to
22 section 126C.10, subdivision 4;

23 (3) secondary sparsity revenue and elementary sparsity
24 revenue shall be allocated according to section 126C.10,
25 subdivisions 7 and 8;

26 (4) other general education revenue shall be allocated on a
27 uniform per pupil unit basis;

28 (5) first grade preparedness aid shall be allocated
29 according to section 124D.081;

30 (6) state and federal special education aid and Title I aid
31 shall be allocated in proportion to district expenditures for
32 these programs by building; and

33 (7) other general fund revenues shall be allocated on a
34 uniform per pupil basis, except that the department may allocate
35 other revenues attributable to specific buildings directly to
36 those buildings.

1 Sec. 5. Minnesota Statutes 2004, section 123B.79,
2 subdivision 6, is amended to read:

3 Subd. 6. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.]

4 On June 30 of each year, a district may make a permanent
5 transfer from the general fund account entitled "undesigned
6 net unreserved general fund balance since statutory operating
7 debt" to the account entitled "reserved fund balance reserve
8 account for purposes of statutory operating debt reduction."
9 The amount of the transfer is limited to the lesser of (a) the
10 net undesigned-operating unreserved general fund balance, or
11 (b) the sum of the remaining statutory operating debt levies
12 authorized for all future years according to section 126C.42,
13 subdivision 1. If the net undesigned-operating unreserved
14 general fund balance is less than zero, the district may not
15 make a transfer.

16 Sec. 6. Minnesota Statutes 2004, section 123B.81,
17 subdivision 1, is amended to read:

18 Subdivision 1. [OPERATING DEBT.] The "operating debt" of a
19 school district means the net negative undesigned unreserved
20 general fund balance ~~in all school district funds, other than~~
21 ~~capital expenditure, building construction, debt service, and~~
22 ~~trust and agency,~~ calculated as of June 30 of each year in
23 accordance with the uniform financial accounting and reporting
24 standards for Minnesota school districts.

25 Sec. 7. Minnesota Statutes 2004, section 123B.82, is
26 amended to read:

27 123B.82 [REORGANIZATION OPERATING DEBT.]

28 The "reorganization operating debt" of a school district
29 means the net negative undesigned unreserved fund balance
30 balances in all school district funds, other than building
31 construction, debt redemption, and trust and agency, calculated
32 in accordance with the uniform financial accounting and
33 reporting standards for Minnesota school districts as of:

34 (1) June 30 of the fiscal year before the first year that a
35 district receives revenue according to section 123A.39,
36 subdivision 3; or

1 (2) June 30 of the fiscal year before the effective date of
2 reorganization according to section 123A.46 or 123A.48.

3 Sec. 8. Minnesota Statutes 2004, section 123B.83,
4 subdivision 2, is amended to read:

5 Subd. 2. [~~UNDESIGNATED~~ UNRESERVED FUND BALANCES.]

6 ~~Beginning-in-fiscal-year-1978-and-each-year-thereafter, any A~~
7 ~~school~~ district not-subject-to-the-provisions-of-subdivision-1
8 must limit its expenditures so that its undesigned net
9 unreserved general fund ~~balances-do~~ balance does not constitute
10 statutory operating debt as defined in section 126C.42.

11 Sec. 9. Minnesota Statutes 2004, section 124D.68,
12 subdivision 9, is amended to read:

13 Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil
14 attending an eligible program full time under subdivision 3,
15 paragraph (d), the department must pay 90 percent of the
16 district's average general education revenue less basic skills
17 revenue to the eligible program and ten percent of the
18 district's average general education revenue less basic skills
19 revenue to the contracting district within 30 days after the
20 eligible program verifies enrollment using the form provided by
21 the department. For a pupil attending an eligible program part
22 time, revenue, excluding compensatory revenue, shall be reduced
23 proportionately, according to the amount of time the pupil
24 attends the program, and the payments to the eligible program
25 and the contracting district shall be reduced accordingly. A
26 pupil for whom payment is made according to this section may not
27 be counted by any district for any purpose other than
28 computation of general education revenue. If payment is made
29 for a pupil under this subdivision, a district shall not
30 reimburse a program under section 124D.69 for the same
31 pupil. The basic skills revenue shall-be-paid generated by
32 pupils attending the eligible program according to section
33 126C.10, subdivision 4, shall be paid to the eligible program.

34 (b) The department must pay up to 100 percent of the
35 revenue to the eligible program if there is an agreement to that
36 effect between the school district and the eligible program.

1 (c) Notwithstanding paragraphs (a) and (b), for an eligible
2 program that provides chemical treatment services to students,
3 the department must pay 100 percent of the revenue to the
4 eligible program.

5 Sec. 10. Minnesota Statutes 2004, section 124D.69,
6 subdivision 1, is amended to read:

7 Subdivision 1. [AID.] If a pupil enrolls in an alternative
8 program, eligible under section 124D.68, subdivision 3,
9 paragraph (d), or subdivision 4, operated by a private
10 organization that has contracted with a school district to
11 provide educational services for eligible pupils under section
12 124D.68, subdivision 2, the district contracting with the
13 private organization must reimburse the provider an amount equal
14 to the sum of (1) at least 95 percent of the district's average
15 general education less basic skills revenue per pupil unit times
16 the number of pupil units for pupils attending the program, and
17 (2) the amount of basic skills revenue shall-be-paid generated
18 by pupils attending the program according to section 126C.10,
19 subdivision 4. ~~Compensatory-revenue-must-be-allocated-according~~
20 ~~to-section-126C-15,-subdivision-2.~~ For a pupil attending the
21 program part time, the revenue paid to the program, excluding
22 compensatory revenue, must be reduced proportionately, according
23 to the amount of time the pupil attends the program, and revenue
24 paid to the district shall be reduced accordingly. Pupils for
25 whom a district provides reimbursement may not be counted by the
26 district for any purpose other than computation of general
27 education revenue. If payment is made to a district or program
28 for a pupil under this section, the department must not make a
29 payment for the same pupil under section 124D.68, subdivision 9.
30 Notwithstanding sections 125A.15, 125A.51, and 125A.515, general
31 education revenue for a student who receives educational
32 services under this section shall be paid according to this
33 section.

34 Sec. 11. Minnesota Statutes 2004, section 126C.01,
35 subdivision 11, is amended to read:

36 Subd. 11. [NET UNAPPROPRIATED-OPERATING UNRESERVED GENERAL

1 FUND BALANCE.] "Net unappropriated-operating unreserved general
 2 fund balance" means the sum of the unreserved general fund
 3 balances-in-the-general, food-service, and community-service
 4 funds-minus-the-balances-reserved-for-statutory-operating-debt
 5 reduction, bus-purchase, severance-pay, taconite, unemployment
 6 benefits, maintenance-levy-reduction, operating-capital,
 7 disabled-access, health-and-safety, balance and encumbrances,
 8 computed as of June 30 each year.

9 Sec. 12. Minnesota Statutes 2004, section 126C.05, is
 10 amended by adding a subdivision to read:

11 Subd. 20. [PROJECT-BASED AVERAGE DAILY MEMBERSHIP.] (a) To
 12 receive general education revenue for a pupil enrolled in a
 13 public school with a project-based program, a school must meet
 14 the requirements in this paragraph. The school must:

15 (1) register with the commissioner as a project-based
 16 program by May 30 of the preceding fiscal year;

17 (2) provide a minimum teacher contact of no less than one
 18 hour per week per project-based credit for each pupil;

19 (3) maintain a record system that shows when each credit or
 20 portion thereof was reported for membership for each pupil; and

21 (4) report pupil membership consistent with paragraph (b).

22 (b) The commissioner must develop a formula for reporting
 23 pupil membership to compute average daily membership for each
 24 registered project-based school. Average daily membership for a
 25 pupil in a registered project-based program is the lesser of:

26 (1) 1.0; or

27 (2) the ratio of (i) the number of membership hours
 28 generated by project-based credits completed during the school
 29 year plus membership hours generated by credits completed in a
 30 seat-based setting to (ii) the annual required instructional
 31 hours at that grade level. Membership hours for a partially
 32 completed project-based credit must be prorated.

33 Sec. 13. Minnesota Statutes 2004, section 126C.21,
 34 subdivision 4, is amended to read:

35 Subd. 4. [TACONITE DEDUCTIONS.] (1)-Notwithstanding-any
 36 provisions-of-any-other-law-to-the-contrary, the-adjusted-net

1 ~~tax-capacity-used-in-calculating-general-education-aid-may~~
 2 ~~include-only-that-property-that-is-currently-taxable-in-the~~
 3 ~~district.~~

4 (2) For districts that ~~received-payments~~ have revenue under
 5 sections 298.018; 298.225; 229.24 to 298.28, excluding 298.26
 6 and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39;
 7 298.391 to 298.396; and 298.405; and 477A.15, any law imposing a
 8 tax upon severed mineral values; ~~or-recognized-revenue-under~~
 9 ~~section-477A-15;~~ the general education aid must be reduced in
 10 the final adjustment payment by (1) the difference-between-the
 11 dollar amount of the payments-received revenue recognized
 12 pursuant to those sections,~~or-revenue-recognized-under-section~~
 13 477A-15-in for the fiscal year to which the final adjustment is
 14 attributable and, less (2) the amount that was calculated,
 15 pursuant to section 126C.48, subdivision 8, as a reduction of
 16 the levy attributable to the fiscal year to which the final
 17 adjustment is attributable. If the final adjustment of a
 18 district's general education aid for a fiscal year is a negative
 19 amount because of this ~~clause~~ subdivision, the next fiscal
 20 year's general education aid to that district must be reduced by
 21 this negative amount in the following manner: there must be
 22 withheld from each scheduled general education aid payment due
 23 the district in such fiscal year, 15 percent of the total
 24 negative amount, until the total negative amount has been
 25 withheld. The amount reduced from general education aid
 26 pursuant to this ~~clause~~ subdivision must be ~~recognized-as~~ reduce
 27 revenue in the fiscal year to which the final adjustment payment
 28 is attributable.

29 Sec. 14. Minnesota Statutes 2004, section 126C.48,
 30 subdivision 2, is amended to read:

31 Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By October 7 of
 32 each year each district must notify the commissioner of the
 33 proposed levies in compliance with the levy limitations of this
 34 chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A,
 35 and 136D. By January ~~15~~ 7 of each year each district must
 36 notify the commissioner of the final levies certified. The

1 commissioner shall prescribe the form of these notifications and
 2 may request any additional information necessary to compute
 3 certified levy amounts.

4 Sec. 15. Minnesota Statutes 2004, section 126C.48,
 5 subdivision 8, is amended to read:

6 Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1)
 7 Reductions in levies pursuant to subdivision 1 must be made
 8 prior to the reductions in clause (2).

9 (2) Notwithstanding any other law to the contrary,
 10 ~~districts which received payments that have revenue~~ pursuant to
 11 sections 298.018; 298.225; 298.24 to 298.28, except an amount
 12 distributed under ~~section~~ sections 298.26; 298.28, subdivision
 13 4, ~~paragraph~~ paragraphs (c), clause (ii), and (d); 298.34 to
 14 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law
 15 imposing a tax upon severed mineral values, ~~or recognized~~
 16 ~~revenue under section 477A.15 must not include a portion of~~
 17 ~~these aids in their permissible levies pursuant to those~~
 18 ~~sections, but instead~~ must reduce the permissible levies
 19 authorized by this chapter and chapters 120B, 122A, 123A, 123B,
 20 124A, 124D, 125A, and 127A by ~~the greater of the following:~~ 95
 21 percent of the previous year's revenue specified under this
 22 clause.

23 ~~(a) an amount equal to 50 percent of the total dollar~~
 24 ~~amount of the payments received pursuant to those sections or~~
 25 ~~revenue recognized under section 477A.15 in the previous fiscal~~
 26 ~~year, or~~

27 ~~(b) an amount equal to the total dollar amount of the~~
 28 ~~payments received pursuant to those sections or revenue~~
 29 ~~recognized under section 477A.15 in the previous fiscal year~~
 30 ~~less the product of the same dollar amount of payments or~~
 31 ~~revenue times five percent.~~

32 ~~For levy year 2002 only, 77 percent of the amounts~~
 33 ~~distributed under section 298.225 and 298.28, and 100 percent of~~
 34 ~~the amounts distributed under sections 298.018, 298.34 to~~
 35 ~~298.39, 298.391 to 298.396, 298.405, and any law imposing a tax~~
 36 ~~upon severed mineral values, or recognized revenue under section~~

~~1 477A.15, shall be used for purposes of the calculations under
2 this paragraph. For levy year 2003 only, the levy reductions
3 under this subdivision must be calculated as if section 298.28,
4 subdivision 4, paragraph (f), did not apply for the 2003
5 distribution.~~

6 (3) The amount of any voter approved referendum, facilities
7 down payment, and debt levies shall not be reduced by more than
8 50 percent under this subdivision. In administering this
9 paragraph, the commissioner shall first reduce the nonvoter
10 approved levies of a district; then, if any payments, severed
11 mineral value tax revenue or recognized revenue under paragraph
12 (2) remains, the commissioner shall reduce any voter approved
13 referendum levies authorized under section 126C.17; then, if any
14 payments, severed mineral value tax revenue or recognized
15 revenue under paragraph (2) remains, the commissioner shall
16 reduce any voter approved facilities down payment levies
17 authorized under section 123B.63 and then, if any payments,
18 severed mineral value tax revenue or recognized revenue under
19 paragraph (2) remains, the commissioner shall reduce any voter
20 approved debt levies.

21 (4) Before computing the reduction pursuant to this
22 subdivision of the health and safety levy authorized by sections
23 123B.57 and 126C.40, subdivision 5, the commissioner shall
24 ascertain from each affected school district the amount it
25 proposes to levy under each section or subdivision. The
26 reduction shall be computed on the basis of the amount so
27 ascertained.

28 (5) To the extent the levy reduction calculated under
29 paragraph (2) exceeds the limitation in paragraph (3), an amount
30 equal to the excess must be distributed from the school
31 district's distribution under sections 298.225, 298.28, and
32 477A.15 in the following year to the cities and townships within
33 the school district in the proportion that their taxable net tax
34 capacity within the school district bears to the taxable net tax
35 capacity of the school district for property taxes payable in
36 the year prior to distribution. No city or township shall

1 receive a distribution greater than its levy for taxes payable
2 in the year prior to distribution. The commissioner of revenue
3 shall certify the distributions of cities and towns under this
4 paragraph to the county auditor by September 30 of the year
5 preceding distribution. The county auditor shall reduce the
6 proposed and final levies of cities and towns receiving
7 distributions by the amount of their distribution.
8 Distributions to the cities and towns shall be made at the times
9 provided under section 298.27.

10 Sec. 16. Minnesota Statutes 2004, section 127A.49,
11 subdivision 3, is amended to read:

12 Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess
13 tax increment is made to a district pursuant to ~~section~~ sections
14 469.176, subdivision 2, and 469.177, subdivision 9, or upon
15 decertification of a tax increment district, the school
16 district's aid and levy limitations must be adjusted for the
17 fiscal year in which the excess tax increment is paid under the
18 provisions of this subdivision.

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

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

23 (2) the ratio of:

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

27 (A) section 123B.57, if the district received health and
28 safety aid according to that section for the second preceding
29 year;

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

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

36 (D) section 126C.17, subdivision 6, if the district

1 received referendum equalization aid according to that section
2 for the second preceding year; to

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

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

8 (1) the amount of the distribution of excess increment; and

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

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

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

19 Sec. 17. Minnesota Statutes 2004, section 275.14, is
20 amended to read:

21 275.14 [CENSUS.]

22 ~~For the purposes of sections 275.124 to 275.167 the~~
23 ~~population of a city shall be that established by the last~~
24 ~~federal census, by a special census taken by the United States~~
25 ~~Bureau of the Census, by an estimate made by the Metropolitan~~
26 ~~Council, or by the state demographer made according to section~~
27 ~~4A.02, whichever has the latest stated date of count or~~
28 ~~estimate, before July 2 of the current levy year. The~~
29 population of a school district must be as certified by the
30 Department of Education from the most recent federal census. In
31 any year in which no federal census is taken pursuant to law in
32 any school district affected by sections ~~275.124 to~~
33 ~~275.16~~ 124D.20 and 124D.531 a population estimate may be made
34 and submitted to the state demographer for approval as
35 hereinafter provided. The school board of a school district, in
36 case it desires a population estimate, shall pass a resolution

1 by July 1 containing a current estimate of the population of the
2 school district and shall submit the resolution to the state
3 demographer. The resolution shall describe the criteria on
4 which the estimate is based and shall be in a form and
5 accompanied by the data prescribed by the state demographer.
6 The state demographer shall determine whether or not the
7 criteria and process described in the resolution provide a
8 reasonable basis for the population estimate and shall inform
9 the school district of that determination within 30 days of
10 receipt of the resolution. If the state demographer determines
11 that the criteria and process described in the resolution do not
12 provide a reasonable basis for the population estimate, the
13 resolution shall be of no effect. If the state demographer
14 determines that the criteria and process do provide a reasonable
15 basis for the population estimate, the estimate shall be treated
16 as the population of the school district for the purposes of
17 sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 until the
18 population of the school district has been established by the
19 next federal census or until a more current population estimate
20 is prepared and approved as provided herein, whichever occurs
21 first. The state demographer shall establish guidelines for
22 acceptable population estimation criteria and processes. The
23 state demographer shall issue advisory opinions upon request in
24 writing to cities or school districts as to proposed criteria
25 and processes prior to their implementation in an estimation.
26 The advisory opinion shall be final and binding upon the
27 demographer unless the demographer can show cause why it should
28 not be final and binding.

29 In the event that a census tract employed in taking a
30 federal or local census overlaps two or more school districts,
31 the county auditor shall, on the basis of the best information
32 available, allocate the population of said census tract to the
33 school districts involved.

34 ~~The term "council," as used in sections 275.124 to 275.167~~
35 ~~means any board or body, whether composed of one or more~~
36 ~~branches, authorized to make ordinances for the government of a~~

1 ~~city-within-this-state-~~

2 Sec. 18. Minnesota Statutes 2004, section 275.16, is
3 amended to read:

4 275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

5 If any such municipality shall return to the county auditor
6 a levy greater than permitted by chapters 123A, 123B, 124D,
7 126C, and 136C, ~~and-136D~~, sections 275.124 to 275.16, and 275.70
8 to 275.74, such county auditor shall extend only such amount of
9 taxes as the limitations herein prescribed will permit;
10 provided, if such levy shall include any levy for the payment of
11 bonded indebtedness or judgments, such levies for bonded
12 indebtedness or judgments shall be extended in full, and the
13 remainder of the levies shall be reduced so that the total
14 thereof, including levies for bonds and judgments, shall not
15 exceed such amount as the limitations herein prescribed will
16 permit.

17 Sec. 19. Minnesota Statutes 2004, section 469.177,
18 subdivision 9, is amended to read:

19 Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET
20 TAX CAPACITY.] (a) If the amount of tax paid on captured net tax
21 capacity exceeds the amount of tax increment, the county auditor
22 shall distribute the excess to the municipality, county, and
23 school district as follows: each governmental unit's share of
24 the excess equals

25 (1) the total amount of the excess for the tax increment
26 financing district, multiplied by

27 (2) a fraction, the numerator of which is the current local
28 tax rate of the governmental unit less the governmental unit's
29 local tax rate for the year the original local tax rate for the
30 district was certified (in no case may this amount be less than
31 zero) and the denominator of which is the sum of the numerators
32 for the municipality, county, and school district.

33 If the entire increase in the local tax rate is attributable to
34 a taxing district, other than the municipality, county, or
35 school district, then the excess must be distributed to the
36 municipality, county, and school district in proportion to their

1 respective local tax rates.

2 (b) The amounts distributed shall be deducted in computing
3 the levy limits of the taxing district for the succeeding
4 taxable year. ~~In the case of a school district, only the~~
5 ~~proportion of the excess taxes attributable to unequalized~~
6 ~~levies that are subject to a fixed dollar amount levy limit~~
7 ~~shall be deducted from the levy limit.~~

8 (c) In the case of distributions to a school district that
9 ~~are attributable to state equalized levies~~, the county auditor
10 shall report amounts distributed to the commissioner of
11 education in the same manner as provided for excess increments
12 under section 469.176, subdivision 2, and the distribution shall
13 be deducted from the school district's state aid payments and
14 levy limitation according to section 127A.49, subdivision 3.

15 Sec. 20. [REPEALER.]

16 Minnesota Statutes 2004, sections 123B.83, subdivision 1,
17 and 126C.42, subdivisions 1 and 4, are repealed.

18 ARTICLE 2

19 EDUCATION EXCELLENCE

20 Section 1. Minnesota Statutes 2004, section 120B.11,
21 subdivision 1, is amended to read:

22 Subdivision 1. [DEFINITIONS.] For the purposes of this
23 section and section 120B.10, the following terms have the
24 meanings given them.

25 (a) "Instruction" means methods of providing learning
26 experiences that ~~enables~~ enable a student to meet state and
27 district academic standards and graduation
28 standards requirements.

29 (b) "Curriculum" means district or school adopted programs
30 and written plans for providing students with learning
31 experiences that lead to expected knowledge, and skills, ~~and~~
32 positive attitudes.

33 Sec. 2. Minnesota Statutes 2004, section 120B.11,
34 subdivision 2, is amended to read:

35 Subd. 2. [ADOPTING POLICIES.] (a) A school board shall
36 ~~adopt annually a~~ have in place an adopted written policy that

1 includes the following:

2 (1) district goals for instruction and including the use of
3 best practices, district and school curriculum, and achievement
4 for all student subgroups;

5 (2) a process for evaluating each student's progress toward
6 meeting graduation academic standards and identifying the
7 strengths and weaknesses of instruction and curriculum affecting
8 students' progress;

9 (3) a system for periodically reviewing and evaluating all
10 instruction and curriculum;

11 (4) a plan for improving instruction and, curriculum, and
12 student achievement; and

13 (5) an ~~instruction-plan-that-includes~~ education
14 effectiveness ~~processes-developed-under~~ plan aligned with
15 section 122A.625 and that integrates instruction, curriculum,
16 and technology.

17 Sec. 3. Minnesota Statutes 2004, section 120B.11,
18 subdivision 3, is amended to read:

19 Subd. 3. [~~INSTRUCTION-AND-CURRICULUM~~ DISTRICT ADVISORY
20 COMMITTEE.] Each school board shall establish an ~~instruction-and~~
21 ~~Curriculum~~ advisory committee to ensure active community
22 participation in all phases of planning and improving the
23 instruction and curriculum affecting state graduation and
24 district academic standards. A district advisory committee, to
25 the extent possible, shall reflect the diversity of the district
26 and its learning sites, and shall include teachers, parents,
27 support staff, ~~pupils~~ students, and other community residents.
28 The district may establish building teams as subcommittees of
29 the district advisory committee under subdivision 4. The
30 district advisory committee shall recommend to the school
31 board ~~districtwide-education-standards~~ rigorous academic
32 standards, student achievement goals and measures, assessments,
33 and program evaluations. Learning sites may expand upon
34 district evaluations of instruction, curriculum, assessments, or
35 programs. Whenever possible, parents and other community
36 residents shall comprise at least two-thirds of advisory

1 committee members.

2 Sec. 4. Minnesota Statutes 2004, section 120B.11,
3 subdivision 4, is amended to read:

4 Subd. 4. [BUILDING TEAM.] A school may establish a
5 building team to develop and implement an education
6 effectiveness plan to improve instruction and, curriculum, and
7 student achievement. The team shall advise the board and the
8 advisory committee about developing an instruction and
9 curriculum improvement plan that aligns curriculum, assessment
10 of student progress in meeting state graduation and district
11 academic standards, and instruction.

12 Sec. 5. Minnesota Statutes 2004, section 120B.11,
13 subdivision 5, is amended to read:

14 Subd. 5. [REPORT.] (a) By October 1 of each year, the
15 school board shall use standard statewide reporting procedures
16 the commissioner develops and adopt a report that includes the
17 following:

18 (1) student performance achievement goals for meeting state
19 graduation academic standards adopted-for-that-year;

20 (2) results of local assessment data, and any additional
21 test data;

22 (3) the annual school district improvement plans including
23 staff development goals under section 122A.60;

24 (4) information about district and learning site progress
25 in realizing previously adopted improvement plans; and

26 (5) the amount and type of revenue attributed to each
27 education site as defined in section 123B.04.

28 (b) The school board shall publish the report in the local
29 newspaper with the largest circulation in the district or, by
30 mail, or by electronic means such as the district Web site. If
31 electronic means are used, the public must be notified and
32 copies of the report made available on request. The board shall
33 make a copy of the report available to the public for
34 inspection. The board shall send a copy of the report to the
35 commissioner of education by October 15 of each year.

36 (c) The title of the report shall contain the name and

1 number of the school district and read "Annual Report on
2 Curriculum, Instruction, and Student Performance Achievement."

3 The report must include at least the following information about
4 advisory committee membership:

5 (1) the name of each committee member and the date when
6 that member's term expires;

7 (2) the method and criteria the school board uses to select
8 committee members; and

9 (3) the date by which a community resident must apply to
10 next serve on the committee.

11 Sec. 6. Minnesota Statutes 2004, section 120B.11,
12 subdivision 8, is amended to read:

13 Subd. 8. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At
14 least once every two years, the district report shall include an
15 evaluation of the district testing programs, according to the
16 following:

17 (1) written objectives of the assessment program;

18 (2) names of tests and grade levels tested;

19 (3) use of test results; and

20 (4) ~~implementation of an assurance of mastery program~~
21 student achievement results compared to previous years.

22 Sec. 7. Minnesota Statutes 2004, section 121A.06,
23 subdivision 2, is amended to read:

24 Subd. 2. [REPORTS; CONTENT.] ~~By January 17, 1994, the~~
25 ~~commissioner, in consultation with the criminal and juvenile~~
26 ~~information policy group, shall develop a standardized form to~~
27 ~~be used by schools to report incidents involving the use or~~
28 ~~possession of a dangerous weapon in school zones. School~~
29 districts must electronically report to the commissioner of

30 education incidents involving the use or possession of a
31 dangerous weapon in school zones. The form shall must include
32 the following information:

33 (1) a description of each incident, including a description
34 of the dangerous weapon involved in the incident;

35 (2) where, at what time, and under what circumstances the
36 incident occurred;

1 (3) information about the offender, other than the
2 offender's name, including the offender's age; whether the
3 offender was a student and, if so, where the offender attended
4 school; and whether the offender was under school expulsion or
5 suspension at the time of the incident;

6 (4) information about the victim other than the victim's
7 name, if any, including the victim's age; whether the victim was
8 a student and, if so, where the victim attended school; and if
9 the victim was not a student, whether the victim was employed at
10 the school;

11 (5) the cost of the incident to the school and to the
12 victim; and

13 (6) the action taken by the school administration to
14 respond to the incident.

15 The commissioner ~~also shall develop~~ provide an alternative
16 electronic reporting format that allows school districts to
17 provide aggregate data, ~~with an option to use computer~~
18 ~~technology to report the data.~~

19 Sec. 8. Minnesota Statutes 2004, section 121A.06,
20 subdivision 3, is amended to read:

21 Subd. 3. [REPORTS; FILING REQUIREMENTS.] By February ~~1~~ and
22 July ~~1~~ 31 of each year, each public school shall report
23 incidents involving the use or possession of a dangerous weapon
24 in school zones to the commissioner. The reports must be made
25 ~~on the standardized forms or using the alternative~~
26 format submitted using the electronic reporting system developed
27 by the commissioner under subdivision 2. The commissioner shall
28 compile the information it receives from the schools and report
29 it annually to the commissioner of public safety, ~~the criminal~~
30 ~~and juvenile information policy group,~~ and the legislature.

31 Sec. 9. Minnesota Statutes 2004, section 121A.53, is
32 amended to read:

33 121A.53 [REPORT TO COMMISSIONER OF EDUCATION.]

34 Subdivision 1. [EXCLUSIONS AND EXPULSIONS.] The school
35 board ~~shall~~ must report through the department electronic
36 reporting system each exclusion or expulsion within 30 days of

1 the effective date of the action to the commissioner of
2 education. This report shall must include a statement of
3 alternative educational services given the pupil and the reason
4 for, the effective date, and the duration of the exclusion or
5 expulsion. The report must also include the student's age,
6 grade, gender, race, and special education status.

7 Subd. 2. [REPORT.] The school board must include state
8 student identification numbers of affected pupils on all
9 dismissal reports required by the department. The department
10 must report annually to the commissioner summary data on the
11 number of dismissals by age, grade, gender, race, and special
12 education status of the affected pupils. All dismissal reports
13 must be submitted through the department electronic reporting
14 system.

15 Sec. 10. Minnesota Statutes 2004, section 122A.06,
16 subdivision 4, is amended to read:

17 Subd. 4. [COMPREHENSIVE, SCIENTIFICALLY BASED READING
18 INSTRUCTION.] ~~"Comprehensive, scientifically based reading
19 instruction" includes instruction and practice in phonemic
20 awareness, phonics and other word recognition skills, and guided
21 oral reading for beginning readers, as well as extensive silent
22 reading, vocabulary instruction, instruction in comprehension,
23 and instruction that fosters understanding and higher order
24 thinking for readers of all ages and proficiency
25 levels.~~ "Comprehensive, scientifically based reading
26 instruction" includes a program or collection of instructional
27 practices with demonstrated success in instructing learners and
28 reliable and valid evidence to support the conclusion that when
29 these methods are used with learners, they can be expected to
30 achieve, at a minimum, satisfactory progress in reading
31 achievement. The program or collection of practices must
32 include, at a minimum, instruction in five areas of reading:
33 phonemic awareness, phonics, fluency, vocabulary, and text
34 comprehension.

35 Comprehensive, scientifically based reading instruction
36 also includes and integrates instructional strategies for

1 continuously assessing and evaluating the learner's reading
2 progress and needs in order to design and implement ongoing
3 interventions so that learners of all ages and proficiency
4 levels can read and comprehend text and apply higher level
5 thinking skills.

6 Sec. 11. Minnesota Statutes 2004, section 122A.09,
7 subdivision 4, is amended to read:

8 Subd. 4. [LICENSE AND RULES.] (a) The board must adopt
9 rules to license public school teachers and interns subject to
10 chapter 14.

11 (b) The board must adopt rules requiring a person to
12 successfully complete a skills examination in reading, writing,
13 and mathematics as a requirement for initial teacher licensure.
14 Such rules must require college and universities offering a
15 board-approved teacher preparation program to provide remedial
16 assistance to persons who did not achieve a qualifying score on
17 the skills examination, including those for whom English is a
18 second language.

19 (c) The board must adopt rules to approve teacher
20 preparation programs. The board, upon the request of a
21 postsecondary student preparing for teacher licensure or a
22 licensed graduate of a teacher preparation program, shall assist
23 in resolving a dispute between the person and a postsecondary
24 institution providing a teacher preparation program when the
25 dispute involves an institution's recommendation for licensure
26 affecting the person or the person's credentials. At the
27 board's discretion, assistance may include the application of
28 chapter 14.

29 (d) The board must provide the leadership and shall adopt
30 rules for the redesign of teacher education programs to
31 implement a research based, results-oriented curriculum that
32 focuses on the skills teachers need in order to be effective.
33 The board shall implement new systems of teacher preparation
34 program evaluation to assure program effectiveness based on
35 proficiency of graduates in demonstrating attainment of program
36 outcomes.

1 (e) The board must adopt rules requiring successful
2 completion of an examination of general pedagogical knowledge
3 and examinations of licensure-specific teaching skills. The
4 rules shall be effective on the dates determined by the board
5 but not later than September 1, 2001.

6 (f) The board must adopt rules requiring teacher educators
7 to work directly with elementary or secondary school teachers in
8 elementary or secondary schools to obtain periodic exposure to
9 the elementary or secondary teaching environment.

10 (g) The board must grant licenses to interns and to
11 candidates for initial licenses.

12 (h) The board must design and implement an assessment
13 system which requires a candidate for an initial license and
14 first continuing license to demonstrate the abilities necessary
15 to perform selected, representative teaching tasks at
16 appropriate levels.

17 (i) The board must receive recommendations from local
18 committees as established by the board for the renewal of
19 teaching licenses.

20 (j) The board must grant life licenses to those who qualify
21 according to requirements established by the board, and suspend
22 or revoke licenses pursuant to sections 122A.20 and 214.10. The
23 board must not establish any expiration date for application for
24 life licenses.

25 (k) The board must adopt rules that require all licensed
26 teachers who are renewing their continuing license to include in
27 their renewal requirements further preparation in the areas of
28 using positive behavior interventions and in accommodating,
29 modifying, and adapting curricula, materials, and strategies to
30 appropriately meet the needs of individual students and ensure
31 adequate progress toward the state's graduation rule.

32 (l) In adopting rules to license public school teachers who
33 provide health-related services for disabled children, the board
34 shall adopt rules consistent with license or registration
35 requirements of the commissioner of health and the
36 health-related boards who license personnel who perform similar

1 services outside of the school.

2 (m) The board must adopt rules that require all licensed
3 teachers who are renewing their continuing license to include in
4 their renewal requirements further reading preparation,
5 consistent with section 122A.06, subdivision 4. The rules do
6 not take effect until they are approved by law. Teachers who do
7 not provide direct instruction including, at least, counselors,
8 school psychologists, school nurses, school social workers,
9 audiovisual directors and coordinators, and recreation personnel
10 are exempt from this section.

11 (n) The board must adopt rules that require all licensed
12 teachers who are renewing their continuing license to include in
13 their renewal requirements further preparation in understanding
14 the key warning signs of early-onset mental illness in children
15 and adolescents.

16 (o) The board must:

17 (1) adopt rules to license qualified candidates to teach
18 chemistry, physics, biology, and earth and space science; and

19 (2) license a science teacher to teach in a new science
20 content area or level if the teacher holds a continuing license
21 to teach science and receives a qualifying score on an
22 appropriate Praxis II test in a science subject other than the
23 teacher's currently licensed science field or level. A
24 qualifying score is the same test score used for initial
25 licenses to teach science. A science teacher who seeks
26 licensure in a different science content area or level under
27 this paragraph is responsible for the actual costs of the
28 required testing.

29 Sec. 12. Minnesota Statutes 2004, section 122A.18,
30 subdivision 2a, is amended to read:

31 Subd. 2a. [READING STRATEGIES.] (a) All colleges and
32 universities approved by the Board of Teaching to prepare
33 persons for classroom teacher licensure must include in their
34 teacher preparation programs reading-best-practices-that-enable
35 classroom-teacher-licensure-candidates-to-know-how-to-teach
36 reading, such as phonics or other research-based best practices

1 in reading, consistent with section 122A.06, subdivision 4, that
2 enable the licensure candidate to know how to teach reading in
3 the candidate's content areas.

4 (b) Board-approved teacher preparation programs for
5 teachers of elementary education must require instruction in the
6 application of comprehensive, scientifically based, and balanced
7 reading instruction programs: that:

8 (1) teach students to read using foundational knowledge,
9 practices, and strategies consistent with section 122A.06,
10 subdivision 4, so that all students will achieve continuous
11 progress in reading; and

12 (2) teach specialized instruction in reading strategies,
13 interventions, and remediations that enable students of all ages
14 and proficiency levels to become proficient readers.

15 Sec. 13. Minnesota Statutes 2004, section 123B.143,
16 subdivision 1, is amended to read:

17 Subdivision 1. [CONTRACT; DUTIES.] All districts
18 maintaining a classified secondary school must employ a
19 superintendent who shall be an ex officio nonvoting member of
20 the school board. The authority for selection and employment of
21 a superintendent must be vested in the board in all cases. An
22 individual employed by a board as a superintendent shall have an
23 initial employment contract for a period of time no longer than
24 three years from the date of employment. Any subsequent
25 employment contract must not exceed a period of three years. A
26 board, at its discretion, may or may not renew an employment
27 contract. A board must not, by action or inaction, extend the
28 duration of an existing employment contract. Beginning 365 days
29 prior to the expiration date of an existing employment contract,
30 a board may negotiate and enter into a subsequent employment
31 contract to take effect upon the expiration of the existing
32 contract. A subsequent contract must be contingent upon the
33 employee completing the terms of an existing contract. If a
34 contract between a board and a superintendent is terminated
35 prior to the date specified in the contract, the board may not
36 enter into another superintendent contract with that same

1 individual that has a term that extends beyond the date
2 specified in the terminated contract. A board may terminate a
3 superintendent during the term of an employment contract for any
4 of the grounds specified in section 122A.40, subdivision 9 or 13.
5 A superintendent shall not rely upon an employment contract with
6 a board to assert any other continuing contract rights in the
7 position of superintendent under section 122A.40.
8 Notwithstanding the provisions of sections 122A.40, subdivision
9 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no
10 individual shall have a right to employment as a superintendent
11 based on order of employment in any district. If two or more
12 districts enter into an agreement for the purchase or sharing of
13 the services of a superintendent, the contracting districts have
14 the absolute right to select one of the individuals employed to
15 serve as superintendent in one of the contracting districts and
16 no individual has a right to employment as the superintendent to
17 provide all or part of the services based on order of employment
18 in a contracting district. The superintendent of a district
19 shall perform the following:

20 (1) visit and supervise the schools in the district, report
21 and make recommendations about their condition when advisable or
22 on request by the board;

23 (2) recommend to the board employment and dismissal of
24 teachers;

25 (3) superintend school grading practices and examinations
26 for promotions;

27 (4) make reports required by the commissioner; and

28 ~~(5) by January 10, 2007, submit an annual report to the~~
29 ~~commissioner in a manner prescribed by the commissioner, in~~
30 ~~consultation with school districts, identifying the expenditures~~
31 ~~that the district requires to ensure an 80 percent student~~
32 ~~passage rate on the basic standards test taken in the eighth~~
33 ~~grade, identifying the highest student passage rate the district~~
34 ~~expects it will be able to attain on the basic standards test by~~
35 ~~grade 12, the amount of expenditures that the district requires~~
36 ~~to attain the targeted student passage rate, and how much the~~

~~1 district-is-cross-subsidizing-programs-with-special-education,~~
~~2 basic-skills,-and-general-education-revenue,-and~~

3 {6} perform other duties prescribed by the board.

4 Sec. 14. Minnesota Statutes 2004, section 123B.36,
5 subdivision 1, is amended to read:

6 Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For
7 purposes of this subdivision, "home school" means a home school
8 as defined in sections 120A.22 and 120A.24 with five or fewer
9 students receiving instruction.

10 (b) A school board is authorized to require payment of fees
11 in the following areas:

12 (1) in any program where the resultant product, in excess
13 of minimum requirements and at the pupil's option, becomes the
14 personal property of the pupil;

15 (2) admission fees or charges for extra curricular
16 activities, where attendance is optional and where the admission
17 fees or charges a student must pay to attend or participate in
18 an extracurricular activity is the same for all students,
19 regardless of whether the student is enrolled in a public or a
20 home school;

21 (3) a security deposit for the return of materials,
22 supplies, or equipment;

23 (4) personal physical education and athletic equipment and
24 apparel, although any pupil may personally provide it if it
25 meets reasonable requirements and standards relating to health
26 and safety established by the board;

27 (5) items of personal use or products that a student has an
28 option to purchase such as student publications, class rings,
29 annuals, and graduation announcements;

30 (6) fees specifically permitted by any other statute,
31 including but not limited to section 171.05, subdivision 2;
32 provided (i) driver education fees do not exceed the actual cost
33 to the school and school district of providing driver education,
34 and (ii) the driver education courses are open to enrollment to
35 persons between the ages of 15 and 18 who reside or attend
36 school in the school district;

1 (7) field trips considered supplementary to a district
2 educational program;

3 (8) any authorized voluntary student health and accident
4 benefit plan;

5 (9) for the use of musical instruments owned or rented by
6 the district, a reasonable rental fee not to exceed either the
7 rental cost to the district or the annual depreciation plus the
8 actual annual maintenance cost for each instrument;

9 (10) transportation of pupils to and from extra curricular
10 activities conducted at locations other than school, where
11 attendance is optional, and transportation of charter school
12 students participating in extracurricular activities in their
13 resident district under section 123B.49, subdivision 4,
14 paragraph (a), which must be charged to the charter school;

15 (11) transportation to and from school of pupils living
16 within two miles from school and all other transportation
17 services not required by law. If a district charges fees for
18 transportation of pupils, it must establish guidelines for that
19 transportation to ensure that no pupil is denied transportation
20 solely because of inability to pay;

21 (12) motorcycle classroom education courses conducted
22 outside of regular school hours; provided the charge must not
23 exceed the actual cost of these courses to the school district;

24 (13) transportation to and from postsecondary institutions
25 for pupils enrolled under the postsecondary enrollment options
26 program under section 123B.88, subdivision 22. Fees collected
27 for this service must be reasonable and must be used to reduce
28 the cost of operating the route. Families who qualify for
29 mileage reimbursement under section 124D.09, subdivision 22, may
30 use their state mileage reimbursement to pay this fee. If no
31 fee is charged, districts must allocate costs based on the
32 number of pupils riding the route.

33 Sec. 15. Minnesota Statutes 2004, section 123B.49,
34 subdivision 4, is amended to read:

35 Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.]

36 (a) The board may take charge of and control all extracurricular

1 activities of the teachers and children of the public schools in
2 the district. Extracurricular activities means all direct and
3 personal services for pupils for their enjoyment that are
4 managed and operated under the guidance of an adult or staff
5 member. The board shall allow all resident pupils receiving
6 instruction in a home school as defined in section 123B.36,
7 subdivision 1, paragraph (a), and all resident pupils receiving
8 instruction in a charter school as defined in section 124D.10 to
9 be eligible to fully participate in extracurricular activities
10 on the same basis as public school students enrolled in the
11 district's schools. A charter school student must give the
12 enrolling charter school at least a 30-day notice of the
13 student's intent to participate in an extracurricular activity
14 in the resident district. A charter school student is not
15 eligible to participate in an extracurricular activity in the
16 resident district if that extracurricular activity is offered by
17 the enrolling charter school or the extracurricular activity is
18 not controlled by the high school league under chapter 128C.
19 Charter school students participating in extracurricular
20 activities must meet the academic and student conduct
21 requirements of the resident district. The charter school must:
22 (1) collect the same information that a district collects
23 on a student's eligibility to participate in an extracurricular
24 activity;
25 (2) transmit that information to the district at least ten
26 days before a student begins to participate in the
27 extracurricular activity; and
28 (3) immediately transmit to the district any additional
29 information affecting the student's eligibility.
30 (b) Extracurricular activities have all of the following
31 characteristics:
32 (1) they are not offered for school credit nor required for
33 graduation;
34 (2) they are generally conducted outside school hours, or
35 if partly during school hours, at times agreed by the
36 participants, and approved by school authorities;

1 (3) the content of the activities is determined primarily
2 by the pupil participants under the guidance of a staff member
3 or other adult.

4 (c) If the board does not take charge of and control
5 extracurricular activities, these activities shall be
6 self-sustaining with all expenses, except direct salary costs
7 and indirect costs of the use of school facilities, met by dues,
8 admissions, or other student fund-raising events. The general
9 fund must reflect only those salaries directly related to and
10 readily identified with the activity and paid by public funds.
11 Other revenues and expenditures for extra curricular activities
12 must be recorded according to the "~~Manual of Instruction for~~
13 ~~Uniform-Student-Activities~~ Activity Fund Accounting for
14 ~~Minnesota-School-Districts-and-Area-Vocational-Technical~~
15 ~~Colleges.~~" Extracurricular activities not under board control
16 must have an annual financial audit and must also be audited
17 annually for compliance with this section.

18 (d) If the board takes charge of and controls
19 extracurricular activities, any or all costs of these activities
20 may be provided from school revenues and all revenues and
21 expenditures for these activities shall be recorded in the same
22 manner as other revenues and expenditures of the district.

23 (e) If the board takes charge of and controls
24 extracurricular activities, the teachers or pupils in the
25 district must not participate in such activity, nor shall the
26 school name or any allied name be used in connection therewith,
27 except by consent and direction of the board.

28 (f) School districts may charge charter schools their
29 proportional share of the direct and indirect costs of the
30 extracurricular activities that are not covered by student fees
31 under section 123B.36, subdivision 1. A district may charge
32 charter school students the same fees it charges enrolled
33 students to participate in an extracurricular activity. A
34 district is not required to provide transportation from the
35 charter school to the resident district for a charter school
36 student who participates in an extracurricular activity in the

1 resident district.

2 [EFFECTIVE DATE.] This section is effective for the
3 2005-2006 school year and later.

4 Sec. 16. Minnesota Statutes 2004, section 124D.095,
5 subdivision 8, is amended to read:

6 Subd. 8. [FINANCIAL ARRANGEMENTS.] (a) For a student
7 enrolled in an on-line learning course, the department must
8 calculate average daily membership and make payments according
9 to this subdivision.

10 (b) The initial on-line learning average daily membership
11 equals 1/12 for each semester course or a proportionate amount
12 for courses of different lengths. The adjusted on-line learning
13 average daily membership equals the initial on-line learning
14 average daily membership times .88.

15 (c) No on-line learning average daily membership shall be
16 generated if: (1) the student does not complete the on-line
17 learning course, or (2) the student is enrolled in on-line
18 learning provided by the enrolling district and the student
19 was either enrolled in a Minnesota public school for the school
20 year before the school year in which the student first enrolled
21 in on-line learning, or the student is enrolled in an
22 instructional program in which at least 40 percent of the total
23 instructional time takes place in the school's facilities. For
24 students enrolled in on-line learning according to clause (2),
25 the department shall calculate average daily membership
26 according to section 126C.05, subdivision 8.

27 (d) On-line learning average daily membership under this
28 subdivision for a student currently enrolled in a Minnesota
29 public school and who was enrolled in a Minnesota public school
30 for the school year before the school year in which the student
31 first enrolled in on-line learning shall be used only for
32 computing average daily membership according to section 126C.05,
33 subdivision 19, paragraph (a), clause ~~(1)~~ (2), and for
34 computing on-line learning aid according to section 126C.24.

35 (e) On-line learning average daily membership under this
36 subdivision for students not included in paragraph (c) or (d)

1 shall be used only for computing average daily membership
2 according to section 126C.05, subdivision 19, paragraph (a),
3 clause ~~(ii)~~ (2), and for computing payments under paragraphs (f)
4 and (g).

5 (f) Subject to the limitations in this subdivision, the
6 department must pay an on-line learning provider an amount equal
7 to the product of the adjusted on-line learning average daily
8 membership for students under paragraph (e) times the student
9 grade level weighting under section 126C.05, subdivision 1,
10 times the formula allowance.

11 (g) The department must pay each on-line learning provider
12 100 percent of the amount in paragraph (f) within 45 days of
13 receiving final enrollment and course completion information
14 each quarter or semester.

15 [EFFECTIVE DATE.] This section is effective the day
16 following final enactment.

17 Sec. 17. Minnesota Statutes 2004, section 124D.10,
18 subdivision 3, is amended to read:

19 Subd. 3. [SPONSOR.] (a) A school board; intermediate
20 school district school board; education district organized under
21 sections 123A.15 to 123A.19; charitable organization under
22 section 501(c)(3) of the Internal Revenue Code of 1986 that is a
23 member of the Minnesota Council of Nonprofits or the Minnesota
24 Council on Foundations, registered with the attorney general's
25 office, and reports an end-of-year fund balance of at least
26 \$2,000,000; Minnesota private college that grants two- or
27 four-year degrees and is registered with the Higher Education
28 Services Office under chapter 136A; community college, state
29 university, or technical college, governed by the Board of
30 Trustees of the Minnesota State Colleges and Universities; or
31 the University of Minnesota may sponsor one or more charter
32 schools.

33 (b) A nonprofit corporation subject to chapter 317A,
34 described in section 317A.905, and exempt from federal income
35 tax under section 501(c)(6) of the Internal Revenue Code of
36 1986, may sponsor one or more charter schools if the charter

1 school has operated for at least three years under a different
2 sponsor and if the nonprofit corporation has existed for at
3 least 25 years.

4 (c) The commissioner of education may approve up to five
5 charitable organizations under section 501(c)(3) of the Internal
6 Revenue Code of 1986 which have as their primary activity the
7 sponsoring of charter schools. Proposals of the charitable
8 organizations to the commissioner must contain:

9 (1) the articles, bylaws, and initial board membership;

10 (2) the sources of financing for its operation;

11 (3) the areas of specialization of its sponsorship; and

12 (4) other information requested by the department.

13 Sponsors approved under this paragraph shall report annually to
14 the commissioner on the types of charter schools sponsored,
15 their effectiveness in promoting student achievement; the
16 development of alternative school governance structures, and
17 other information requested by the department. The commissioner
18 may terminate its authorization for a charitable organization to
19 sponsor a charter school under this paragraph if the charitable
20 organization demonstrates persistent financial mismanagement or
21 repeated violations of law.

22 Sec. 18. Minnesota Statutes 2004, section 124D.10,
23 subdivision 4, is amended to read:

24 Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may
25 authorize one or more licensed teachers under section 122A.18,
26 subdivision 1, to operate a charter school subject to approval
27 by the commissioner. A board must vote on charter school
28 application for sponsorship no later than 90 days after
29 receiving the application. After 90 days, the applicant may
30 apply to the commissioner. If a board elects not to sponsor a
31 charter school, the applicant may appeal the board's decision to
32 the commissioner. The commissioner may elect to sponsor the
33 charter school or assist the applicant in finding an eligible
34 sponsor. The school must be organized and operated as a
35 cooperative under chapter 308A or nonprofit corporation under
36 chapter 317A and the provisions under the applicable chapter

1 shall apply to the school except as provided in this section.
2 Notwithstanding sections 465.717 and 465.719, a school district
3 may create a corporation for the purpose of creating a charter
4 school.

5 (b) Before the operators may form and operate a school, the
6 sponsor must file an affidavit with the commissioner stating its
7 intent to authorize a charter school. The affidavit must state
8 the terms and conditions under which the sponsor would authorize
9 a charter school. The commissioner must approve or disapprove
10 the sponsor's proposed authorization within ~~60~~ 90 days of
11 receipt of the affidavit. Failure to obtain commissioner
12 approval precludes a sponsor from authorizing the charter school
13 that was the subject of the affidavit.

14 (c) The operators authorized to organize and operate a
15 school, before entering into a contract or other agreement for
16 professional or other services, goods, or facilities, must
17 incorporate as a cooperative under chapter 308A or as a
18 nonprofit corporation under chapter 317A and must establish a
19 board of directors composed of at least five members until a
20 timely election for members of the charter school board of
21 directors is held according to the school's articles and
22 bylaws. A charter school board of directors must be composed of
23 at least five members. Any staff members who are employed at
24 the school, including teachers providing instruction under a
25 contract with a cooperative, and all parents of children
26 enrolled in the school may participate in the election for
27 members of the school's board of directors. Licensed teachers
28 employed at the school, including teachers providing instruction
29 under a contract with a cooperative, must be a majority of the
30 members of the board of directors before the school completes
31 its third year of operation, unless the commissioner waives the
32 requirement for a majority of licensed teachers on the board.
33 Board of director meetings must comply with chapter 13D.

34 (d) The granting or renewal of a charter by a sponsoring
35 entity must not be conditioned upon the bargaining unit status
36 of the employees of the school.

1 (e) A sponsor may authorize the operators of a charter
2 school to expand the operation of the charter school to
3 additional sites or to add additional grades at the school
4 beyond those described in the sponsor's application as approved
5 by the commissioner only after submitting a supplemental
6 application to the commissioner in a form and manner prescribed
7 by the commissioner. The supplemental application must provide
8 evidence that:

9 (1) the expansion of the charter school is supported by
10 need and projected enrollment;

11 (2) the charter school is fiscally sound;

12 (3) the sponsor supports the expansion; and

13 (4) the building of the additional site meets all health
14 and safety requirements to be eligible for lease aid.

15 (f) The commissioner annually must provide timely financial
16 management training to newly elected members of a charter school
17 board of directors and ongoing training to other members of a
18 charter school board of directors. Training must address ways
19 to:

20 (1) proactively assess opportunities for a charter school
21 to maximize all available revenue sources;

22 (2) establish and maintain complete, auditable records for
23 the charter school;

24 (3) establish proper filing techniques;

25 (4) document formal actions of the charter school,
26 including meetings of the charter school board of directors;

27 (5) properly manage and retain charter school and student
28 records;

29 (6) comply with state and federal payroll record-keeping
30 requirements; and

31 (7) address other similar factors that facilitate
32 establishing and maintaining complete records on the charter
33 school's operations.

34 Sec. 19. Minnesota Statutes 2004, section 124D.10,
35 subdivision 8, is amended to read:

36 Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter

1 school shall meet all applicable state and local health and
2 safety requirements.

3 (b) A school sponsored by a school board may be located in
4 any district, unless the school board of the district of the
5 proposed location disapproves by written resolution.

6 (c) A charter school must be nonsectarian in its programs,
7 admission policies, employment practices, and all other
8 operations. A sponsor may not authorize a charter school or
9 program that is affiliated with a nonpublic sectarian school or
10 a religious institution.

11 (d) Charter schools must not be used as a method of
12 providing education or generating revenue for students who are
13 being home-schooled.

14 (e) The primary focus of a charter school must be to
15 provide a comprehensive program of instruction for at least one
16 grade or age group from five through 18 years of age.
17 Instruction may be provided to people younger than five years
18 and older than 18 years of age.

19 (f) A charter school may not charge tuition.

20 (g) A charter school is subject to and must comply with
21 chapter 363A and section 121A.04.

22 (h) A charter school is subject to and must comply with the
23 Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the
24 Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

25 (i) A charter school is subject to the same financial
26 audits, audit procedures, and audit requirements as a district.
27 Audits must be conducted in compliance with generally accepted
28 governmental auditing standards, the Federal Single Audit Act,
29 if applicable, and section 6.65. A charter school is subject to
30 and must comply with sections 15.054; 118A.01; 118A.02; 118A.03;
31 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38;
32 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3,
33 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must
34 comply with the requirements of sections 123B.75 to 123B.83,
35 except to the extent deviations are necessary because of the
36 program at the school. Deviations must be approved by the

1 commissioner. The Department of Education, state auditor, or
2 legislative auditor may conduct financial, program, or
3 compliance audits. A charter school determined to be in
4 statutory operating debt under sections 123B.81 to 123B.83 must
5 submit a plan under section 123B.81, subdivision 4.

6 (j) A charter school is a district for the purposes of tort
7 liability under chapter 466.

8 (k) A charter school must comply with sections 13.32;
9 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3
10 and 5.

11 (l) A charter school is subject to the Pledge of Allegiance
12 requirement under section 121A.11, subdivision 3.

13 (m) A charter school is subject to sections 123B.36,
14 subdivision 1, paragraph (b), clause (10), and 123B.49,
15 subdivision 4, paragraph (a), when its students participate in
16 extracurricular activities in their resident district.

17 [EFFECTIVE DATE.] This section is effective for the
18 2005-2006 school year and later.

19 Sec. 20. Minnesota Statutes 2004, section 124D.11,
20 subdivision 1, is amended to read:

21 Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General
22 education revenue must be paid to a charter school as though it
23 were a district. The general education revenue for each
24 adjusted marginal cost pupil unit is the state average general
25 education revenue per pupil unit, plus the referendum
26 equalization aid allowance in the pupil's district of residence,
27 minus an amount equal to the product of the formula allowance
28 according to section 126C.10, subdivision 2, times .0485,
29 calculated without basic skills revenue, extended time revenue,
30 transition revenue, and transportation sparsity revenue, plus
31 basic skills revenue, extended time revenue, and transition
32 revenue as though the school were a school district. The
33 general education revenue for each extended time marginal cost
34 pupil unit equals \$4,378.

35 (b) Notwithstanding paragraph (a), for charter schools in
36 the first year of operation, general education revenue shall be

1 computed using the number of adjusted pupil units in the current
2 fiscal year.

3 Sec. 21. Minnesota Statutes 2004, section 124D.11,
4 subdivision 6, is amended to read:

5 Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter
6 school is eligible to receive other aids, grants, and revenue
7 according to chapters 120A to 129C, as though it were a district.

8 (b) Notwithstanding paragraph (a), a charter school may not
9 receive aid, a grant, or revenue if a levy is required to obtain
10 the money, or if the aid, grant, or revenue is a replacement of
11 levy revenue, except as otherwise provided in this section.

12 (c) Federal aid received by the state must be paid to the
13 school, if it qualifies for the aid as though it were a school
14 district.

15 (d) A charter school may receive money from any source for
16 capital facilities needs. In the year-end report to the
17 commissioner of education, the charter school shall report the
18 total amount of funds received from grants and other outside
19 sources.

20 Sec. 22. Minnesota Statutes 2004, section 124D.74,
21 subdivision 1, is amended to read:

22 Subdivision 1. [PROGRAM DESCRIBED.] American Indian
23 education programs are programs in public elementary and
24 secondary schools, nonsectarian nonpublic, community,
25 tribal, charter, or alternative schools enrolling American
26 Indian children designed to:

27 (1) support postsecondary preparation for pupils;

28 (2) support the academic achievement of American Indian
29 students with identified focus to improve reading and mathematic
30 skills;

31 (3) make the curriculum more relevant to the needs,
32 interests, and cultural heritage of American Indian pupils;

33 (4) provide positive reinforcement of the self-image of
34 American Indian pupils;

35 (5) develop intercultural awareness among pupils, parents,
36 and staff; and

1 (6) supplement, not supplant, state and federal educational
2 and cocurricular programs.

3 Program components may include: development of support
4 components for students in the areas of academic achievement,
5 retention, and attendance; development of support components for
6 staff, including in-service training and technical assistance in
7 methods of teaching American Indian pupils; research projects,
8 including experimentation with and evaluation of methods of
9 relating to American Indian pupils; provision of personal and
10 vocational counseling to American Indian pupils; modification of
11 curriculum, instructional methods, and administrative procedures
12 to meet the needs of American Indian pupils; and supplemental
13 instruction in American Indian language, literature, history,
14 and culture. Districts offering programs may make contracts for
15 the provision of program components by establishing cooperative
16 liaisons with tribal programs and American Indian social service
17 agencies. These programs may also be provided as components of
18 early childhood and family education programs.

19 Sec. 23. Minnesota Statutes 2004, section 124D.81,
20 subdivision 1, is amended to read:

21 Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the
22 commissioner of education must make grants to no fewer than six
23 American Indian education programs. At least three programs
24 must be in urban areas and at least three must be on or near
25 reservations. The board of a local district, a participating
26 school or a group of boards may develop a proposal for grants in
27 support of American Indian education programs. Proposals may
28 provide for contracts for the provision of program components by
29 nonsectarian nonpublic, community, tribal, charter, or
30 alternative schools. The commissioner shall prescribe the form
31 and manner of application for grants, and no grant shall be made
32 for a proposal not complying with the requirements of sections
33 124D.71 to 124D.82. ~~The commissioner must submit all proposals~~
34 ~~to the state Advisory Committee on American Indian Education~~
35 ~~Programs for its recommendations concerning approval,~~
36 ~~modification, or disapproval and the amounts of grants to~~

1 ~~approved-programs-~~

2 Sec. 24. Minnesota Statutes 2004, section 124D.84,
3 subdivision 1, is amended to read:

4 Subdivision 1. [AWARDS.] The commissioner~~,with-the-advice~~
5 ~~and-counsel-of-the-Minnesota-Indian-Education-Committee,~~ may
6 award scholarships to any Minnesota resident student who is of
7 one-fourth or more Indian ancestry, who has applied for other
8 existing state and federal scholarship and grant programs, and
9 who, in the opinion of the commissioner, has the capabilities to
10 benefit from further education. Scholarships must be for
11 accredited degree programs in accredited Minnesota colleges or
12 universities or for courses in accredited Minnesota business,
13 technical, or vocational schools. Scholarships may also be
14 given to students attending Minnesota colleges that are in
15 candidacy status for obtaining full accreditation, and are
16 eligible for and receiving federal financial aid programs.
17 Students are also eligible for scholarships when enrolled as
18 students in Minnesota higher education institutions that have
19 joint programs with other accredited higher education
20 institutions. Scholarships shall be used to defray the total
21 cost of education including tuition, incidental fees, books,
22 supplies, transportation, other related school costs and the
23 cost of board and room and shall be paid directly to the college
24 or school concerned where the student receives federal financial
25 aid. The total cost of education includes all tuition and fees
26 for each student enrolling in a public institution and the
27 portion of tuition and fees for each student enrolling in a
28 private institution that does not exceed the tuition and fees at
29 a comparable public institution. Each student shall be awarded
30 a scholarship based on the total cost of the student's education
31 and a federal standardized need analysis. Applicants are
32 encouraged to apply for all other sources of financial aid. ~~The~~
33 ~~amount-and-type-of-each-scholarship-shall-be-determined-through~~
34 ~~the-advice-and-counsel-of-the-Minnesota-Indian-education~~
35 ~~committee-~~

36 When an Indian student satisfactorily completes the work

1 required by a certain college or school in a school year the
2 student is eligible for additional scholarships, if additional
3 training is necessary to reach the student's educational and
4 vocational objective. Scholarships may not be given to any
5 Indian student for more than five years of study ~~without-special~~
6 ~~recommendation-of-the-Minnesota-Indian-Education-Committee.~~

7 Sec. 25. [127A.52] [CROSS-SUBSIDY REPORTS.]

8 By January 30 of each year, the commissioner must estimate
9 how much each district cross-subsidized the cost of special
10 education and basic skills programs with general education
11 revenue during the fiscal year ending on June 30 of the previous
12 year. The commissioner must make the cross-subsidy estimates
13 available to all districts and the public by posting the
14 cross-subsidy reports on the department's Web site.

15

ARTICLE 3

16

SPECIAL PROGRAMS

17 Section 1. Minnesota Statutes 2004, section 125A.24, is
18 amended to read:

19 125A.24 [PARENT ADVISORY COUNCILS.]

20 In order to increase the involvement of parents of children
21 with disabilities in district policy making and decision making,
22 school districts must have a special education advisory council
23 that is incorporated into the district's special education
24 system plan.

25 (1) This advisory council may be established either for
26 individual districts or in cooperation with other districts who
27 are members of the same special education cooperative.

28 (2) A district may set up this council as a subgroup of an
29 existing board, council, or committee.

30 (3) At least half of the designated council members must be
31 parents of students with a disability. At least one of the
32 members must be a parent of a nonpublic school student with a
33 disability or an employee of a nonpublic school. Each local
34 council must meet no less than once each year. The number of
35 members, frequency of meetings, and operational procedures are
36 to be locally determined.

1 Sec. 2. Minnesota Statutes 2004, section 125A.28, is
2 amended to read:

3 125A.28 [STATE INTERAGENCY COORDINATING COUNCIL.]

4 An Interagency Coordinating Council of at least 17, but not
5 more than 25 members is established, in compliance with Public
6 Law 102-119, section 682. The members must be appointed by the
7 governor. Council members must elect the council chair. The
8 representative of the commissioner may not serve as the chair.
9 The council must be composed of at least five parents, including
10 persons of color, of children with disabilities under age 12,
11 including at least three parents of a child with a disability
12 under age seven, five representatives of public or private
13 providers of services for children with disabilities under age
14 five, including a special education director, county social
15 service director, local Head Start director, and a community
16 health services or public health nursing administrator, one
17 member of the senate, one member of the house of
18 representatives, one representative of teacher preparation
19 programs in early childhood-special education or other
20 preparation programs in early childhood intervention, at least
21 one representative of advocacy organizations for children with
22 disabilities under age five, one physician who cares for young
23 children with special health care needs, one representative each
24 from the commissioners of commerce, education, health, human
25 services, a representative from the state agency responsible for
26 child care, and a representative from Indian health services or
27 a tribal council. Section 15.059, subdivisions 2 to 5, apply to
28 the council. The council must meet at least quarterly.

29 The council must address methods of implementing the state
30 policy of developing and implementing comprehensive,
31 coordinated, multidisciplinary interagency programs of early
32 intervention services for children with disabilities and their
33 families.

34 The duties of the council include recommending policies to
35 ensure a comprehensive and coordinated system of all state and
36 local agency services for children under age five with

1 disabilities and their families. The policies must address how
2 to incorporate each agency's services into a unified state and
3 local system of multidisciplinary assessment practices,
4 individual intervention plans, comprehensive systems to find
5 children in need of services, methods to improve public
6 awareness, and assistance in determining the role of interagency
7 early intervention committees.

8 By-September-1 On the date that Minnesota Part C Annual
9 Performance Report is submitted to the federal Office of Special
10 Education, the council must recommend to the governor and the
11 commissioners of education, health, human services, commerce,
12 and employment and economic development policies for a
13 comprehensive and coordinated system.

14 Notwithstanding any other law to the contrary, the State
15 Interagency Coordinating Council expires on June 30, ~~2005~~ 2009.

16 Sec. 3. Minnesota Statutes 2004, section 134.31, is
17 amended by adding a subdivision to read:

18 Subd. 5a. [ADVISORY COMMITTEE.] The commissioner shall
19 appoint an advisory committee of five members to advise the
20 staff of the Minnesota Library for the Blind and Physically
21 Handicapped on long-range plans and library services. Members
22 shall be people who use the library. Section 15.059 governs
23 this committee except that the committee shall not expire.

24 ARTICLE 4

25 FACILITIES AND TECHNOLOGY

26 Section 1. Minnesota Statutes 2004, section 123B.59,
27 subdivision 3, is amended to read:

28 Subd. 3. [BOND AUTHORIZATION.] (a) A school district may
29 issue general obligation bonds under this section to finance
30 facilities plans approved by its board and the commissioner.
31 Chapter 475, except sections 475.58 and 475.59, must be complied
32 with. The district may levy under subdivision 5 for the debt
33 service revenue. The authority to issue bonds under this
34 section is in addition to any bonding authority authorized by
35 this chapter, or other law. The amount of bonding authority
36 authorized under this section must be disregarded in calculating

1 the bonding or net debt limits of this chapter, or any other law
2 other than section 475.53, subdivision 4.

3 (b) At least 60 days before a district issues bonds the
4 earliest of solicitation of bids, the issuance of bonds, or the
5 final certification of levies under this subdivision 5, it the
6 district must publish notice of the intended projects, the
7 amount of the bond issue, and the total amount of district
8 indebtedness, and the commissioner's review and comment, if
9 applicable.

10 Sec. 2. Minnesota Statutes 2004, section 123B.59,
11 subdivision 3a, is amended to read:

12 Subd. 3a. [LEVY AUTHORIZATION.] (a) A school district may
13 levy under this section to finance the portion of facilities
14 plans approved by its board and the commissioner that are not
15 financed through bond issues according to subdivision 3.

16 (b) At least 60 days before a final district certification
17 of levies under this subdivision 5, it the district must
18 publish notice of the intended projects, including the total
19 estimated project cost, and the commissioner's review and
20 comment, if applicable.

21 Sec. 3. Minnesota Statutes 2004, section 123B.63,
22 subdivision 2, is amended to read:

23 Subd. 2. [USES OF THE ACCOUNT.] Money in the capital
24 project referendum account must be used only for the purposes
25 specified in section 126C.10, subdivision 14, for operating
26 capital revenue, including the costs of acquisition and
27 betterment for a project that has been reviewed under section
28 123B.71 and has been approved according to subdivision 3.

29 Sec. 4. Minnesota Statutes 2004, section 123B.71,
30 subdivision 8, is amended to read:

31 Subd. 8. [REVIEW AND COMMENT.] A school district, a
32 special education cooperative, or a cooperative unit of
33 government, as defined in section 123A.24, subdivision 2, must
34 not initiate an installment contract for purchase or a lease
35 agreement, hold a referendum for bonds, nor solicit bids for new
36 construction, expansion, or remodeling of an educational

1 facility that requires an expenditure in excess of \$500,000 per
2 school site prior to review and comment by the commissioner.
3 The commissioner may exempt a facility maintenance project
4 funded with general education aid and levy, alternative
5 facilities bonding and levy program, or health and safety
6 revenue from this provision after reviewing a written request
7 from a school district describing the scope of work. A school
8 board shall not separate portions of a single project into
9 components to avoid the requirements of this subdivision.

10 Sec. 5. Minnesota Statutes 2004, section 123B.71,
11 subdivision 12, is amended to read:

12 Subd. 12. [PUBLICATION.] (a) At least 20 days but not more
13 than 60 days before a referendum for bonds or solicitation of
14 bids for a project that has received a positive or unfavorable
15 review and comment under section 123B.70, the school board shall
16 publish the commissioner's review and comment of that project in
17 the legal newspaper of the district. Supplementary information
18 shall be available to the public.

19 (b) The publication requirement in paragraph (a) does not
20 apply to alternative facilities projects approved under section
21 123B.59. Publication for alternative facilities projects shall
22 be as specified in section 123B.59, subdivisions 3 and 3a.

23 ARTICLE 5

24 EARLY CHILDHOOD FAMILY SUPPORT

25 Section 1. Minnesota Statutes 2004, section 124D.135,
26 subdivision 5, is amended to read:

27 Subd. 5. [USE OF REVENUE RESTRICTED.] Early childhood
28 family education revenue may be used only for early childhood
29 family education programs. Not more than five percent of early
30 childhood family education revenue, as defined in subdivision 7,
31 may be used to administer early childhood family education
32 programs.

33 Sec. 2. Minnesota Statutes 2004, section 124D.16,
34 subdivision 3, is amended to read:

35 Subd. 3. [USE OF AID.] School readiness aid shall be used
36 only to provide a school readiness program and may be used to

1 provide transportation. Not more than five percent of the
2 aid school readiness revenue, as defined in subdivision 7, may
3 be used for the cost of administering the program. Aid must be
4 used to supplement and not supplant local, state, and federal
5 funding. Aid may not be used for instruction and services
6 required under sections 125A.03 to 125A.24 and 125A.65. Aid may
7 not be used to purchase land or construct buildings, but may be
8 used to lease or renovate existing buildings.

9 Sec. 3. Minnesota Statutes 2004, section 126C.15,
10 subdivision 1, is amended to read:

11 Subdivision 1. [USE OF THE REVENUE.] Except for revenue
12 allocated for prekindergarten programs under subdivision 2,
13 paragraph (c), the basic skills revenue under section 126C.10,
14 subdivision 4, must be reserved and used to meet the educational
15 needs of pupils who enroll under-prepared to learn and whose
16 progress toward meeting state or local content or performance
17 standards is below the level that is appropriate for learners of
18 their age. Any of the following may be provided to meet these
19 learners' needs:

20 (1) direct instructional services under the assurance of
21 mastery program according to section 124D.66;

22 (2) remedial instruction in reading, language arts,
23 mathematics, other content areas, or study skills to improve the
24 achievement level of these learners;

25 (3) additional teachers and teacher aides to provide more
26 individualized instruction to these learners through individual
27 tutoring, lower instructor-to-learner ratios, or team teaching;

28 (4) a longer school day or week during the regular school
29 year or through a summer program that may be offered directly by
30 the site or under a performance-based contract with a
31 community-based organization;

32 (5) comprehensive and ongoing staff development consistent
33 with district and site plans according to section 122A.60, for
34 teachers, teacher aides, principals, and other personnel to
35 improve their ability to identify the needs of these learners
36 and provide appropriate remediation, intervention,

1 accommodations, or modifications;

2 (6) instructional materials and technology appropriate for
3 meeting the individual needs of these learners;

4 (7) programs to reduce truancy, encourage completion of
5 high school, enhance self-concept, provide health services,
6 provide nutrition services, provide a safe and secure learning
7 environment, provide coordination for pupils receiving services
8 from other governmental agencies, provide psychological services
9 to determine the level of social, emotional, cognitive, and
10 intellectual development, and provide counseling services,
11 guidance services, and social work services;

12 (8) bilingual programs, bicultural programs, and programs
13 for learners of limited English proficiency;

14 (9) all day kindergarten;

15 (10) extended school day and extended school year programs;
16 and

17 (11) substantial parent involvement in developing and
18 implementing remedial education or intervention plans for a
19 learner, including learning contracts between the school, the
20 learner, and the parent that establish achievement goals and
21 responsibilities of the learner and the learner's parent or
22 guardian.

23 Sec. 4. Minnesota Statutes 2004, section 126C.15,
24 subdivision 2, is amended to read:

25 Subd. 2. [BUILDING ALLOCATION.] (a) A district must
26 allocate its compensatory revenue to each school building in the
27 district where the children who have generated the revenue are
28 served.

29 (b) Notwithstanding paragraph (a), a district may allocate
30 up to five percent of the amount of compensatory revenue that
31 the district ~~received-during-the-previous-fiscal-year~~ receives
32 to school sites according to a plan adopted by the school board.

33 (c) Notwithstanding paragraph (a), a district may allocate
34 up to ten percent of the amount of compensatory revenue the
35 district receives to support prekindergarten programs under
36 subdivision 2a.

1 (d) For the purposes of this section and section 126C.05,
 2 subdivision 3, "building" means education site as defined in
 3 section 123B.04, subdivision 1.

4 ~~(d)~~ (e) If the pupil is served at a site other than one
 5 owned and operated by the district, the revenue shall be paid to
 6 the district and used for services for pupils who generate the
 7 revenue.

8 Sec. 5. Minnesota Statutes 2004, section 126C.15, is
 9 amended by adding a subdivision to read:

10 Subd. 2a. [PREKINDERGARTEN PROGRAMS.] Revenue allocated
 11 under subdivision 2, paragraph (c), must be reserved and used
 12 for programs and activities that prepare for kindergarten
 13 children ages 3-1/2 to kindergarten entrance from families
 14 eligible for the free or reduced price school lunch program.
 15 Programs may serve resident and nonresident children. Districts
 16 may contract with private preschools and other providers of
 17 prekindergarten programs.

ARTICLE 6

PREVENTION

20 Section 1. Minnesota Statutes 2004, section 119A.46,
 21 subdivision 1, is amended to read:

22 Subdivision 1. [DEFINITIONS.] (a) The definitions in
 23 section 144.9501 and in this subdivision apply to this section.

24 (b) "Eligible organization" means a lead contractor, city,
 25 board of health, community health department, community action
 26 agency as defined in section 119A.374, or community development
 27 corporation.

28 (c) "Commissioner" means the commissioner of education
 29 health, or the commissioner of the Minnesota Housing Finance
 30 Agency as authorized by section 462A.05, subdivision 15c.

31 Sec. 2. Minnesota Statutes 2004, section 119A.46,
 32 subdivision 2, is amended to read:

33 Subd. 2. [GRANTS; ADMINISTRATION.] Within the limits of
 34 the available appropriation, the commissioner must develop a
 35 swab team services program which may make demonstration and
 36 training grants to eligible organizations to train workers to

1 provide swab team services and swab team services for
2 residential property. Grants may be awarded to nonprofit
3 organizations to provide technical assistance and training to
4 ensure quality and consistency within the statewide program.
5 Grants must be awarded to help ensure full-time employment to
6 workers providing swab team services and must be awarded for a
7 two-year period.

8 Grants awarded under this section must be made in
9 consultation with the ~~commissioners-of-the-Department-of-Health~~
10 and commissioner of the Housing Finance Agency, and
11 representatives of neighborhood groups from areas at high risk
12 for toxic lead exposure, a labor organization, the lead
13 coalition, community action agencies, and the legal aid
14 society. The consulting team must review grant applications and
15 recommend awards to eligible organizations that meet
16 requirements for receiving a grant under this section.

17 Sec. 3. Minnesota Statutes 2004, section 119A.46,
18 subdivision 3, is amended to read:

19 Subd. 3. [APPLICANTS.] (a) Interested eligible
20 organizations may apply to the commissioner for grants under
21 this section. Two or more eligible organizations may jointly
22 apply for a grant. Priority shall be given to community action
23 agencies in greater Minnesota and to either community action
24 agencies or neighborhood based nonprofit organizations in cities
25 of the first class. Of the total annual appropriation, 12.5
26 percent may be used for administrative purposes. The
27 commissioner may deviate from this percentage if a grantee can
28 justify the need for a larger administrative allowance. Of this
29 amount, up to five percent may be used by the commissioner for
30 state administrative purposes. Applications must provide
31 information requested by the commissioner, including at least
32 the information required to assess the factors listed in
33 paragraph (d).

34 (b) The commissioner must ~~coordinate-with-the-commissioner~~
35 ~~of-health-who-must~~ consult with boards of health to provide swab
36 team services for purposes of secondary prevention. The

1 priority for swab teams created by grants to eligible
2 organizations under this section must be work assigned by the
3 commissioner of health, or by a board of health if so designated
4 by the commissioner of health, to provide secondary prevention
5 swab team services to fulfill the requirements of section
6 144.9504, subdivision 6, in response to a lead order. Swab
7 teams assigned work under this section by the commissioner, that
8 are not engaged daily in fulfilling the requirements of section
9 144.9504, subdivision 6, must deliver swab team services in
10 response to elevated blood lead levels as defined in section
11 144.9501, subdivision 9, where lead orders were not issued, and
12 for purposes of primary prevention in census tracts known to be
13 in areas at high risk for toxic lead exposure as described in
14 section 144.9503, subdivision 2.

15 (c) Any additional money must be used for grants to
16 establish swab teams for primary prevention under section
17 144.9503, in census tracts in areas at high risk for toxic lead
18 exposure as determined under section 144.9503, subdivision 2.

19 (d) In evaluating grant applications, the commissioner must
20 consider the following criteria:

21 (1) the use of lead contractors and lead workers for
22 residential swab team services;

23 (2) the participation of neighborhood groups and
24 individuals, as swab team workers, in areas at high risk for
25 toxic lead exposure;

26 (3) plans for the provision of swab team services for
27 primary and secondary prevention as required under subdivision
28 4;

29 (4) plans for supervision, training, career development,
30 and postprogram placement of swab team members;

31 (5) plans for resident and property owner education on lead
32 safety;

33 (6) plans for distributing cleaning supplies to area
34 residents and educating residents and property owners on
35 cleaning techniques;

36 (7) sources of other funding and cost estimates for

1 training, lead inspections, swab team services, equipment,
2 monitoring, testing, and administration;

3 (8) measures of program effectiveness;

4 (9) coordination of program activities with other federal,
5 state, and local public health, job training, apprenticeship,
6 and housing renovation programs including programs under
7 sections 116L.86 to 116L.881; and

8 (10) prior experience in providing swab team services.

9 Sec. 4. Minnesota Statutes 2004, section 119A.46,
10 subdivision 8, is amended to read:

11 Subd. 8. [TESTING AND EVALUATION.] (a) Testing of the
12 environment is not necessary by swab teams whose work is
13 assigned by the commissioner of health or a designated board of
14 health under section 144.9504. The commissioner of health or
15 designated board of health must share the analytical testing
16 data collected on each residence for purposes of secondary
17 prevention under section 144.9504 with the swab team workers in
18 order to provide constructive feedback on their work and to the
19 commissioner for the purposes set forth in paragraph (c).

20 (b) For purposes of primary prevention evaluation, the
21 following samples must be collected: pretesting and posttesting
22 of one noncarpeted floor dust lead sample and a notation of the
23 extent and location of bare soil and of deteriorated lead-based
24 paint. The analytical testing data collected on each residence
25 for purposes of primary prevention under section 144.9503 must
26 be shared with the swab team workers in order to provide
27 constructive feedback on their work and to the commissioner for
28 the purposes set forth in paragraph (c).

29 (c) The commissioner of health must establish a program in
30 ~~cooperation-with-the-commissioner~~ to collect appropriate data as
31 required under paragraphs (a) and (b), in order to conduct an
32 ongoing evaluation of swab team services for primary and
33 secondary prevention. Within the limits of available
34 appropriations, the commissioner of health must conduct ~~or~~
35 ~~contract-with-the-commissioner,~~ on up to 1,000 residences which
36 have received primary or secondary prevention swab team

1 services, a postremediation evaluation, on at least a quarterly
2 basis for a period of at least two years for each residence.
3 The evaluation must note the condition of the paint within the
4 residence, the extent of bare soil on the grounds, and collect
5 and analyze one noncarpeted floor dust lead sample. The data
6 collected must be evaluated to determine the efficacy of
7 providing swab team services as a method of reducing lead
8 exposure in young children. In evaluating this data, the
9 commissioner of health must consider city size, community
10 location, historic traffic flow, soil lead level of the property
11 by area or census tract, distance to industrial point sources
12 that emit lead, season of the year, age of the housing, age and
13 number of children living at the residence, the presence of pets
14 that move in and out of the residence, and other relevant
15 factors as the commissioner of health may determine.

16 Sec. 5. [REVISOR'S INSTRUCTION.]

17 In the next edition of Minnesota Statutes, the revisor of
18 statutes shall renumber Minnesota Statutes, section 119A.46, as
19 section 144.9512.

Article 1 GENERAL EDUCATION.....	page	1
Article 2 EDUCATION EXCELLENCE.....	page	16
Article 3 SPECIAL PROGRAMS.....	page	41
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APPENDIX
Repealed Minnesota Statutes for 05-0098

123B.83 EXPENDITURE LIMITATIONS.

Subdivision 1. Reduce statutory operating debt. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 126C.42 must limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner, increased by an amount equal to 2-1/2 percent of that district's operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

(b) When a district is no longer required to levy pursuant to section 126C.42, subdivision 1, subdivision 2 is applicable.

126C.42 OPERATING DEBT LEVIES.

Subdivision 1. 1977 statutory operating debt. (a) In each year in which so required by this subdivision, a district must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 2002 and thereafter; provided that in the last year in which the district is required to make this levy, it must levy an amount not to exceed the amount raised by a levy of a net tax rate of 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 2002 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 123B.79, subdivision 6, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(b) The district must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(c) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Subd. 4. 1992 operating debt. (a) For taxes payable for calendar year 2003 and earlier, a district that has filed a plan pursuant to section 123B.83, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the lesser of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount must be reduced by referendum revenue authorized

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under section 126C.17 pursuant to the plan filed under section 123B.83. However, the total amount of this levy for all years it is made must not exceed the amount of the deficit in the net unappropriated balance in the operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy must be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 123A.73, subdivision 9, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

(c) The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(d) Any district that levies pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

- 1 Senator moves to amend S.F. No. 1148 as follows:
- 2 Pages 1 to 16, delete article 1
- 3 Pages 25 to 27, delete section 13
- 4 Page 41, delete section 25
- 5 Pages 43 to 45, delete article 4
- 6 Renumber the sections in sequence and correct the internal
- 7 references
- 8 Amend the title accordingly

1 Senator moves to amend S.F. No. 1148 as follows:

2 Page 52, after line 19, insert:

3 "ARTICLE 7

4 OTHER EDUCATION POLICY

5 Section 1. Minnesota Statutes 2004, section 122A.413, is
6 amended to read:

7 122A.413 [EDUCATIONAL IMPROVEMENT PLAN.]

8 Subdivision 1. [QUALIFYING PLAN.] A district or charter
9 school may develop an educational improvement plan for the
10 purpose of qualifying for alternative teacher compensation aid
11 under sections 122A.414 and 122A.415. The plan must include
12 measures for improving school district, charter school, school
13 site, teacher, and individual student performance.

14 Subd. 2. [PLAN COMPONENTS.] The educational improvement
15 plan must be approved by the school board and have at least
16 these elements:

17 (1) assessment and evaluation tools to measure student
18 performance and progress;

19 (2) performance goals and benchmarks for improvement;

20 (3) measures of student attendance and completion rates;

21 (4) a rigorous professional development system that is
22 aligned with educational improvement, designed to achieve
23 teaching quality improvement, and consistent with clearly
24 defined research-based standards;

25 (5) measures of student, family, and community involvement
26 and satisfaction;

27 (6) a data system about students and their academic
28 progress that provides parents and the public with
29 understandable information; and

30 (7) a teacher induction and mentoring program for
31 probationary teachers that provides continuous learning and
32 sustained teacher support. The process for developing the plan
33 must involve district or charter school teachers.

34 Subd. 3. [DISTRICT SCHOOL SITE ACCOUNTABILITY.] A district
35 that develops a plan under subdivisions 1 and 2 must ensure that
36 each school site develops a board-approved educational

1 improvement plan that is aligned with the district educational
2 improvement plan under subdivision 2. While a site plan must be
3 consistent with the district educational improvement plan, it
4 may establish performance goals and benchmarks that meet or
5 exceed those of the district. The process for developing the
6 plan must involve site teachers.

7 Sec. 2. Minnesota Statutes 2004, section 122A.414, is
8 amended to read:

9 122A.414 [ALTERNATIVE TEACHER COMPENSATION.]

10 Subdivision 1. [RESTRUCTURED PAY SYSTEM.] A restructured
11 teacher compensation system is established under subdivision 2
12 to provide incentives for teachers to improve their knowledge
13 and skills and for school districts and charter schools to
14 recruit and retain highly qualified teachers, and to support
15 teachers' roles in improving students' educational achievement.

16 Subd. 2. [ALTERNATIVE TEACHER PROFESSIONAL PAY SYSTEM.]

17 (a) To participate in this program, a school district or charter
18 school must have an educational improvement plan as described in
19 section 122A.413 and an alternative teacher professional pay
20 system as described in paragraph (b).

21 (b) The alternative teacher professional pay system must:

22 (1) ~~describe the-conditions-necessary-for~~ how teachers can
23 achieve career advancement and additional compensation;

24 (2) describe how the school district will provide career
25 advancement options for teachers ~~retaining~~ which allow them to
26 retain primary roles in student instruction. These options
27 shall include positions that provide multiple career paths such
28 as master and mentor teaching positions to help peers increase
29 their teaching skills;

30 (3) use a professional pay system that replaces the ~~step~~
31 lockstep steps and ~~lane lanes~~ salary schedule-and-is-not-based
32 on-years-of-service system and allows school districts and
33 charter schools to compensate teachers for satisfactory service
34 and completion of annual performance goals;

35 (4) include performance compensation for teachers in
36 districts or charter schools based on, at a minimum:

1 (i) student achievement gains and school achievement gains
2 under section 120B.35, locally selected standardized
3 assessments, or both; and

4 (ii) results of individual teacher evaluations based on
5 classroom observations by a locally selected evaluation team;

6 ~~(4) encourage teachers' continuous improvement in content~~
7 ~~knowledge, pedagogy, and use of best practices~~ (5) provide staff
8 development for teachers that:

9 (i) utilize best practice research;

10 (ii) are integrated and collaborative;

11 (iii) provide for ongoing site-based and teacher-led
12 professional growth activities aligned with student needs as
13 outlined in sections 122A.413 and 122A.601; and

14 (iv) focus on the identified needs of students, which may
15 include skill development in reading strategies, methods to
16 align curriculum with learning standards, intervention with
17 students not meeting proficiency level, and use of state and
18 local assessment data; and

19 ~~(5)~~ (6) implement an objective a teacher performance
20 evaluation system that is a comprehensive system based on
21 scientifically based education research and on specific
22 performance and accountability goals aligned with the
23 district's, the charter school's, or the site's educational
24 improvement plan as described in section 122A.413 and the staff
25 development plan described in section 122A.601. The evaluation
26 shall include the locally selected evaluation team. The
27 evaluation of each teacher's performance in the school shall
28 occur several times during the school year, including classroom
29 ~~observation, that is aligned with the district's or the site's~~
30 ~~educational improvement plan as described in section 122A.413.~~

31 Subd. 3. [REPORT.] Participating districts, charter
32 schools, and school sites must report on the implementation and
33 effectiveness of the alternative teacher compensation plan,
34 particularly addressing each requirement under subdivision 2 and
35 make biennial recommendations by January 1 to their school
36 boards. The school boards shall transmit a copy of the report

1 with a summary of the findings and recommendations of their
2 district or charter school to the commissioner of education.

3 Sec. 3. Minnesota Statutes 2004, section 122A.415,
4 subdivision 1, is amended to read:

5 Subdivision 1. [~~A&D~~ REVENUE AMOUNT.] (a) A school district
6 or charter school that meets the conditions of section 122A.414
7 and submits an application approved by the commissioner is
8 eligible for alternative compensation ~~aid~~ revenue.

9 (b) The commissioner must consider only applications
10 submitted jointly by a school district and the exclusive
11 representative of the teachers for participation in the
12 program. The application must contain a formally adopted
13 collective bargaining agreement, memorandum of understanding, or
14 other binding agreement that implements an alternative teacher
15 professional pay system consistent with section 122A.414, is in
16 compliance with the Public Employment Labor Relations Act under
17 chapter 179A, and includes all teachers in a district, or all
18 ~~teachers at a school site, or at least 25 percent of the~~
19 ~~teachers in a district. The commissioner, in approving~~
20 ~~applications, may give preference to applications involving~~
21 ~~entire districts or sites or to applications that align measures~~
22 ~~of teacher performance with student academic achievement and~~
23 ~~progress under section 120B.35, subdivision 1.~~

24 (b) Alternative compensation ~~aid~~ revenue for a qualifying
25 school district, or site, or portion of a district or school
26 ~~site is as follows:~~

27 (1) ~~for a school district~~ in which the school board and the
28 exclusive representative of the teachers agree to place all
29 teachers in the district or at the site on the alternative
30 compensation schedule, alternative compensation ~~aid~~ revenue
31 equals ~~\$150~~ \$225 times the district's or the site's number of
32 pupils enrolled on October 1 of the previous fiscal year, ~~or~~

33 (2) ~~for a district in which the school board and the~~
34 ~~exclusive representative of the teachers agree that at least 25~~
35 ~~percent of the district's licensed teachers will be paid on the~~
36 ~~alternative compensation schedule, alternative compensation aid~~

1 equals ~~-\$150-times-the-percentage-of-participating-teachers-times~~
2 ~~the-district's-number-of-pupils-enrolled-as-of-October-1-of-the~~
3 ~~previous-fiscal-year.~~

4 (c) Charter school applications must be submitted by the
5 chair of the charter school board of directors and must
6 contain: (1) an agreement that implements an alternative
7 teacher compensation program consistent with section 122A.414;
8 (2) a resolution by the charter school board of directors
9 adopting the agreement; and (3) documentation of a vote of the
10 teachers showing that at least 70 percent of the teachers
11 supporting the agreement that implements the alternative teacher
12 compensation program.

13 Alternative compensation revenue for a qualifying charter
14 school must be calculated under section 126C.10, subdivision 34,
15 paragraph (b).

16 Sec. 4. Minnesota Statutes 2004, section 122A.415,
17 subdivision 3, is amended to read:

18 Subd. 3. [~~A&B REVENUE TIMING.~~] (a) Districts or, school
19 sites, or charter schools with approved applications must
20 receive alternative compensation ~~aid~~ revenue for each school
21 year that the district ~~or, school site, or charter school,~~
22 participates in the program as described in this subdivision.
23 Districts or, school sites, or charter schools with applications
24 ~~received~~ approved by the commissioner ~~before-June-1-of-the-first~~
25 ~~year-of-a-two-year-contract~~ shall receive alternative
26 compensation ~~aid~~ revenue for ~~both~~ the school years of the
27 ~~contract.--Districts-or-sites-with-applications-received-by-the~~
28 ~~commissioner-after-June-1-of-the-first-year-of-a-two-year~~
29 ~~contract-shall-receive-alternative-compensation-aid-only-for-the~~
30 ~~second-year-of-the-contract~~ in which the alternative teacher
31 compensation program is implemented for the full school
32 year. For fiscal year 2007 and later, a qualifying district or,
33 school site, or charter school that received alternative
34 compensation ~~aid~~ revenue for the previous fiscal year must
35 receive at least an amount of alternative compensation revenue
36 equal to the lesser of the amount it received for the previous

1 ~~fiscal year or its proportionate share of the previous year's~~
2 ~~appropriation~~ the amount it qualifies for under subdivision 1
3 for the current fiscal year if the district, charter school, or
4 site submits a timely application and the commissioner
5 determines that the district, charter school, or site continues
6 to implement an alternative teacher professional pay system,
7 consistent with its application under this section. The
8 ~~commissioner must approve initial applications for school~~
9 ~~districts qualifying under subdivision 17, paragraph (b), clause~~
10 ~~(1), by January 15 of each year. If any money remains, the~~
11 ~~commissioner must approve aid amounts for school districts~~
12 ~~qualifying under subdivision 17, paragraph (b), clause (2), by~~
13 ~~February 15 of each year.~~

14 (b) The commissioner shall select applicants that qualify
15 for this program, notify school districts, charter schools, and
16 school sites about the program, develop and disseminate
17 application materials, and carry out other activities needed to
18 implement this section.

19 Sec. 5. Minnesota Statutes 2004, section 126C.10, is
20 amended by adding a subdivision to read:

21 Subd. 34. [BASIC ALTERNATIVE COMPENSATION AID.] (a) For
22 fiscal year 2006, the basic alternative compensation aid for a
23 district or charter school with an alternative compensation plan
24 approved under section 122A.415 equals the alternative
25 compensation revenue according to section 122A.415, subdivision
26 1.

27 (b) For fiscal year 2007 and later, the basic alternative
28 compensation aid for a district with an alternative compensation
29 plan approved under section 122A.415 equals 68.9 percent of the
30 alternative compensation revenue according to section 122A.415,
31 subdivision 1. The basic alternative compensation aid for a
32 charter school with an alternative compensation plan approved
33 under section 122A.415 equals the school's alternative
34 compensation revenue according to section 122A.415, subdivision
35 1, times the ratio of the sum of the alternative compensation
36 aid and alternative compensation levy for all participating

1 school districts to the maximum alternative compensation revenue
2 for those districts according to section 122A.415, subdivision 1.

3 (c) Notwithstanding paragraphs (a) and (b) and section
4 122A.415, subdivision 1, the state total basic alternative
5 compensation aid entitlement must not exceed \$16,727,000 for
6 fiscal year 2006 and \$61,871,000 for fiscal year 2007 and
7 later. The commissioner must limit the amount of alternative
8 compensation revenue approved under section 122A.415, so as not
9 to exceed these limits.

10 Sec. 6. Minnesota Statutes 2004, section 126C.10, is
11 amended by adding a subdivision to read:

12 Subd. 35. [ALTERNATIVE COMPENSATION LEVY.] For fiscal year
13 2007 and later, the alternative compensation levy for a district
14 receiving basic alternative compensation aid equals the product
15 of (1) the difference between the district's alternative
16 compensation revenue and the district's basic alternative
17 compensation aid times (2) the lesser of one or the ratio of the
18 district's adjusted net tax capacity per adjusted pupil unit to
19 \$6,900.

20 Sec. 7. Minnesota Statutes 2004, section 126C.10, is
21 amended by adding a subdivision to read:

22 Subd. 36. [ALTERNATIVE COMPENSATION AID.] (a) For fiscal
23 year 2007 and later, a district's alternative compensation
24 equalization aid equals the district's alternative compensation
25 revenue minus the district's basic alternative compensation aid
26 minus the district's alternative compensation levy. If a
27 district does not levy the entire amount permitted, the
28 alternative compensation equalization aid must be reduced in
29 proportion to the actual amount levied.

30 (b) A district's alternative compensation aid equals the
31 sum of the district's basic alternative compensation aid and the
32 district's alternative compensation equalization aid.

33 Sec. 8. [ALTERNATIVE COMPENSATION REVENUE GUARANTEE.]

34 Notwithstanding Minnesota Statutes, sections 122A.415,
35 subdivision 1, and 126C.10, subdivision 34, a school district
36 that received alternative compensation aid for fiscal year 2005,

1 but does not qualify for alternative compensation revenue for
2 fiscal year 2006 or 2007, shall receive basic alternative
3 compensation aid for that fiscal year equal to the lesser of the
4 amount of alternative compensation aid it received for fiscal
5 year 2005 or the amount it would have received for that fiscal
6 year under Minnesota Statutes 2004, section 122A.415,
7 subdivision 1, if the district submits a timely application and
8 the commissioner determines that the district continues to
9 implement an alternative professional pay system, consistent
10 with its application under Minnesota Statutes 2004, section
11 122A.415, for fiscal year 2005. A district qualifying for basic
12 alternative compensation aid under this section does not qualify
13 for the alternative compensation levy under Minnesota Statutes,
14 section 126C.10, subdivision 35. This section applies only to
15 fiscal years 2006 and 2007 and does not apply to later fiscal
16 years.

17 Sec. 9. [REPEALER.]

18 Minnesota Statutes 2004, section 122A.415, subdivision 2,
19 is repealed.

20 ARTICLE 8

21 OTHER SPECIAL PROGRAMS POLICY

22 Section 1. [123A.10] [EDUCATION ADMINISTRATIVE DISTRICTS.]

23 Subdivision 1. [PURPOSE.] The purpose of an education
24 administrative district is to increase the efficiency of
25 administrative services for elementary and secondary education
26 by combining administrative functions for multiple school
27 districts, while maintaining independent school district control
28 of individual student attendance sites.

29 Subd. 2. [AGREEMENT TO ESTABLISH AN EDUCATION
30 ADMINISTRATIVE DISTRICT.] Boards meeting the requirements of
31 subdivision 3 may enter into a written agreement to establish an
32 education administrative district. The agreement must address
33 methods to improve the efficiency of delivering administrative
34 services. The agreement and subsequent amendments must be
35 adopted by majority vote of the full membership of each board.

36 Subd. 3. [REQUIREMENTS FOR FORMATION.] (a) An education

1 administrative district must have one of the following at the
2 time of formation:

3 (1) at least five districts;

4 (2) at least three districts with a total of at least 5,000
5 pupils in average daily membership; or

6 (3) at least three districts with a total of at least 2,000
7 square miles.

8 (b) Members of an education administrative district must be
9 contiguous. Districts with a cooperation agreement according to
10 section 123A.32 may belong to an education administrative
11 district only as a unit.

12 (c) Notwithstanding paragraph (b), a noncontiguous district
13 may be a member of an education administrative district if the
14 commissioner of education determines that:

15 (1) a district between the education administrative
16 district and the noncontiguous district has considered and is
17 unwilling to become a member; or

18 (2) a noncontiguous configuration of member districts has
19 sufficient technological or other resources to offer effective
20 levels of administrative services.

21 Subd. 4. [COMMISSIONER REVIEW AND COMMENT.] Before
22 entering into an agreement, the school boards of the proposed
23 member districts must jointly submit the proposed agreement to
24 the commissioner for review and comment. The commissioner shall
25 submit a review and comment on the educational and economic
26 advisability of the proposed agreement to the school boards
27 within 60 days of receiving the proposal. If the commissioner
28 submits a negative review and comment, the districts do not
29 qualify for levy authority according to section 123A.12,
30 subdivision 5.

31 Subd. 5. [NOTICE AND PUBLIC HEARING ON PROPOSED
32 AGREEMENT.] Before entering into an agreement, the board of each
33 member district must publish the commissioner's review and
34 comment and a summary of the proposed agreement and its effect
35 upon the district at least once in a newspaper of general
36 circulation in the district. The board must conduct a public

1 hearing on the proposed agreement not more than ten days after
2 the notice and at least 30 days before entering into an
3 agreement.

4 Sec. 2. [123A.11] [EDUCATION ADMINISTRATIVE DISTRICT
5 BOARD.]

6 Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The
7 education administrative district board shall be composed of at
8 least one representative appointed by the school board of each
9 member district. Each representative must be a member of the
10 appointing school board. Each representative shall serve at the
11 pleasure of the appointing board and may be recalled by a
12 majority vote of the appointing board. Each representative
13 shall serve for the term that is specified in the agreement.
14 The board shall select its officers from among its members and
15 shall determine the terms of the officers. The board shall
16 adopt bylaws for the conduct of its business. The board may
17 conduct public meetings via interactive television if the board
18 complies with chapter 13D in each location where board members
19 are present.

20 Subd. 2. [PROVISION OF ADMINISTRATIVE SERVICES.] An
21 education administrative district board shall implement the
22 agreement for delivering administrative services, defined in
23 section 123A.12, needed in the education administrative district.

24 Subd. 3. [PERSONNEL.] The board may employ personnel as
25 necessary to provide administrative services for the education
26 administrative district. Education administrative district
27 staff shall participate in retirement programs. Notwithstanding
28 section 123B.143, subdivision 1, a member district of an
29 education administrative district must contract with the
30 education administrative district to obtain the services of a
31 superintendent. The person to provide the services need not be
32 employed by the education administrative district or a member
33 district at the time the contract is entered into.

34 Subd. 4. [CONTRACTS.] The board may enter into contracts
35 with districts and other public and private agencies to provide
36 administrative services needed in the education administrative

1 district.

2 Subd. 5. [GENERAL LAW.] The board shall be governed,
3 unless specifically provided otherwise, by section 471.59.

4 Subd. 6. [ANNUAL REPORT.] After each of its first five
5 years of operation, the board shall submit an annual report to
6 the member districts and the commissioner regarding the
7 activities of the education administrative district, including
8 analysis of the impact of the arrangement on administrative
9 costs and efficiency.

10 Sec. 3. [123A.12] [EDUCATION ADMINISTRATIVE DISTRICT
11 AGREEMENT.]

12 Subdivision 1. [IMPLEMENTATION; REVIEW.] An education
13 administrative district board shall implement the agreement for
14 provision of administrative services to the member school
15 districts adopted by the member districts according to section
16 123A.10, subdivision 2. The education administrative district
17 board shall review the agreement annually and propose necessary
18 amendments to the member districts.

19 Subd. 2. [ADMINISTRATIVE SERVICES.] (a) The agreement must
20 provide for the selection of one superintendent for the
21 administrative district at a specified time, according to
22 section 123B.143, subdivision 1, by the administrative district
23 board.

24 (b) The agreement must specify which other noninstructional
25 services are to be provided by the education administrative
26 district. These services may include, but are not limited to,
27 business management, human resources, payroll, food service,
28 buildings and grounds maintenance, pupil transportation,
29 technology coordination, curriculum coordination, community
30 education, nursing services, student records, district policy,
31 student administrative services, and school building
32 administration.

33 Subd. 3. [TIMING AND DURATION.] (a) The initial agreement
34 must specify a time schedule for implementation.

35 (b) The initial agreement must be for a period of at least
36 three years. After completing the first two years, the

1 agreement may be extended by majority vote of the full
2 membership of each board.

3 Subd. 4. [FINANCES.] The initial agreement must:

4 (1) include a three-year budget projection comparing
5 existing administrative services and their costs with the
6 proposed services and their costs for each year;

7 (2) specify what retirement and severance incentives may be
8 offered to licensed and nonlicensed staff, and how these costs
9 will be apportioned among the member districts. The incentives
10 must conform with section 123A.48, subdivision 23;

11 (3) specify any other start-up costs for the education
12 administrative district and how these costs will be apportioned
13 among the member districts;

14 (4) specify the estimated amounts that each member district
15 will levy under subdivision 5 for the costs specified in clauses
16 (2) and (3); and

17 (5) specify an equitable distribution formula for the
18 education administrative district board to assess and certify to
19 each member school district its proportionate share of
20 expenses. Each member district must remit its assessment to the
21 education administrative district board within 30 days after
22 receipt.

23 Subd. 5. [LEVY.] A school district that is a member of an
24 education administrative district may levy an amount equal to
25 the district's share of costs approved by the commissioner for
26 retirement and severance incentives and other start-up costs
27 included in the initial agreement under subdivision 4, clauses
28 (2) and (3), over a period of time not to exceed three years.

29 Subd. 6. [REPORTS TO DEPARTMENT OF EDUCATION.] Member
30 districts may submit joint reports and jointly provide
31 information required by the department. The joint reports must
32 allow information, including expenditures for the education
33 administrative district, to be attributed to each member
34 district.

35 Subd. 7. [ADDITION AND WITHDRAWAL OF DISTRICTS.] (a) Upon
36 approval by majority vote of a district school board and of the

1 education administrative district board, an adjoining district
2 may become a member of the education administrative district and
3 be governed by the provisions of this section and the agreement
4 in effect. A noncontiguous district may become a member with
5 the approval of the commissioner according to the criteria
6 specified in section 123A.10, subdivision 3, paragraph (c). A
7 new member added to an existing education administrative
8 district may levy for approved costs of retirement and severance
9 incentives according to subdivision 5.

10 (b) After its first three years of membership, a district
11 may withdraw from the education administrative district and from
12 the agreement in effect by a majority vote of the full board
13 membership of the member district desiring withdrawal and upon
14 compliance with provisions in the agreement establishing the
15 education administrative district. The withdrawal shall become
16 effective at the end of the next following fiscal year.

17 Subd. 8. [DISSOLUTION.] After the first three years of the
18 education administrative district, the boards of each member
19 district may agree to dissolve the education administrative
20 district effective at the end of any fiscal year or at an
21 earlier time as they may mutually agree. A dissolution must be
22 accomplished in accordance with any applicable provisions of the
23 agreement establishing the education administrative district.
24 The dissolution must not affect the continuing liability of the
25 previous member districts for continuing obligations, including
26 unemployment benefits.

27 Sec. 4. Minnesota Statutes 2004, section 123A.24,
28 subdivision 2, is amended to read:

29 Subd. 2. [COOPERATIVE UNIT DEFINED.] For the purposes of
30 this section, a cooperative unit is:

31 (1) an education district organized under sections 123A.15
32 to 123A.19;

33 (2) a cooperative vocational center organized under section
34 123A.22;

35 (3) an intermediate district organized under chapter 136D;

36 (4) an education administrative district organized under

1 sections 123A.10 to 123A.12;

2 (5) a service cooperative organized under section 123A.21;
3 or

4 ~~(5)~~ (6) a regional management information center organized
5 under section 123A.23 or as a joint powers district according to
6 section 471.59.

7 Sec. 5. Minnesota Statutes 2004, section 123B.92,
8 subdivision 1, is amended to read:

9 Subdivision 1. [DEFINITIONS.] For purposes of this section
10 and section 125A.76, the terms defined in this subdivision have
11 the meanings given to them.

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

15 (1) the sum of:

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

19 (ii) an amount equal to one year's depreciation on the
20 district's school bus fleet and mobile units computed on a
21 straight line basis at the rate of 15 percent per year for
22 districts operating a program under section 124D.128 for grades
23 1 to 12 for all students in the district and 12-1/2 percent per
24 year for other districts of the cost of the fleet, plus

25 (iii) an amount equal to one year's depreciation on the
26 district's type three school buses, as defined in section
27 169.01, subdivision 6, clause (5), which must be used a majority
28 of the time for pupil transportation purposes, computed on a
29 straight line basis at the rate of 20 percent per year of the
30 cost of the type three school buses by:

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

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

36 (1) Regular transportation is:

1 (i) transportation to and from school during the regular
2 school year for resident elementary pupils residing one mile or
3 more from the public or nonpublic school they attend, and
4 resident secondary pupils residing two miles or more from the
5 public or nonpublic school they attend, excluding desegregation
6 transportation and noon kindergarten transportation; but with
7 respect to transportation of pupils to and from nonpublic
8 schools, only to the extent permitted by sections 123B.84 to
9 123B.87;

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

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

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

19 (v) transportation to and from school during the regular
20 school year required under subdivision 3 for nonresident
21 elementary pupils when the distance from the attendance area
22 border to the public school is one mile or more, and for
23 nonresident secondary pupils when the distance from the
24 attendance area border to the public school is two miles or
25 more, excluding desegregation transportation and noon
26 kindergarten transportation.

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

34 (2) Excess transportation is:

35 (i) transportation to and from school during the regular
36 school year for resident secondary pupils residing at least one

1 mile but less than two miles from the public or nonpublic school
2 they attend, and transportation to and from school for resident
3 pupils residing less than one mile from school who are
4 transported because of extraordinary traffic, drug, or crime
5 hazards; and

6 (ii) transportation to and from school during the regular
7 school year required under subdivision 3 for nonresident
8 secondary pupils when the distance from the attendance area
9 border to the school is at least one mile but less than two
10 miles from the public school they attend, and for nonresident
11 pupils when the distance from the attendance area border to the
12 school is less than one mile from the school and who are
13 transported because of extraordinary traffic, drug, or crime
14 hazards.

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

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

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

25 (ii) necessary transportation of pupils with disabilities
26 from home or from school to other buildings, including centers
27 such as developmental achievement centers, hospitals, and
28 treatment centers where special instruction or services required
29 by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65
30 are provided, within or outside the district where services are
31 provided;

32 (iii) necessary transportation for resident pupils with
33 disabilities required by sections 125A.12, and 125A.26 to
34 125A.48;

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

1 (v) transportation from one educational facility to another
2 within the district for resident pupils enrolled on a
3 shared-time basis in educational programs, and necessary
4 transportation required by sections 125A.18, and 125A.26 to
5 125A.48, for resident pupils with disabilities who are provided
6 special instruction and services on a shared-time basis or if
7 resident pupils are not transported, the costs of necessary
8 travel between public and private schools or neutral
9 instructional sites by essential personnel employed by the
10 district's program for children with a disability;

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

14 (vii) services described in clauses (i) to (vi), when
15 provided for pupils with disabilities in conjunction with a
16 summer instructional program that relates to the pupil's
17 individual education plan or in conjunction with a learning year
18 program established under section 124D.128.

19 For purposes of computing special education base revenue
20 under section 125A.76, subdivision 2, the cost of providing
21 transportation for children with disabilities includes (A) the
22 additional cost of transporting a homeless student from a
23 temporary nonshelter home in another district to the school of
24 origin, or a formerly homeless student from a permanent home in
25 another district to the school of origin but only through the
26 end of the academic year; and (B) depreciation on district-owned
27 school buses purchased after July 1, 2005, and used primarily
28 for transportation of pupils with disabilities, calculated
29 according to paragraph (a), clauses (ii) and (iii).
30 Depreciation costs included in the disabled transportation
31 category must be excluded in calculating the actual expenditure
32 per pupil transported in the regular and excess transportation
33 categories according to paragraph (a).

34 (5) "Nonpublic nonregular transportation" is:

35 (i) transportation from one educational facility to another
36 within the district for resident pupils enrolled on a

1 shared-time basis in educational programs, excluding
2 transportation for nonpublic pupils with disabilities under
3 clause (4);

4 (ii) transportation within district boundaries between a
5 nonpublic school and a public school or a neutral site for
6 nonpublic school pupils who are provided pupil support services
7 pursuant to section 123B.44; and

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

11 (c) "Mobile unit" means a vehicle or trailer designed to
12 provide facilities for educational programs and services,
13 including diagnostic testing, guidance and counseling services,
14 and health services. A mobile unit located off nonpublic school
15 premises is a neutral site as defined in section 123B.41,
16 subdivision 13.

17 Sec. 6. Minnesota Statutes 2004, section 123B.92,
18 subdivision 5, is amended to read:

19 Subd. 5. [DISTRICT REPORTS.] (a) Each district must report
20 data to the department as required by the department to account
21 for transportation expenditures.

22 (b) Salaries and fringe benefits of district employees
23 whose primary duties are other than transportation, including
24 central office administrators and staff, building administrators
25 and staff, teachers, social workers, school nurses, and
26 instructional aides, must not be included in a district's
27 transportation expenditures, except that a district may include
28 salaries and benefits according to paragraph (c) for (1) an
29 employee designated as the district transportation director, (2)
30 an employee providing direct support to the transportation
31 director, or (3) an employee providing direct transportation
32 services such as a bus driver or bus aide.

33 (c) Salaries and fringe benefits of other district
34 employees who work part-time in transportation and part-time in
35 other areas must not be included in a district's transportation
36 expenditures unless the district maintains documentation of the

1 employee's time spent on pupil transportation matters in the
2 form and manner prescribed by the department.

3 (d) Pupil transportation expenditures, excluding
4 expenditures for capital outlay, leased buses, student board and
5 lodging, crossing guards, and aides on buses, must be allocated
6 among transportation categories based on a cost per mile, cost
7 per student, cost per hour, or cost per route, regardless of
8 whether the transportation services are provided on
9 district-owned or contractor-owned school buses. Expenditures
10 for school bus driver salaries and fringe benefits may either be
11 directly charged to the appropriate transportation category or
12 may be allocated among transportation categories on a cost per
13 mile, cost per student basis, cost per hour, or cost per route.
14 Expenditures by private contractors or individuals who provide
15 transportation exclusively in one transportation category must
16 be charged directly to the appropriate transportation category.
17 Transportation services provided by contractor-owned school bus
18 companies incorporated under different names but owned by the
19 same individual or group of individuals must be treated as the
20 same company for cost allocation purposes.

21 [EFFECTIVE DATE.] This section is effective for expenditure
22 reporting for fiscal year 2006 and later.

23 Sec. 7. Minnesota Statutes 2004, section 125A.51, is
24 amended to read:

25 125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES;
26 EDUCATION AND TRANSPORTATION.]

27 The responsibility for providing instruction and
28 transportation for a pupil without a disability who has a
29 short-term or temporary physical or emotional illness or
30 disability, as determined by the standards of the commissioner,
31 and who is temporarily placed for care and treatment for that
32 illness or disability, must be determined as provided in this
33 section.

34 (a) The school district of residence of the pupil is the
35 district in which the pupil's parent or guardian resides.

36 (b) When parental rights have been terminated by court

1 order, the legal residence of a child placed in a residential or
2 foster facility for care and treatment is the district in which
3 the child resides.

4 (c) Before the placement of a pupil for care and treatment,
5 the district of residence must be notified and provided an
6 opportunity to participate in the placement decision. When an
7 immediate emergency placement is necessary and time does not
8 permit resident district participation in the placement
9 decision, the district in which the pupil is temporarily placed,
10 if different from the district of residence, must notify the
11 district of residence of the emergency placement within 15 days
12 of the placement.

13 (d) When a pupil without a disability is temporarily placed
14 for care and treatment in a day program and the pupil continues
15 to live within the district of residence during the care and
16 treatment, the district of residence must provide instruction
17 and necessary transportation to and from the treatment facility
18 for the pupil. Transportation shall only be provided by the
19 district during regular operating hours of the district. The
20 district may provide the instruction at a school within the
21 district of residence, at the pupil's residence, or in the case
22 of a placement outside of the resident district, in the district
23 in which the day treatment program is located by paying tuition
24 to that district. The district of placement may contract with a
25 facility to provide instruction by teachers licensed by the
26 state Board of Teaching.

27 (e) When a pupil without a disability is temporarily placed
28 in a residential program for care and treatment, the district in
29 which the pupil is placed must provide instruction for the pupil
30 and necessary transportation while the pupil is receiving
31 instruction, and in the case of a placement outside of the
32 district of residence, the nonresident district must bill the
33 district of residence for the actual cost of providing the
34 instruction for the regular school year and for summer school,
35 excluding transportation costs.

36 (f) Notwithstanding paragraph (e), if the pupil is homeless

1 and placed in a public or private homeless shelter, then the
 2 district that enrolls the pupil under section 127A.47,
 3 subdivision 2, shall provide the transportation, unless the
 4 district that enrolls the pupil and the district in which the
 5 pupil is temporarily placed agree that the district in which the
 6 pupil is temporarily placed shall provide transportation. When
 7 a pupil without a disability is temporarily placed in a
 8 residential program outside the district of residence, the
 9 administrator of the court placing the pupil must send timely
 10 written notice of the placement to the district of residence.
 11 The district of placement may contract with a residential
 12 facility to provide instruction by teachers licensed by the
 13 state Board of Teaching. For purposes of this section, the state
 14 correctional facilities operated on a fee-for-service basis are
 15 considered to be residential programs for care and treatment.

16 ~~(f)~~ (g) The district of residence must include the pupil in
 17 its residence count of pupil units and pay tuition as provided
 18 in section 123A.488 to the district providing the instruction.
 19 Transportation costs must be paid by the district providing the
 20 transportation and the state must pay transportation aid to that
 21 district. For purposes of computing state transportation aid,
 22 pupils governed by this subdivision must be included in the
 23 disabled transportation category if the pupils cannot be
 24 transported on a regular school bus route without special
 25 accommodations.

ARTICLE 9

OTHER EDUCATION EXCELLENCE POLICY

28 Section 1. Minnesota Statutes 2004, section 13.321, is
 29 amended by adding a subdivision to read:

30 Subd. 10. [TEACHER DATA FROM VALUE-ADDED ASSESSMENT
 31 MODEL.] Data on individual teachers generated from a value-added
 32 assessment model are governed under section 120B.362.

33 [EFFECTIVE DATE.] This section is effective the day
 34 following final enactment.

35 Sec. 2. Minnesota Statutes 2004, section 120A.22,
 36 subdivision 12, is amended to read:

1 Subd. 12. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or
2 other person having control of a child may apply to a school
3 district to have the child excused from attendance for the whole
4 or any part of the time school is in session during any school
5 year. Application may be made to any member of the board, a
6 truant officer, a principal, or the superintendent. The school
7 district may include a provision in its attendance policy that
8 written documentation from the student's parent or legal
9 guardian may be requested to verify the reason for the school
10 absence. The board of the district in which the child resides
11 may approve the application upon the following being
12 demonstrated to the satisfaction of that board:

13 (1) that the child's bodily or mental condition is such as
14 to prevent attendance at school or application to study for the
15 period required, ~~or~~, which shall include:

16 (i) student illness, medical, dental, orthodontic, or
17 counseling appointments;

18 (ii) family emergencies;

19 (iii) the death or serious illness or funeral of an
20 immediate family member; or

21 (iv) active duty in any military branch of the United
22 States;

23 (2) ~~that for the school years 1988-1989 through 1999-2000~~
24 ~~the child has already completed the studies ordinarily required~~
25 ~~in the 10th grade and that for the school years beginning with~~
26 ~~the 2000-2001 school year the child has already completed the~~
27 ~~studies ordinarily required to graduate~~ the child has already
28 completed the state and district standard requirements for
29 graduation from high school; or

30 (3) that it is the wish of the parent, guardian, or other
31 person having control of the child, that the child attend for a
32 period or periods not exceeding in the aggregate three hours in
33 any week, a school for religious instruction conducted and
34 maintained by some church, or association of churches, or any
35 Sunday school association incorporated under the laws of this
36 state, or any auxiliary thereof. This school for religious

1 instruction must be conducted and maintained in a place other
2 than a public school building, and it must not, in whole or in
3 part, be conducted and maintained at public expense. However, a
4 child may be absent from school on such days as the child
5 attends upon instruction according to the ordinances of some
6 church.

7 Sec. 3. [120A.23] [SCHOOL ATTENDANCE REQUIREMENT; DRIVING
8 PRIVILEGES.]

9 Subdivision 1. [ATTENDANCE.] The school attendance
10 requirement for driving privileges is a tool available to school
11 districts to encourage students to regularly attend school. A
12 student meets the school attendance requirement when the student
13 provides verification that the student:

14 (1) has a high school diploma or general education
15 development certificate (GED);

16 (2) has withdrawn from school under section 120A.22,
17 subdivision 8;

18 (3) is enrolled and attending a public school,
19 State-Approved Alternative Program (SAAP), or charter school, or
20 is receiving alternative educational services during the
21 pendency of a school expulsion, or is homeschooled or attending
22 a nonpublic school, and does not meet the definition of a
23 habitual truant under section 260C.007, subdivision 19; or

24 (4) has conformed to attendance laws, rules, and policies
25 of the student's school, school district, and the state.

26 Subd. 2. [CERTIFICATION OF ATTENDANCE.] Upon student
27 request, a school principal or other administrator at the
28 student's public school, SAAP, or charter school must sign a
29 written certificate form in a timely manner that verifies the
30 student does not meet the definition of a habitual truant as
31 defined in section 260C.007, subdivision 19, for the school's
32 last and current grading period, to the extent that data is
33 available. As set forth in section 171.056, the Department of
34 Public Safety shall develop a certificate form for the school
35 administrator to complete that includes the student's name, date
36 of birth, and address. For any data not included in the school

1 district, SAAP, or charter school definition of directory
2 information, the school district, SAAP, or charter school must
3 obtain the informed consent of the parent or guardian to release
4 data to the Department of Public Safety. The school, district,
5 SAAP, or charter school must include in the student attendance
6 policy it distributes to the parent or guardian and student that
7 it will request a parent or guardian to sign an informed consent
8 form to transfer directory information about the student to the
9 Department of Public Safety.

10 Subd. 3. [ONGOING REPORTING OF TRUANCY DATA TO DEPARTMENT
11 OF PUBLIC SAFETY.] A school district, SAAP, or charter school
12 may notify the Department of Public Safety electronically in a
13 manner and format prescribed by the Department of Public Safety
14 of students who meet the definition of habitual truancy for the
15 last grading period. The electronic notification must include
16 each student's name, date of birth, and address. For any data
17 not included in the school district, SAAP, or charter school
18 definition of directory information, the school district, SAAP,
19 or charter school must obtain the informed consent of the parent
20 or guardian to release the data to the Department of Public
21 Safety.

22 Subd. 4. [OPT OUT PROVISION.] A district school board,
23 board of a state approved alternative program (SAAP), or charter
24 school board of directors may, by majority vote, waive the
25 school attendance requirement for driving privileges under
26 section 171.056 for students enrolled in the district, SAAP, or
27 charter school. The school board, SAAP board, or board of
28 directors must vote to waive the requirement on or before
29 September 30 of the initial school year for which the waiver is
30 effective. If a school board, SAAP board, or board of directors
31 intends to rescind its waiver and require students to comply
32 with the school attendance requirement under section 171.056,
33 for a later school year or school years, the board must vote on
34 or before September 30 of the school year for which the waiver
35 is initially rescinded. For a school district, charter school,
36 or SAAP that opts out, the school board must send an annual

1 certificate to the Department of Public Safety verifying that it
2 is opting out of the attendance requirement for driving
3 privileges for its students. The Department of Public Safety
4 shall develop a certificate form for the school board to
5 complete if that school district has opted out of the attendance
6 requirement for driving privileges.

7 Subd. 5. [NOTICE.] School districts, SAAPs, and charter
8 schools that choose to participate in the school attendance
9 requirement for driving privileges must include that notice in
10 their district wide school attendance policy and include the
11 steps a student must take to obtain an initial certification of
12 attendance, the required steps to obtain certification of
13 attendance after a student has failed to obtain an initial
14 license or after a license is cancelled, the appeal provision,
15 and the frequency and method followed if it chooses to send
16 ongoing truancy reports to the Department of Public Safety
17 regarding students 15 years and older who are habitually truant
18 as defined in section 260C.007, subdivision 19.

19 Subd. 6. [HARDSHIP WAIVER.] (a) Pursuant to section
20 171.30, subdivision 1, a student may seek a limited license from
21 the Department of Public Safety based upon the hardship that
22 would occur by cancellation of a student's driver's license or
23 permit or by the student's inability to obtain an initial
24 provisional or driver's license. The school district
25 superintendent or the equivalent administrator of a SAAP or
26 charter school may consult with the Department of Public Safety
27 to assist in making the limited license determination.

28 (b) In addition, the school board, SAAP board, or charter
29 school board may choose to include in their attendance policy an
30 internal appeal process for students to utilize prior to
31 electronically submitting truancy data to the Department of
32 Public Safety or when a school administrator has not signed a
33 certificate of attendance. The student seeking review would
34 submit a request for a hardship waiver hearing to the school
35 district superintendent or the equivalent administrator of a
36 SAAP or charter school in a manner and on a form the school

1 administrator prescribes. The attendance policy would set forth
2 the time frame and process utilized by the district
3 superintendent or equivalent administrator to make its
4 determination. The student and the student's parent or guardian
5 would be able to submit documentary and oral evidence as part of
6 the appeal process. Upon completion of the appeal process, the
7 school district superintendent or the equivalent administrator
8 would submit its written decision to the student and the
9 student's parent or guardian within two business days after the
10 determination is made. The decision must include a provision
11 informing the student of the right to seek a limited license
12 under section 171.30 from the Department of Public Safety.

13 Subd. 7. [MODEL SCHOOL POLICY.] The commissioner of the
14 Department of Education will develop and make available to
15 districts a districtwide model school policy for attendance.

16 Subd. 8. [NONPUBLIC SCHOOLS.] Nonpublic schools may choose
17 to participate in the school attendance requirement for driving
18 privileges.

19 [EFFECTIVE DATE.] This section is effective September 1,
20 2005, and applies to all persons under 18 years of age
21 possessing or applying for a motorized bicycle permit, driver's
22 instruction permit, or provisional license on or after that date.

23 Sec. 4. Minnesota Statutes 2004, section 120B.02, is
24 amended to read:

25 120B.02 [EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S
26 STUDENTS.]

27 (a) The legislature is committed to establishing rigorous
28 academic standards for Minnesota's public school students. To
29 that end, the commissioner shall adopt in rule statewide
30 academic standards. The commissioner shall not prescribe in
31 rule or otherwise the delivery system, classroom assessments, or
32 form of instruction that school sites must use. For purposes of
33 this chapter, a school site is a separate facility, or a
34 separate program within a facility that a local school board
35 recognizes as a school site for funding purposes.

36 (b) All commissioner actions regarding the rule must be

1 premised on the following:

2 (1) the rule is intended to raise academic expectations for
3 students, teachers, and schools;

4 (2) any state action regarding the rule must evidence
5 consideration of school district autonomy; and

6 (3) the Department of Education, with the assistance of
7 school districts, must make available information about all
8 state initiatives related to the rule to students and parents,
9 teachers, and the general public in a timely format that is
10 appropriate, comprehensive, and readily understandable.

11 (c) When fully implemented, the requirements for high
12 school graduation in Minnesota must require students to ~~pass the~~
13 ~~basic-skills-test-requirements-and~~ satisfactorily complete, as
14 determined by the school district, the course credit
15 requirements under section 120B.024 and:

16 (1) for students enrolled in grade 8 before the 2005-2006
17 school year, to pass the basic skills test requirements; or

18 (2) for students enrolled in grade 8 in the 2005-2006
19 school year and later, to pass the Minnesota Comprehensive
20 Assessments Second Edition (MCA-IIIs).

21 (d) The commissioner shall periodically review and report
22 on the state's assessment process.

23 (e) School districts are not required to adopt specific
24 provisions of ~~the Goals-2000-and~~ the federal School-to-Work
25 programs.

26 Sec. 5. [120B.128] [EDUCATIONAL PLANNING AND ASSESSMENT
27 SYSTEM (EPAS) PROGRAM.]

28 (a) School districts and charter schools may elect to
29 participate in the Educational Planning and Assessment System
30 (EPAS) program offered by ACT, Inc. to provide a longitudinal,
31 systematic approach to student educational and career planning,
32 assessment, instructional support, and evaluation. The EPAS
33 achievement tests include English, reading, mathematics,
34 science, and components on planning for high school and
35 postsecondary education, interest inventory, needs assessments,
36 and student education plans. These tests are linked to the ACT

1 assessment for college admission and allow students, parents,
2 teachers, and schools to determine the student's college
3 readiness before grades 11 and 12.

4 (b) The commissioner of education shall provide ACT Explore
5 tests for students in grade 8 and the ACT Plan test for students
6 in grade 10 to assess individual student academic strengths and
7 weaknesses, academic achievement and progress, higher order
8 thinking skills, and college readiness. The state shall pay the
9 test costs for school districts and charter schools that choose
10 to participate in the EPAS program. The commissioner shall
11 establish an application procedure and a process for state
12 payment of costs.

13 Sec. 6. Minnesota Statutes 2004, section 120B.13,
14 subdivision 1, is amended to read:

15 Subdivision 1. [PROGRAM STRUCTURE; TRAINING PROGRAMS FOR
16 TEACHERS.] (a) The advanced placement and international
17 baccalaureate programs are well-established academic programs
18 for mature, academically directed high school students. These
19 programs, in addition to providing academic rigor, offer sound
20 curricular design, accountability, comprehensive external
21 assessment, feedback to students and teachers, and the
22 opportunity for high school students to compete academically on
23 a global level. Advanced placement and international
24 baccalaureate programs allow students to leave high school with
25 the academic skills and self-confidence to succeed in college
26 and beyond. The advanced placement and international
27 baccalaureate programs help provide Minnesota students with
28 world-class educational opportunity.

29 (b) Critical to schools' educational success is ongoing
30 advanced placement/international baccalaureate-approved teacher
31 training. A secondary teacher assigned by a district public or
32 nonpublic school to teach an advanced placement or international
33 baccalaureate course or other interested educator may
34 participate in a training program offered by The College Board
35 or International Baccalaureate North America, Inc. The state
36 may pay a portion of the tuition, room, and board, and

1 out-of-state travel costs a teacher or other interested educator
2 incurs in participating in a training program. The commissioner
3 shall determine application procedures and deadlines, and select
4 teachers and other interested educators to participate in the
5 training program, and determine the payment process and amount
6 of the subsidy. The procedures determined by the commissioner
7 shall, to the extent possible, ensure that advanced placement
8 and international baccalaureate courses become available in all
9 parts of the state and that a variety of course offerings are
10 available in school districts. This subdivision does not
11 prevent teacher or other interested educator participation in
12 training programs offered by The College Board or International
13 Baccalaureate North America, Inc., when tuition is paid by a
14 source other than the state.

15 Sec. 7. Minnesota Statutes 2004, section 120B.13,
16 subdivision 3, is amended to read:

17 Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] The state may pay
18 all or part of the fee for advanced placement or international
19 baccalaureate examinations ~~for pupils of low-income families in~~
20 ~~public and nonpublic schools.~~ The commissioner shall ~~adopt a~~
21 ~~schedule for fee subsidies that may allow payment of the entire~~
22 fee for pay all examination fees for all public and nonpublic
23 students of low-income families, as defined by the commissioner,
24 and to the limit of the available appropriation, shall also pay
25 a portion or all of the examination fees for other public and
26 nonpublic students sitting for an advanced placement
27 examination, international baccalaureate examination, or both.
28 The commissioner shall determine procedures for state payments
29 of fees.

30 Sec. 8. Minnesota Statutes 2004, section 120B.13, is
31 amended by adding a subdivision to read:

32 Subd. 3a. [TEACHER STIPENDS.] A teacher who teaches an
33 advanced placement or international baccalaureate course shall
34 receive a stipend for each student in the teacher's course who
35 receives a three or higher on the advanced placement examination
36 or the international baccalaureate examination that covers the

1 subject matter of the course. The commissioner shall determine
2 the payment process and the amount of teacher stipends.

3 Sec. 9. Minnesota Statutes 2004, section 120B.13, is
4 amended by adding a subdivision to read:

5 Subd. 3b. [COLLEGE CREDIT.] The colleges and universities
6 of the Minnesota State Colleges and Universities system must
7 award, and the University of Minnesota and private postsecondary
8 institutions are encouraged to award, college credit to high
9 school students who receive a score of three or higher on an
10 advanced placement or International Baccalaureate program
11 examination.

12 Sec. 10. [120B.131] [COLLEGE-LEVEL EXAMINATION PROGRAM
13 (CLEP).]

14 Subdivision 1. [PROGRAM STRUCTURE.] The College-Level
15 Examination Program (CLEP) offered by The College Board provides
16 students with the opportunity to demonstrate college-level
17 achievement and receive college credit or advanced standing
18 through a program of examinations in undergraduate college
19 courses. Schools must provide information about CLEP and the
20 opportunity to receive college credit from a Minnesota
21 postsecondary institution to students successfully completing a
22 college-level course.

23 Subd. 2. [REIMBURSEMENT FOR EXAMINATION FEES.] The state
24 may reimburse CLEP examination fees for a Minnesota public high
25 school student who has successfully completed one or more
26 college-level courses in high school and earned a satisfactory
27 score on one or more CLEP examinations in the following subjects:
28 composition and literature, mathematics and science, social
29 sciences and history, foreign languages, and business and
30 humanities. The state may reimburse each successful student
31 for up to six examination fees. The commissioner shall
32 establish application procedures and a process and schedule for
33 fee reimbursements. The commissioner must give priority to
34 reimburse the CLEP examination fees of students of low-income
35 families.

36 Subd. 3. [COLLEGE CREDIT.] The colleges and universities

1 of the Minnesota State Colleges and Universities system must
2 award, and the University of Minnesota and private postsecondary
3 institutions are encouraged to award, college credit to high
4 school students who receive a satisfactory score on a CLEP
5 examination under this section. The commissioner, in
6 consultation with the Minnesota State Colleges and Universities,
7 shall set a passing score for college credits.

8 Sec. 11. Minnesota Statutes 2004, section 120B.30,
9 subdivision 1, is amended to read:

10 Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner,
11 with advice from experts with appropriate technical
12 qualifications and experience and stakeholders, consistent with
13 subdivision 1a, shall include in the comprehensive assessment
14 system, for each grade level to be tested, state-constructed
15 tests developed from and aligned with the state's required
16 academic standards under section 120B.021 and administered
17 annually to all students in grades 3 through 8 and at the high
18 school level. A state-developed test in a subject other than
19 writing, developed after the 2002-2003 school year, must include
20 both multiple choice and constructed response questions. The
21 commissioner shall establish one or more months during which
22 schools shall administer the tests to students each school
23 year. For students enrolled in grade 8 before the 2005-2006
24 school year, only Minnesota basic skills tests in reading,
25 mathematics, and writing shall fulfill students' basic skills
26 testing requirements for a passing state notation. The passing
27 scores of the state tests in reading and mathematics are the
28 equivalent of:

29 (1) 70 percent correct for students entering grade 9 in
30 1996; and

31 (2) 75 percent correct for students entering grade 9 in
32 1997 and thereafter, as based on the first uniform test
33 administration of February 1998.

34 For students enrolled in grade 8 in the 2005-2006 school
35 year and later, only the Minnesota Comprehensive Assessments
36 Second Edition (MCA-IIIs) in reading, mathematics, and writing

1 shall fulfill students' academic standard requirements.

2 (b) The third through 8th grade and high school level test
3 results shall be available to districts for diagnostic purposes
4 affecting student learning and district instruction and
5 curriculum, and for establishing educational accountability.
6 The commissioner must disseminate to the public the test results
7 upon receiving those results.

8 (c) State tests must be constructed and aligned with state
9 academic standards. The testing process and the order of
10 administration shall be determined by the commissioner. The
11 statewide results shall be aggregated at the site and district
12 level, consistent with subdivision 1a.

13 (d) In addition to the testing and reporting requirements
14 under this section, the commissioner shall include the following
15 components in the statewide public reporting system:

16 (1) uniform statewide testing of all students in grades 3
17 through 8 and at the high school level that provides exemptions,
18 only with parent or guardian approval, for those very few
19 students for whom the student's individual education plan team
20 under sections 125A.05 and 125A.06, determines that the student
21 is incapable of taking a statewide test, or for a limited
22 English proficiency student under section 124D.59, subdivision
23 2, if the student has been in the United States for fewer than
24 three years;

25 (2) educational indicators that can be aggregated and
26 compared across school districts and across time on a statewide
27 basis, including average daily attendance, high school
28 graduation rates, and high school drop-out rates by age and
29 grade level;

30 (3) students' scores on the American College Test; and

31 (4) state results from participation in the National
32 Assessment of Educational Progress so that the state can
33 benchmark its performance against the nation and other states,
34 and, where possible, against other countries, and contribute to
35 the national effort to monitor achievement.

36 (e) Districts must report exemptions under paragraph (d),

1 clause (1), to the commissioner consistent with a format
2 provided by the commissioner.

3 Sec. 12. Minnesota Statutes 2004, section 120B.30,
4 subdivision 1a, is amended to read:

5 Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a)
6 The commissioner must develop ~~language-arts~~ reading,
7 mathematics, and science assessments aligned with state academic
8 standards that districts and sites must use to monitor student
9 growth toward achieving those standards. The commissioner must
10 not develop statewide assessments for academic standards in
11 social studies and the arts. The commissioner must require:

12 (1) annual ~~language-arts~~ reading and mathematics
13 assessments in grades 3 through 8 and at the high school level
14 for the 2005-2006 school year and later; and

15 (2) annual science assessments in one grade in the grades 3
16 through 5 span, the grades 6 through 9 span, and a life sciences
17 assessment in the grades 10 through 12 span for the 2007-2008
18 school year and later.

19 (b) The commissioner must ensure that all statewide tests
20 administered to elementary and secondary students measure
21 students' academic knowledge and skills and not students'
22 values, attitudes, and beliefs.

23 (c) Reporting of assessment results must:

24 (1) provide timely, useful, and understandable information
25 on the performance of individual students, schools, school
26 districts, and the state;

27 (2) include, by the 2006-2007 school year, a value-added
28 component to measure student achievement growth over time; and

29 (3) for students enrolled in grade 8 before the 2005-2006
30 school year, determine whether students have met the state's
31 basic skills requirements; or

32 (4) for students enrolled in grade 8 in the 2005-2006
33 school year and later, determine whether students have met the
34 state's academic standards.

35 (d) Consistent with applicable federal law and subdivision
36 1, paragraph (d), clause (1), the commissioner must include

1 alternative assessments for the very few students with
2 disabilities for whom statewide assessments are inappropriate
3 and for students with limited English proficiency.

4 (e) A school, school district, and charter school must
5 administer statewide assessments under this section, as the
6 assessments become available, to evaluate student progress in
7 achieving the academic standards. If a state assessment is not
8 available, a school, school district, and charter school must
9 determine locally if a student has met the required academic
10 standards. A school, school district, or charter school may use
11 a student's performance on a statewide assessment as one of
12 multiple criteria to determine grade promotion or retention. A
13 school, school district, or charter school may use a high school
14 student's performance on a statewide assessment as a percentage
15 of the student's final grade in a course, or place a student's
16 assessment score on the student's transcript.

17 Sec. 13. [120B.362] [VALUE-ADDED ASSESSMENT PROGRAM.]

18 (a) The commissioner of education must implement a
19 value-added assessment program to assist school districts,
20 public schools, and charter schools in assessing and reporting
21 students' growth in academic achievement under section 120B.30,
22 subdivision 1a. The program must use assessments of students'
23 academic achievement to make longitudinal comparisons of each
24 student's academic growth over time. School districts, public
25 schools, and charter schools may apply to the commissioner to
26 participate in the initial trial program using a form and in the
27 manner the commissioner prescribes. The commissioner must
28 select program participants from urban, suburban, and rural
29 areas throughout the state.

30 (b) The commissioner may issue a request for a proposal to
31 contract with an organization that provides a value-added
32 assessment model that reliably estimates school and school
33 district effects on students' academic achievement over time.
34 The model the commissioner selects must accommodate diverse data
35 and must use each student's test data across grades.

36 (c) The contract under paragraph (b) must be consistent

1 with the definition of "best value" under section 16C.02,
2 subdivision 4.

3 [EFFECTIVE DATE.] This section is effective the day
4 following final enactment.

5 Sec. 14. [122A.245] [TEACHER TRAINING PROGRAM FOR
6 QUALIFIED PROFESSIONALS.]

7 Subdivision 1. [SCOPE AND REQUIREMENTS.] (a) As an
8 alternative to postsecondary teacher preparation programs and
9 alternative preparation licensing for teachers under section
10 122A.24, a teacher training program is established for qualified
11 professionals to acquire an entrance license. Providers,
12 approved by the commissioner under subdivision 3, may offer the
13 program in the instructional fields of science, mathematics,
14 world languages, English as a second language, and special
15 education.

16 (b) To participate in the teacher training program, the
17 applicant must:

18 (1) have, at a minimum, a bachelor's degree from an
19 accredited four-year postsecondary institution;

20 (2) have an undergraduate major or postbaccalaureate degree
21 in the subject to be taught or in an equivalent or related
22 subject area in which the applicant is seeking licensure;

23 (3) pass an examination of skills in reading, writing, and
24 mathematics as required by section 122A.18;

25 (4) pass Praxis II Subject Assessment for each subject area
26 to be taught;

27 (5) have a cumulative grade point average requirement of
28 2.75 or higher on a 4.0 scale for a bachelor's degree;

29 (6) have evidence of employment related to the subject to
30 be taught; and

31 (7) have evidence of being hired as a teacher on condition
32 of participating in an approved program described in subdivision
33 2.

34 Subd. 2. [PROGRAM.] A teacher training program provided
35 under this section is one year in duration and must include:

36 (1) a nine-credit summer or preinduction preparation

1 program that includes classroom management techniques and
2 on-site classroom observation that must be completed before the
3 candidate is employed in the classroom;

4 (2) 200 clock hours of instruction in essential skills and
5 knowledge including curriculum, instruction, and classroom
6 management presented after school, Saturdays, or both throughout
7 the year. The completed 200 clock hours shall lead to a
8 teaching license and may provide up to 15 graduate credits
9 toward a master's degree in education;

10 (3) on-the-job mentoring, supervision, and evaluation
11 arranged by the local district of employment. Mentoring must be
12 provided by an experienced teacher with licensure in the subject
13 taught by applicant. Three evaluations, including at least
14 three classroom observations, must be conducted by the
15 evaluation team and a written report of each evaluation
16 prepared. The third evaluation contains the team's
17 recommendation for licensure. The evaluation team must include
18 the mentor, the principal, and a member of the approved teacher
19 training program; and

20 (4) a one-week intensive workshop that includes analysis
21 and reflection of the first year of teaching at the completion
22 of the school year. These hours may be counted as part of 200
23 clock hours required in clause (2).

24 Subd. 3. [PROGRAM APPROVAL.] Program proposals submitted
25 to the commissioner of education for approval must be developed
26 and submitted by a Minnesota public or private postsecondary
27 institution. Notwithstanding any law to the contrary, the
28 commissioner must approve teacher training programs under this
29 section based on criteria developed by an advisory group
30 appointed by the commissioner. The advisory group shall
31 include, at a minimum, a representative of the Board of
32 Teaching, school superintendents, principals, teachers, the
33 Department of Education, and postsecondary institutions,
34 including those offering degrees in teaching preparation.

35 Subd. 4. [ELIGIBILITY LICENSE.] Notwithstanding any law to
36 the contrary, an applicant who successfully meets the criteria

1 established under subdivision 1, paragraph (b), shall receive a
2 one-year eligibility license to teach at the place of employment
3 identified under subdivision 1, paragraph (b), clause (7).

4 During the one-year eligibility period, a mentor must be
5 assigned under subdivision 2, clause (3). The applicant teacher
6 and teacher mentor must meet to confer on classroom and
7 instructional issues a minimum of once every week throughout the
8 full school year.

9 The hiring district may deduct the cost of providing the
10 mentor for the teacher training program participant from the
11 participant's salary for the year of training.

12 Subd. 5. [STANDARD ENTRANCE LICENSE.] Notwithstanding any
13 law to the contrary, the Board of Teaching must issue a standard
14 entrance license to a training program licensee who successfully
15 completes the program under subdivision 2, successfully teaches
16 in a classroom for one complete school year, and receives a
17 positive recommendation from the applicant's evaluation team.

18 Subd. 6. [QUALIFIED TEACHER.] A person with a valid
19 eligibility license under subdivision 5 is a qualified teacher
20 under section 122A.16.

21 Sec. 15. [122A.601] [STAFF DEVELOPMENT PROGRAM.]

22 Subdivision 1. [REQUIREMENT.] Each school district must
23 implement a staff development program that improves the quality
24 of teaching and increases the achievement of all students.
25 Staff development must be a part of each district and site
26 improvement plan and must be aligned with state and federal
27 requirements. A school board must use the revenue authorized in
28 section 122A.61 for staff development that addresses areas
29 identified for improvement by the district advisory committee
30 and site teams, or for violence prevention training authorized
31 in section 120B.22, subdivision 2.

32 Subd. 2. [DISTRICT STAFF DEVELOPMENT ADVISORY
33 COMMITTEE.] (a) The school board must appoint a district staff
34 development advisory committee. A majority of the advisory
35 committee must be teachers representing various grade levels,
36 subject areas, and special education. The district committee

1 must also include personnel who work with federal programs,
2 nonteaching staff, parents, paraprofessionals, and
3 administrators including the superintendent or superintendent's
4 designee.

5 (b) The district staff development advisory committee shall:

6 (1) analyze student achievement and other kinds of
7 district-related data;

8 (2) establish districtwide staff development goals and
9 learning outcomes based on the analysis of data, including the
10 goal of eliminating achievement gaps among students;

11 (3) review the site team staff development plans for
12 alignment with district goals;

13 (4) review the site team staff development plans for
14 alignment with applications for federal funding;

15 (5) approve the site team plans or consult with site teams
16 as needed to align with district goals and applications for
17 federal funding;

18 (6) forward the approved site team plans and district staff
19 development goals and learning outcomes to the superintendent
20 and to the school board for approval prior to implementation.

21 Subd. 3. [STAFF DEVELOPMENT SCHOOL SITE TEAM.] (a) Each
22 school site in a district must establish a staff development
23 school site team that must include the principal. A majority of
24 the site team must be teachers representing various grade
25 levels, subject areas, and special education. The site team may
26 also include nonteaching staff, personnel who work with federal
27 programs, parents, and paraprofessionals. Kindergarten through
28 grade 12 sites may function with a single committee that serves
29 as both the site team and the district advisory committee.

30 (b) The staff development site team shall create a staff
31 development plan for the site that improves instruction and
32 student achievement. The plan shall:

33 (1) analyze student achievement and other kinds of
34 site-related data;

35 (2) establish staff development goals and learning outcomes
36 for the site based on the analysis of data, including the goal

- 1 of eliminating achievement gaps among groups of students;
2 (3) identify procedures at each site for annually assessing
3 and evaluating progress toward meeting the goals and outcomes;
4 (4) specify the staff development activities needed to
5 increase the content knowledge and instructional skills of
6 staff; and
7 (5) specify the staff development activities needed to
8 enhance the leadership skills of principals to support
9 instruction.

10 Subd. 4. [EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.] Staff
11 development activities must:

- 12 (1) focus on the school classroom and research-based
13 strategies that improve student learning;
14 (2) provide opportunities for teachers to practice and
15 improve their skills over time;
16 (3) provide opportunities for teachers to use data to
17 increase student achievement as part of their daily work;
18 (4) enhance teacher content knowledge and instructional
19 skills;
20 (5) align with state and local academic standards; and
21 (6) provide opportunities to build professional
22 relationships, foster collaboration among principals and staff
23 who provide instruction, and provide opportunities for
24 teacher-to-teacher mentoring.
25 Staff development activities may include curriculum development
26 and curriculum training programs, and activities that provide
27 teachers and other members of site-based teams training to
28 enhance team performance. In addition, the school district may
29 implement other staff development activities as required by law
30 and those associated with alternative teacher compensation
31 models. Release time provided for teachers to supervise
32 students on field trips and school activities, or independent
33 tasks not associated with enhancing the teacher's knowledge and
34 skills, such as preparing report cards, calculating grades, or
35 organizing classroom materials, may not be counted as staff
36 development time that is financed with staff development

1 reserved revenue under section 122A.61.

2 Subd. 5. [STAFF DEVELOPMENT REPORT.] (a) By October 15 of
3 each year, the district and site staff development committees
4 shall write and submit a report of staff development activities
5 and expenditures for the previous year, in the form and manner
6 determined by the commissioner. The report must include
7 assessment and evaluation data indicating progress toward
8 district and site staff development goals based on teaching and
9 learning outcomes, including the percentage of teachers
10 participating in effective staff development activities under
11 subdivision 4.

12 (b) The report must provide a breakdown of expenditures for:

13 (1) curriculum development and curriculum training
14 programs; and

15 (2) staff development training models, workshops, and
16 conferences, and the cost of releasing teachers or providing
17 substitute teachers for staff development purposes.

18 The report must also include whether the expenditures were
19 incurred at the district level or the school site level, and
20 whether the school site expenditures were made possible by
21 grants to school sites that demonstrate exemplary use of
22 allocated staff development revenue. These expenditures must be
23 reported using the Uniform Financial and Accounting and
24 Reporting Standards.

25 (c) The commissioner shall report the staff development
26 progress and expenditure data to the house of representatives
27 and senate committees having jurisdiction over education by
28 February 15 each year.

29 Sec. 16. Minnesota Statutes 2004, section 122A.61,
30 subdivision 1, is amended to read:

31 Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is
32 required to reserve an amount equal to at least two percent of
33 the basic revenue under section 126C.10, subdivision 2, for
34 in-service staff development education for programs under
35 section 120B.22, subdivision 2, for district and site staff
36 development ~~plans, including plans for challenging instructional~~

1 ~~activities-and-experiences-under~~ planning and implementation of
2 staff development activities consistent with section
3 ~~122A.60~~ 122A.601, and-for-curriculum-development-and-programs,
4 ~~other-in-service-education,-teachers'-workshops,-teacher~~
5 ~~conferences,~~ the cost of substitute teachers for staff
6 development purposes, preservice and in-service education for
7 special education professionals and paraprofessionals, other
8 staff in the district plan, and other related costs for staff
9 development efforts as specified in the district plan. The
10 school district must use staff development revenue for
11 activities under section 122A.601. A district may reduce the
12 amount reserved for the current year by the amount expended for
13 these purposes in the current fiscal year from its reserved for
14 staff development fund balance. Prior to the end of the
15 reporting school year, a district may annually waive the annual
16 requirement to reserve their two percent of its basic revenue or
17 some portion for the next school year, under this section if by
18 a majority vote of the licensed teachers in the district and a
19 majority vote of the school board ~~agree-to-a-resolution-to-waive~~
20 ~~the-requirement.~~ A district in statutory operating debt is
21 exempt from reserving basic revenue according to this section,
22 but must develop district plans, site plans, and the annual
23 report under section 122A.601. Districts may expend an
24 additional amount of unreserved revenue for staff development
25 based on their needs. With the exception of amounts reserved
26 for staff development from revenues allocated directly to school
27 sites, the board must initially allocate 50 percent of the
28 reserved revenue to each school ~~site~~ sites in the district ~~on-a~~
29 ~~per-teacher-basis,-which-must-be-retained-by-the-school-site~~
30 ~~until-used~~ with a proportionate amount per site based on the
31 number of teachers. The board may retain 25 up to 50 percent to
32 be used for district wide staff development efforts, for grants
33 to sites for staff development, or both. ~~The-remaining-25~~
34 ~~percent-of-the-revenue-must-be-used-to-make-grants-to-school~~
35 ~~sites-for-best-practices-methods.--A-grant-may-be-used-for-any~~
36 ~~purpose-authorized-under-section-120B-22,-subdivision-2,~~

1 ~~122A.607--or-for-the-costs-of-curriculum-development-and~~
2 ~~programs--other-in-service-education--teachers'-workshops--~~
3 ~~teacher-conferences--substitute-teachers-for-staff-development~~
4 ~~purposes--and-other-staff-development-efforts--and-determined-by~~
5 ~~the-site-professional-development-team--The-site-professional~~
6 ~~development-team-must-demonstrate-to-the-school-board-the-extent~~
7 ~~to-which-staff-at-the-site-have-met-the-outcomes-of-the~~
8 ~~program.~~ The board may withhold a portion of initial allocation
9 of revenue if the staff development goals are not being
10 addressed or if the learning outcomes are not being met.

11 Sec. 17. Minnesota Statutes 2004, section 123B.09,
12 subdivision 8, is amended to read:

13 Subd. 8. [DUTIES.] The board must superintend and manage
14 the schools of the district; adopt rules for their organization,
15 government, and instruction; keep registers; and prescribe
16 textbooks and courses of study. The board may enter into an
17 agreement with a postsecondary institution for secondary or
18 postsecondary nonsectarian courses to be taught at a secondary
19 school, nonsectarian postsecondary institution, or another
20 location. The board must not enter into an agreement which
21 limits a district superintendent's duty to assign and reassign
22 teachers or administrators to the schools in which the teachers
23 will teach or the administrators will administer.

24 [EFFECTIVE DATE.] This section is effective for agreements
25 entered into on or after July 1, 2005.

26 Sec. 18. Minnesota Statutes 2004, section 123B.143,
27 subdivision 1, is amended to read:

28 Subdivision 1. [CONTRACT; DUTIES.] All districts
29 maintaining a classified secondary school must employ a
30 superintendent who shall be an ex officio nonvoting member of
31 the school board. The authority for selection and employment of
32 a superintendent must be vested in the board in all cases. An
33 individual employed by a board as a superintendent shall have an
34 initial employment contract for a period of time no longer than
35 three years from the date of employment. Any subsequent
36 employment contract must not exceed a period of three years. A

1 board, at its discretion, may or may not renew an employment
2 contract. A board must not, by action or inaction, extend the
3 duration of an existing employment contract. Beginning 365 days
4 prior to the expiration date of an existing employment contract,
5 a board may negotiate and enter into a subsequent employment
6 contract to take effect upon the expiration of the existing
7 contract. A subsequent contract must be contingent upon the
8 employee completing the terms of an existing contract. If a
9 contract between a board and a superintendent is terminated
10 prior to the date specified in the contract, the board may not
11 enter into another superintendent contract with that same
12 individual that has a term that extends beyond the date
13 specified in the terminated contract. A board may terminate a
14 superintendent during the term of an employment contract for any
15 of the grounds specified in section 122A.40, subdivision 9 or 13.
16 A superintendent shall not rely upon an employment contract with
17 a board to assert any other continuing contract rights in the
18 position of superintendent under section 122A.40.

19 Notwithstanding the provisions of sections 122A.40, subdivision
20 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no
21 individual shall have a right to employment as a superintendent
22 based on order of employment in any district. If two or more
23 districts enter into an agreement for the purchase or sharing of
24 the services of a superintendent, the contracting districts have
25 the absolute right to select one of the individuals employed to
26 serve as superintendent in one of the contracting districts and
27 no individual has a right to employment as the superintendent to
28 provide all or part of the services based on order of employment
29 in a contracting district. The superintendent of a district
30 shall perform the following:

31 (1) visit and supervise the schools in the district, report
32 and make recommendations about their condition when advisable or
33 on request by the board;

34 (2) recommend to the board employment and dismissal of
35 teachers;

36 (3) before the start of the school year, and at other times

1 as needed, superintend the assignment of teachers or
2 administrators to schools to best meet student and school needs
3 as determined by the superintendent;

4 (4) superintend school grading practices and examinations
5 for promotions;

6 ~~(4)~~ (5) make reports required by the commissioner;

7 ~~(5)~~ (6) by January 10, submit an annual report to the
8 commissioner in a manner prescribed by the commissioner, in
9 consultation with school districts, identifying the expenditures
10 that the district requires to ensure an 80 percent student
11 passage rate on the basic standards test taken in the eighth
12 grade, identifying the highest student passage rate the district
13 expects it will be able to attain on the basic standards test by
14 grade 12, the amount of expenditures that the district requires
15 to attain the targeted student passage rate, and how much the
16 district is cross-subsidizing programs with special education,
17 basic skills, and general education revenue; and

18 ~~(6)~~ (7) perform other duties prescribed by the board.

19 [EFFECTIVE DATE.] This section is effective July 1, 2005.

20 Sec. 19. [124D.4531] [CAREER AND TECHNICAL LEVY.]

21 Subdivision 1. [CAREER AND TECHNICAL LEVY.] (a) A district
22 with a career and technical program approved under this section
23 for the fiscal year in which the levy is certified may levy an
24 amount equal to the lesser of:

25 (1) \$80 times the district's average daily membership in
26 grades 10 through 12 for the fiscal year in which the levy is
27 certified; or

28 (2) 25 percent of approved expenditures in the fiscal year
29 in which the levy is certified for the following:

30 (i) salaries paid to essential, licensed personnel
31 providing direct instructional services to students in that
32 fiscal year for services rendered in the district's approved
33 career and technical education programs;

34 (ii) contracted services provided by a public or private
35 agency other than a Minnesota school district or cooperative
36 center under subdivision 7;

1 (iii) necessary travel between instructional sites by
2 licensed career and technical education personnel;

3 (iv) necessary travel by licensed career and technical
4 education personnel for vocational student organization
5 activities held within the state for instructional purposes;

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

8 (vi) necessary travel by licensed career and technical
9 education personnel for noncollegiate credit-bearing
10 professional development; and

11 (vii) specialized vocational instructional supplies.

12 (b) Up to ten percent of a district's career and technical
13 levy may be spent on equipment purchases. Districts using the
14 career and technical levy for equipment purchases must report to
15 the department on the improved learning opportunities for
16 students that result from the investment in equipment.

17 (c) The district must recognize the full amount of this
18 levy as revenue for the fiscal year in which it is certified.

19 Subd. 2. [ALLOCATION FROM COOPERATIVE CENTERS AND
20 INTERMEDIATE DISTRICTS.] For purposes of this section, a
21 cooperative center or an intermediate district must allocate its
22 approved expenditures for career and technical education
23 programs among participating districts.

24 Subd. 3. [LEVY GUARANTEE.] Notwithstanding subdivision 1,
25 the career and technical education levy for a district is not
26 less than the lesser of:

27 (1) the district's career and technical education levy
28 authority for the previous fiscal year; or

29 (2) 100 percent of the approved expenditures for career and
30 technical programs included in subdivision 1, paragraph (b), for
31 the fiscal year in which the levy is certified.

32 Subd. 4. [COMPLIANCE WITH RULES.] (a) Levy authority must
33 be granted under this section only for services rendered or for
34 costs incurred in career and technical education programs
35 approved by the commissioner and operated in accordance with
36 rules adopted by the commissioner. The rules must not require

1 any minimum number of administrative staff, any minimum period
2 of coordination time or extended employment for career and
3 technical education personnel, or the availability of vocational
4 student activities or organizations for a career and technical
5 education program to qualify for this levy. Levy authority
6 shall be granted only for services rendered and for costs
7 incurred by essential, licensed personnel, or approved
8 paraprofessionals who meet the requirements for licensure
9 pursuant to the rules of the Minnesota Board of Teaching.

10 For the purposes of this paragraph, "licensed personnel"
11 means persons holding a valid career and technical license
12 issued by the commissioner. If an average of five or fewer
13 secondary full-time equivalent students are enrolled per teacher
14 in an approved postsecondary program at Intermediate District
15 No. 287, 916, or 917, "licensed personnel" means persons holding
16 a valid vocational license issued by the commissioner or the
17 Board of Trustees of the Minnesota State Colleges and
18 Universities.

19 (b) Notwithstanding section 127A.42, the commissioner may
20 modify or withdraw the program or levy authority under this
21 section without proceeding under section 127A.42, at any time.
22 To do so, the commissioner must determine that the program does
23 not comply with rules of the Department of Education or that any
24 facts concerning the program or its budget differ from the facts
25 in the district's approved application.

26 Subd. 5. [LIMIT.] The commissioner may reduce the levy
27 under this section for a career and technical education program
28 that receives funds from any other source. A district or center
29 must not receive a total amount of levy authority pursuant to
30 this section which, when added to funds from other sources, will
31 provide the program an amount for salaries and travel which
32 exceeds 100 percent of the amount of its expenditures for
33 salaries and travel in the program.

34 Subd. 6. [LEVY FOR CONTRACTED SERVICES.] In addition to
35 the provisions of subdivisions 4 and 5, a school district or
36 cooperative center may contract with a public or private agency

1 other than a Minnesota school district or cooperative center for
2 the provision of career and technical education services. The
3 commissioner must adopt rules relating to program approval
4 procedures and criteria for these contracts and levy authority
5 must be granted only for contracts approved by the
6 commissioner. The district or cooperative center contracting
7 for these services must be construed to be providing the
8 services.

9 Subd. 7. [DISTRICT REPORTS.] Each district or cooperative
10 center must report data to the department for all career and
11 technical education programs as required by the department to
12 implement the career and technical levy formula.

13 [EFFECTIVE DATE.] This section is effective for taxes
14 payable in 2008.

15 Sec. 20. Minnesota Statutes 2004, section 124D.66,
16 subdivision 3, is amended to read:

17 Subd. 3. [ELIGIBLE SERVICES.] (a) Assurance of mastery
18 programs may provide direct instructional services to an
19 eligible pupil, or a group of eligible pupils, under the
20 following conditions in paragraphs (b) to (d).

21 (b) Instruction may be provided at one or more grade levels
22 from kindergarten to grade 8 and for students in grades 9
23 through 12 who were enrolled in grade 8 before the 2005-2006
24 school year and have failed the basic skills tests, or were
25 enrolled in grade 8 in the 2005-2006 school year and later and
26 who have failed the Minnesota Comprehensive Assessments
27 (MCA-IIIs) in reading, mathematics, or writing as required for
28 high school graduation under section 120B.02. If an assessment
29 of pupils' needs within a district demonstrates that the
30 eligible pupils in grades kindergarten to grade 8 are being
31 appropriately served, a district may serve eligible pupils in
32 grades 9 to 12.

33 (c) Instruction must be provided under the supervision of
34 the eligible pupil's regular classroom teacher. Instruction may
35 be provided by the eligible pupil's classroom teacher, by
36 another teacher, by a team of teachers, or by an education

1 assistant or aide. A special education teacher may provide
2 instruction, but instruction that is provided under this section
3 is not eligible for aid under section 125A.76.

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

9 (1) at a different rate or in a different sequence than it
10 was initially presented;

11 (2) using different teaching methods or techniques than
12 were used initially; or

13 (3) using different instructional materials than were used
14 initially.

15 Sec. 21. [124D.98] [SCHOLARSHIP GRANTING ORGANIZATIONS.]

16 Subdivision 1. [DEFINITIONS.] (a) For the purposes of this
17 section the following terms have the meanings given.

18 (b) "Federal poverty guidelines" mean the poverty
19 guidelines for the 48 contiguous states used by the United
20 States Department of Health and Human Services as most recently
21 published in the Federal Register.

22 (c) "Liability for tax" means the tax imposed under chapter
23 290 for the taxable year reduced by the sum of the nonrefundable
24 credits allowed under chapter 290.

25 (d) "Qualified school" means an elementary or secondary
26 nonpublic school, not including home schools, wherein a resident
27 of this state may legally fulfill the state's compulsory
28 attendance laws, which is accredited by an education accrediting
29 agency recognized by the Minnesota Nonpublic Education Council
30 under section 123B.445, paragraph (a), which is not operated for
31 profit, and which adheres to the provisions of the Civil Rights
32 Act of 1964 and chapter 363A.

33 (e) "Scholarship granting organization" or "SGO" means a
34 charitable organization that is exempt from federal taxation
35 under section 501(c)(3) of the Internal Revenue Code, is
36 registered with the attorney general's office, and is certified

1 by the commissioner of education as meeting the criteria of this
2 section.

3 Subd. 2. [COMMISSIONER DUTIES.] The commissioner of
4 education:

5 (1) must maintain a list of SGOs;

6 (2) must make the list available on the Department of
7 Education's Web site and by other means;

8 (3) must develop an application process for SGOs to be
9 certified by the Department of Education under this section;

10 (4) may remove an organization from the list of qualifying
11 SGOs, after notifying the organization and providing an
12 opportunity for a public hearing, if the organization has a
13 history of financial mismanagement or repeated violations of the
14 law;

15 (5) must develop a process for SGOs to annually report to
16 the department as described under this section; and

17 (6) may audit the scholarship funds of an SGO.

18 Subd. 3. [QUALIFICATIONS OF AN SGO.] To qualify as a
19 scholarship granting organization, the charitable organization:

20 (1) must allocate at least 80 percent of its annual revenue
21 from contributions claimed for credit under section 290.0676,
22 subdivision 1, for education scholarship grants to children to
23 allow them to attend any qualified school of their parents'
24 choice;

25 (2) may only award scholarship grants funded by
26 contributions claimed for credit under section 290.0676,
27 subdivision 1, to students who are residents of Minnesota and
28 are from families with incomes equal to or less than 200 percent
29 of the federal poverty guidelines;

30 (3) must not restrict the availability of scholarships to
31 students of one school;

32 (4) may not charge a fee of any kind to students under
33 consideration for a scholarship;

34 (5) may only award scholarship grants funded by
35 contributions claimed for the tax credit to students who are not
36 enrolled in a nonpublic school during the school year in which

1 the students first apply for scholarship grants from an SGO;

2 (6) must require parents of a child awarded a scholarship

3 grant funded by contributions under the tax credit program to

4 sign a written notification authorizing their child's school to

5 release data about their child's performance on state

6 assessments, other standardized tests, or both to the SGO and

7 the department. The SGO and department would be required to

8 protect the privacy of individual student data and to report

9 academic achievement data for scholarship recipients to the

10 public only in the aggregate;

11 (7) must require a private school receiving payment of

12 tuition through a scholarship grant funded by contributions

13 under the tax credit program and awarded by an SGO to an

14 enrolled student of the school to sign an agreement that it:

15 (i) will provide data about the student's performance on

16 state assessments, other standardized tests, or both to the SGO

17 and department once it has received written authorization from

18 the student's parents; and

19 (ii) will not use different admissions standards for a

20 student with a scholarship grant from an SGO;

21 (8) must agree to annually report to the department:

22 (i) the number of students awarded scholarship grants

23 funded by contributions under the tax credit program;

24 (ii) the total amount of scholarship grant dollars awarded

25 from contributions under the tax credit program;

26 (iii) the total number of schools attended by scholarship

27 grant recipients;

28 (iv) the total amount of contributions received under the

29 tax credit program; and

30 (v) the percentage of contributions received under the tax

31 credit program that was provided as scholarship grants to

32 families;

33 (9) must provide the department with the same annual report

34 that the organization is required to provide the attorney

35 general's office under section 309.53;

36 (10) may only award scholarship grants funded by

1 contributions claimed for the tax credit to students entering
2 grades 3 through 11 who meet the criteria for being academically
3 at risk as defined in 124D.68, subdivision 2, paragraph (a),
4 clause (1) or (2) during the school year in which they first
5 apply for a scholarship grant from an SGO. A student entering
6 grade 12 may receive a scholarship grant if the student received
7 a scholarship grant in grade 11; and

8 (11) may only award scholarship grants funded by
9 contributions claimed for the tax credit that will equal 100
10 percent of the tuition and fees charged by a qualified school.
11 The maximum scholarship grant that may be awarded by an SGO is
12 \$5,000 for students entering grades 3 through 8, and \$10,000 for
13 students entering grades 9 through 12.

14 Subd. 4. [APPLICATION FOR CREDIT CERTIFICATE.] The
15 corporation shall apply to the Department of Education for a tax
16 credit certificate. A corporation shall receive a tax credit
17 certificate under section 290.0676 if the scholarship granting
18 organization (SGO) appears on the list of qualifying SGOs
19 maintained by the Department of Education. Tax credit
20 certificates under this section shall be made available by the
21 Department of Education on a first-come, first-served basis
22 until the maximum statewide credit amount has been reached. The
23 statewide credit maximum amount is \$0 in fiscal year 2006 and
24 \$3,500,000 in fiscal year 2007. A contribution by a corporation
25 to a SGO shall be made no later than 60 days following written
26 notification of the approval of an application. The
27 commissioner of education shall issue the tax credit certificate
28 in the amount of one-half of the amount contributed to the SGO
29 after the corporation has made the contribution to the SGO. The
30 commissioner of education shall not issue a tax credit
31 certificate for an amount greater than \$100,000.

32 [EFFECTIVE DATE.] This section is effective for taxable
33 years beginning after December 31, 2005.

34 Sec. 22. Minnesota Statutes 2004, section 126C.457, is
35 amended to read:

36 126C.457 [CAREER AND TECHNICAL LEVY.]

1 For taxes payable in 2006 and 2007, a school district may
2 levy an amount equal to the greater of (1) \$10,000, or (2) the
3 district's fiscal year 2001 entitlement for career and technical
4 aid under Minnesota Statutes 2000, section 124D.453. The
5 district must recognize the full amount of this levy as revenue
6 for the fiscal year in which it is certified. Revenue received
7 under this section must be reserved and used only for career and
8 technical programs.

9 Sec. 23. Minnesota Statutes 2004, section 171.04,
10 subdivision 1, is amended to read:

11 Subdivision 1. [PERSONS NOT ELIGIBLE.] The department
12 shall not issue a driver's license:

13 (1) to any person under 18 years unless:

14 (i) the applicant is 16 or 17 years of age and has a
15 previously issued valid license from another state or country or
16 the applicant has, for the 12 consecutive months preceding
17 application, held a provisional license and during that time has
18 incurred (A) no conviction for a violation of section 169A.20,
19 169A.33, 169A.35, or sections 169A.50 to 169A.53, (B) no
20 conviction for a crash-related moving violation, and (C) not
21 more than one conviction for a moving violation that is not
22 crash related. "Moving violation" means a violation of a
23 traffic regulation but does not include a parking violation,
24 vehicle equipment violation, or warning citation;

25 (ii) the application for a license is approved by (A)
26 either parent when both reside in the same household as the
27 minor applicant or, if otherwise, then (B) the parent or spouse
28 of the parent having custody or, in the event there is no court
29 order for custody, then (C) the parent or spouse of the parent
30 with whom the minor is living or, if subitems (A) to (C) do not
31 apply, then (D) the guardian having custody of the minor or, in
32 the event a person under the age of 18 has no living father,
33 mother, or guardian, or is married or otherwise legally
34 emancipated, then (E) the minor's adult spouse, adult close
35 family member, or adult employer; provided, that the approval
36 required by this item contains a verification of the age of the

1 applicant and the identity of the parent, guardian, adult
2 spouse, adult close family member, or adult employer; and

3 (iii) the applicant presents a certification by the person
4 who approves the application under item (ii), stating that the
5 applicant has driven a motor vehicle accompanied by and under
6 supervision of a licensed driver at least 21 years of age for at
7 least ten hours during the period of provisional licensure; and

8 (iv) the applicant presents a certificate of school
9 attendance under section 171.056, or the school board, SAAP
10 board, or charter school board has submitted a certificate that
11 it has waived the attendance requirement for the driving
12 privilege for its students in accordance with section 120A.23;

13 (2) to any person who is 18 years of age or younger, unless
14 the person has applied for, been issued, and possessed the
15 appropriate instruction permit for a minimum of six months, and,
16 with respect to a person under 18 years of age, a provisional
17 license for a minimum of 12 months;

18 (3) to any person who is 19 years of age or older, unless
19 that person has applied for, been issued, and possessed the
20 appropriate instruction permit for a minimum of three months;

21 (4) to any person whose license has been suspended during
22 the period of suspension except that a suspended license may be
23 reinstated during the period of suspension upon the licensee
24 furnishing proof of financial responsibility in the same manner
25 as provided in the Minnesota No-Fault Automobile Insurance Act;

26 (5) to any person whose license has been revoked except
27 upon furnishing proof of financial responsibility in the same
28 manner as provided in the Minnesota No-Fault Automobile
29 Insurance Act and if otherwise qualified;

30 (6) to any drug-dependent person, as defined in section
31 254A.02, subdivision 5;

32 (7) to any person who has been adjudged legally incompetent
33 by reason of mental illness, mental deficiency, or inebriation,
34 and has not been restored to capacity, unless the department is
35 satisfied that the person is competent to operate a motor
36 vehicle with safety to persons or property;

1 (8) to any person who is required by this chapter to take a
2 vision, knowledge, or road examination, unless the person has
3 successfully passed the examination. An applicant who fails
4 four road tests must complete a minimum of six hours of
5 behind-the-wheel instruction with an approved instructor before
6 taking the road test again;

7 (9) to any person who is required under the Minnesota
8 No-Fault Automobile Insurance Act to deposit proof of financial
9 responsibility and who has not deposited the proof;

10 (10) to any person when the commissioner has good cause to
11 believe that the operation of a motor vehicle on the highways by
12 the person would be inimical to public safety or welfare;

13 (11) to any person when, in the opinion of the
14 commissioner, the person is afflicted with or suffering from a
15 physical or mental disability or disease that will affect the
16 person in a manner as to prevent the person from exercising
17 reasonable and ordinary control over a motor vehicle while
18 operating it upon the highways;

19 (12) to a person who is unable to read and understand
20 official signs regulating, warning, and directing traffic;

21 (13) to a child for whom a court has ordered denial of
22 driving privileges under section 260C.201, subdivision 1, or
23 260B.235, subdivision 5, until the period of denial is
24 completed; or

25 (14) to any person whose license has been canceled, during
26 the period of cancellation.

27 [EFFECTIVE DATE.] This section is effective October 1,
28 2005, and applies to all students under 18 years of age
29 possessing or applying for a driver's instruction permit or
30 provisional license on or after that date.

31 Sec. 24. Minnesota Statutes 2004, section 171.05,
32 subdivision 2, is amended to read:

33 Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a)
34 Notwithstanding any provision in subdivision 1 to the contrary,
35 the department may issue an instruction permit to an applicant
36 who is 15, 16, or 17 years of age and who:

1 (1) has completed a course of driver education in another
2 state, has a previously issued valid license from another state,
3 or is enrolled in either:

4 (i) a public, private, or commercial driver education
5 program that is approved by the commissioner of public safety
6 and that includes classroom and behind-the-wheel training; or

7 (ii) an approved behind-the-wheel driver education program
8 when the student is receiving full-time instruction in a home
9 school within the meaning of sections 120A.22 and 120A.24, the
10 student is working toward a homeschool diploma, the student's
11 status as a homeschool student has been certified by the
12 superintendent of the school district in which the student
13 resides, and the student is taking home-classroom driver
14 training with classroom materials approved by the commissioner
15 of public safety;

16 (2) has completed the classroom phase of instruction in the
17 driver education program;

18 (3) has passed a test of the applicant's eyesight;

19 (4) has passed a department-administered test of the
20 applicant's knowledge of traffic laws;

21 (5) has completed the required application, which must be
22 approved by (i) either parent when both reside in the same
23 household as the minor applicant or, if otherwise, then (ii) the
24 parent or spouse of the parent having custody or, in the event
25 there is no court order for custody, then (iii) the parent or
26 spouse of the parent with whom the minor is living or, if items
27 (i) to (iii) do not apply, then (iv) the guardian having custody
28 of the minor or, in the event a person under the age of 18 has
29 no living father, mother, or guardian, or is married or
30 otherwise legally emancipated, then (v) the applicant's adult
31 spouse, adult close family member, or adult employer; provided,
32 that the approval required by this clause contains a
33 verification of the age of the applicant and the identity of the
34 parent, guardian, adult spouse, adult close family member, or
35 adult employer; and

36 (6) presents a certificate of school attendance under

1 section 171.056, or the school board, SAAP board, or charter
2 school board has submitted a certificate that it has waived the
3 attendance requirement for the driving privilege for its
4 students in accordance with section 120A.23; and

5 (7) has paid the fee required in section 171.06,
6 subdivision 2.

7 (b) The instruction permit is valid for one year from the
8 date of application and may be renewed upon payment of a fee
9 equal to the fee for issuance of an instruction permit under
10 section 171.06, subdivision 2.

11 [EFFECTIVE DATE.] This section is effective October 1,
12 2005, and applies to all students under 18 years of age
13 possessing or applying for a driver's instruction permit on or
14 after that date.

15 Sec. 25. Minnesota Statutes 2004, section 171.05,
16 subdivision 2b, is amended to read:

17 Subd. 2b. [INSTRUCTION PERMIT USE BY PERSON UNDER AGE 18.]

18 (a) This subdivision applies to persons who have applied for and
19 received an instruction permit under subdivision 2.

20 (b) The permit holder may, with the permit in possession,
21 operate a motor vehicle, but must be accompanied by and be under
22 the supervision of a certified driver education instructor, the
23 permit holder's parent or guardian, or another licensed driver
24 age 21 or older. The supervisor must occupy the seat beside the
25 permit holder.

26 (c) The permit holder may operate a motor vehicle only when
27 every occupant under the age of 18 has a seat belt or child
28 passenger restraint system properly fastened. A person who
29 violates this paragraph is subject to a fine of \$25. A peace
30 officer may not issue a citation for a violation of this
31 paragraph unless the officer lawfully stopped or detained the
32 driver of the motor vehicle for a moving violation as defined in
33 section 171.04, subdivision 1. The commissioner shall not
34 record a violation of this paragraph on a person's driving
35 record.

36 (d) The permit holder must maintain a driving record free

1 of convictions for moving violations, as defined in section
2 171.04, subdivision 1, and free of convictions for violation of
3 section 169A.20, 169A.33, 169A.35, or sections 169A.50 to
4 169A.53. If the permit holder drives a motor vehicle in
5 violation of the law, the commissioner shall suspend, cancel, or
6 revoke the permit in accordance with the statutory section
7 violated.

8 (e) The permit holder must comply with the school
9 attendance requirement under section 171.056, except when the
10 attendance requirement is waived under section 120A.23. If the
11 permit holder does not attend school as required, the
12 commissioner shall cancel the permit according to section
13 171.056.

14 [EFFECTIVE DATE.] This section is effective October 1,
15 2005, and applies to all students under 18 years of age
16 possessing or applying for a driver's instruction permit on or
17 after that date.

18 Sec. 26. Minnesota Statutes 2004, section 171.05,
19 subdivision 3, is amended to read:

20 Subd. 3. [MOTORIZED BICYCLE.] Notwithstanding any
21 provision in subdivision 1 to the contrary, the department, upon
22 application and payment of the fee prescribed in section 171.02,
23 subdivision 3, may issue a motorized bicycle instruction permit
24 to an applicant who is 15 years of age and who has successfully
25 completed the written portion of the examination prescribed by
26 the commissioner. The holder of this instruction permit who has
27 the permit in possession may operate a motorized bicycle within
28 one mile of the holder's residence for the purpose of practicing
29 to take the operator portion of the examination prescribed by
30 the commissioner, and who presents a school attendance
31 certificate under section 171.056, or the school board, SAAP
32 board, or charter school board has submitted a certificate that
33 it has waived the attendance requirement for the driving
34 privilege for its students in accordance with section 120A.23.

35 [EFFECTIVE DATE.] This section is effective October 1,
36 2005, and applies to all students under 18 years of age

1 possessing or applying for a motorized bicycle instruction
2 permit on or after that date.

3 Sec. 27. [171.056] [SCHOOL ATTENDANCE REQUIREMENT FOR
4 DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, AND
5 PROVISIONAL LICENSE.]

6 Subdivision 1. [ISSUANCE OR RENEWAL OF DRIVER'S
7 INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, OR PROVISIONAL
8 LICENSE.] (a) Notwithstanding any law to the contrary, except
9 when the attendance requirement is waived under section 120A.23,
10 school attendance is a requirement for the issuance of a new
11 driver's instruction permit, motorized bicycle permit, or
12 provisional license or the renewal of a permit to a student
13 under 18 years of age. The student meets the school attendance
14 requirement when the student:

15 (1) has a high school diploma or general education
16 development certificate (GED);

17 (2) has withdrawn from school under section 120A.22,
18 subdivision 8; or

19 (3)(i) is enrolled and attending a public school, SAAP, or
20 charter school; is not truant under section 260C.007,
21 subdivision 19; or is receiving alternative educational services
22 during the pendency of a school expulsion, or is homeschooled or
23 attending a nonpublic school; and

24 (ii) has conformed to attendance laws, rules, and policies
25 of the student's school, school district, and the state.

26 (b) A student under 18 years of age who applies for a
27 motorized bicycle permit, instruction permit, or provisional
28 license must submit information in the manner and format
29 prescribed by the Department of Public Safety certifying that
30 the student has met the requirement for the permit or license
31 under paragraph (a).

32 (c) As set forth in section 120A.23, a school principal or
33 other administrator at the student's school must sign a written
34 certificate form that verifies the student does not meet the
35 definition of a habitual truant as defined in section 260C.007,
36 subdivision 19, for the last grading period and the student's

1 current grading period. The Department of Public Safety shall
2 develop a certificate form for the school administrator to
3 complete that includes the student's name, date of birth, and
4 address. For any data not included in the school district,
5 SAAP, or charter school definition of directory information, the
6 school district, SAAP, or charter school must obtain the
7 informed consent of the parent or guardian to release data to
8 the Department of Public Safety. The school district, SAAP, or
9 charter school must include in the student attendance policy it
10 distributes to the parent or guardian and student that it will
11 request a parent or guardian to sign an informed consent form to
12 transfer directory information about the student to the
13 department. The Department of Public Safety shall develop a
14 certificate form for the school administrator to complete if
15 that school district has opted out of the attendance requirement
16 for driving privileges.

17 Subd. 2. [CANCELLATION OF PERMIT OR LICENSE.] (a)
18 Notwithstanding any law to the contrary, the Department of
19 Public Safety shall cancel the motorized bicycle permit,
20 instruction permit, or provisional license of a student under 18
21 years of age when a school administrator notifies the department
22 in writing that the student:

23 (1) meets the definition of a habitual truant under section
24 260C.007, subdivision 19, has not withdrawn from school under
25 section 120A.22, subdivision 8, is not being homeschooled or
26 attending a nonpublic school, and has not obtained a high school
27 diploma or general education development certificate (GED); or

28 (2) has been expelled from a public or charter school, is
29 not enrolled and attending school at another public or nonpublic
30 school, including being homeschooled, and has refused to
31 participate in the alternative educational services offered by
32 the district, as required by section 121A.55, during the
33 pendency of the expulsion. The school district, SAAP, or
34 charter school must obtain the informed consent of the parent or
35 guardian to release this data to the department.

36 (b) Notwithstanding section 171.14, or other law to the

1 contrary, the Department of Public Safety shall cancel the
2 permit or license of a student under 18 years of age until the
3 earliest of:

4 (1) the student becomes 18 years of age;

5 (2) the student withdraws from school under section
6 120A.22;

7 (3) the student obtained a high school diploma or general
8 education development certificate (GED);

9 (4) the student has withdrawn from the student's prior
10 public school and is now being homeschooled or attending a
11 nonpublic school; or

12 (5) a school administrator notifies the department to
13 reinstate the student's permit or license because the student
14 attended school or participated in alternative educational
15 services for 30 consecutive school days without an unexcused
16 absence immediately following the date the department issued its
17 cancellation notice.

18 (c) If a school district, SAAP, or charter school chooses
19 to send truancy data to the Department of Public Safety each
20 grading period, it shall notify:

21 (1) the Department of Public Safety electronically in a
22 manner and format prescribed by the department that includes the
23 student's name, date of birth, and address. For any data not
24 included in the school district, SAAP, or charter school
25 definition of directory information, the school district, SAAP,
26 or charter school must obtain the informed consent of the parent
27 or guardian to release the data to the department; and

28 (2) the student and the student's parent or legal guardian,
29 by first class mail or other reasonable means, that the
30 student's motorized bicycle permit, instruction permit, or
31 provisional license may be canceled and the student may request
32 a hardship waiver from the Department of Public Safety. The
33 Department of Public Safety may consult with the student's
34 school to obtain relevant information prior to issuing its
35 hardship waiver determination, based upon the provisions in
36 section 171.30.

1 The Department of Public Safety shall notify the student
2 and the student's parent or guardian in writing that the
3 student's permit or license has been canceled under section
4 171.14, except that the cancellation shall begin ten calendar
5 days from the date the written notice is issued. The notice
6 shall provide notification to the student and the student's
7 parent or guardian of the student's right to seek a hardship
8 waiver and the procedure and timelines involved for that
9 proceeding.

10 (d) When a student satisfies a requirement for reinstating
11 driving privileges under paragraph (b), a school administrator
12 must electronically certify to the department, in the manner and
13 format the department prescribes, that the student has satisfied
14 a requirement under paragraph (b). The school district, SAAP,
15 or charter school must obtain the informed consent of the parent
16 or guardian to release this data to the department.

17 Subd. 3. [EXPUNGEMENT OF DRIVER'S LICENSE RECORD.] Once
18 the student turns 18 years of age, the student may submit a
19 request to have the student's truancy data and any record of a
20 refusal to issue or cancellation of a provisional or driver's
21 license based upon a student's truancy expunged from the
22 Department of Public Safety motor vehicle records. Upon proof
23 of the student's age, the department must expunge the student's
24 record.

25 Sec. 28. Minnesota Statutes 2004, section 171.30,
26 subdivision 1, is amended to read:

27 Subdivision 1. [CONDITIONS OF ISSUANCE.] (a) In any case
28 where a person's license has been suspended under section
29 171.056, 171.18, 171.173, or 171.186, or revoked under section
30 169.792, 169.797, 169A.52, 169A.54, 171.17, or 171.172, the
31 commissioner may issue a limited license to the driver including
32 under the following conditions:

33 (1) if the driver's livelihood or attendance at a chemical
34 dependency treatment or counseling program depends upon the use
35 of the driver's license;

36 (2) if the use of a driver's license by a homemaker is

1 necessary to prevent the substantial disruption of the
2 education, medical, or nutritional needs of the family of the
3 homemaker; ~~or~~

4 (3) if attendance at a postsecondary institution of
5 education, or attendance at a public school by an enrolled
6 student of that institution or public school depends upon the
7 use of the driver's license; or

8 (4) if the use of a driver's license by a minor is
9 necessary for the employment of the minor or the minor's family,
10 or to prevent the substantial disruption of the educational,
11 nutritional, or medical needs of the minor or the minor's family.

12 (b) The commissioner in issuing a limited license may
13 impose such conditions and limitations as in the commissioner's
14 judgment are necessary to the interests of the public safety and
15 welfare including reexamination as to the driver's
16 qualifications. The license may be limited to the operation of
17 particular vehicles, to particular classes and times of
18 operation, and to particular conditions of traffic. The
19 commissioner may require that an applicant for a limited license
20 affirmatively demonstrate that use of public transportation or
21 carpooling as an alternative to a limited license would be a
22 significant hardship.

23 (c) For purposes of this subdivision⁷:

24 (1) "homemaker" refers to the person primarily performing
25 the domestic tasks in a household of residents consisting of at
26 least the person and the person's dependent child or other
27 dependents; and

28 (2) "minor" refers to a student under the age of 18 who has
29 not withdrawn from public school.

30 (d) The limited license issued by the commissioner shall
31 clearly indicate the limitations imposed and the driver
32 operating under the limited license shall have the license in
33 possession at all times when operating as a driver.

34 (e) In determining whether to issue a limited license, the
35 commissioner shall consider the number and the seriousness of
36 prior convictions and the entire driving record of the driver

1 and shall consider the number of miles driven by the driver
2 annually.

3 (f) If the person's driver's license or permit to drive has
4 been revoked under section 169.792 or 169.797, the commissioner
5 may only issue a limited license to the person after the person
6 has presented an insurance identification card, policy, or
7 written statement indicating that the driver or owner has
8 insurance coverage satisfactory to the commissioner of public
9 safety. The commissioner of public safety may require the
10 insurance identification card provided to satisfy this
11 subdivision be certified by the insurance company to be
12 noncancelable for a period not to exceed 12 months.

13 (g) The limited license issued by the commissioner to a
14 person under section 171.186, subdivision 4, must expire 90 days
15 after the date it is issued. The commissioner must not issue a
16 limited license to a person who previously has been issued a
17 limited license under section 171.186, subdivision 4.

18 **[EFFECTIVE DATE.]** This section is effective October 1, 2005.

19 Sec. 29. Minnesota Statutes 2004, section 260A.03, is
20 amended to read:

21 260A.03 [NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A
22 CONTINUING TRUANT.]

23 Upon a child's initial classification as a continuing
24 truant, the school attendance officer or other designated school
25 official shall notify the child's parent or legal guardian, by
26 first-class mail or other reasonable means, of the following:

27 (1) that the child is truant;

28 (2) that the parent or guardian should notify the school if
29 there is a valid excuse for the child's absences;

30 (3) that the parent or guardian is obligated to compel the
31 attendance of the child at school pursuant to section 120A.22
32 and parents or guardians who fail to meet this obligation may be
33 subject to prosecution under section 120A.34;

34 (4) that this notification serves as the notification
35 required by section 120A.34;

36 (5) that alternative educational programs and services may

1 be available in the district;

2 (6) that the parent or guardian has the right to meet with
3 appropriate school personnel to discuss solutions to the child's
4 truancy;

5 (7) that if a student meets the habitual truant definition
6 under section 260C.007, subdivision 19, the student may not be
7 able to obtain a driver's license or permit, or an existing
8 license or permit, may be canceled, unless the school waived the
9 attendance requirement under section 120A.23. The school
10 district, SAAP, or charter school must obtain the informed
11 consent of the parent or guardian to release this data to the
12 Department of Public Safety;

13 (8) that if the child continues to be truant, the parent
14 and child may be subject to juvenile court proceedings under
15 chapter 260C;

16 ~~(8)~~ (9) that if the child is subject to juvenile court
17 proceedings, the child may be subject to suspension,
18 restriction, or delay of the child's driving privilege pursuant
19 to section 260C.201; and

20 ~~(9)~~ (10) that it is recommended that the parent or guardian
21 accompany the child to school and attend classes with the child
22 for one day.

23 [EFFECTIVE DATE.] This section is effective September 1,
24 2005.

25 Sec. 30. Minnesota Statutes 2004, section 290.01,
26 subdivision 19c, is amended to read:

27 Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE
28 INCOME.] For corporations, there shall be added to federal
29 taxable income:

30 (1) the amount of any deduction taken for federal income
31 tax purposes for income, excise, or franchise taxes based on net
32 income or related minimum taxes, including but not limited to
33 the tax imposed under section 290.0922, paid by the corporation
34 to Minnesota, another state, a political subdivision of another
35 state, the District of Columbia, or any foreign country or
36 possession of the United States;

1 (2) interest not subject to federal tax upon obligations
2 of: the United States, its possessions, its agencies, or its
3 instrumentalities; the state of Minnesota or any other state,
4 any of its political or governmental subdivisions, any of its
5 municipalities, or any of its governmental agencies or
6 instrumentalities; the District of Columbia; or Indian tribal
7 governments;

8 (3) exempt-interest dividends received as defined in
9 section 852(b)(5) of the Internal Revenue Code;

10 (4) the amount of any net operating loss deduction taken
11 for federal income tax purposes under section 172 or 832(c)(10)
12 of the Internal Revenue Code or operations loss deduction under
13 section 810 of the Internal Revenue Code;

14 (5) the amount of any special deductions taken for federal
15 income tax purposes under sections 241 to 247 of the Internal
16 Revenue Code;

17 (6) losses from the business of mining, as defined in
18 section 290.05, subdivision 1, clause (a), that are not subject
19 to Minnesota income tax;

20 (7) the amount of any capital losses deducted for federal
21 income tax purposes under sections 1211 and 1212 of the Internal
22 Revenue Code;

23 (8) the exempt foreign trade income of a foreign sales
24 corporation under sections 921(a) and 291 of the Internal
25 Revenue Code;

26 (9) the amount of percentage depletion deducted under
27 sections 611 through 614 and 291 of the Internal Revenue Code;

28 (10) for certified pollution control facilities placed in
29 service in a taxable year beginning before December 31, 1986,
30 and for which amortization deductions were elected under section
31 169 of the Internal Revenue Code of 1954, as amended through
32 December 31, 1985, the amount of the amortization deduction
33 allowed in computing federal taxable income for those
34 facilities;

35 (11) the amount of any deemed dividend from a foreign
36 operating corporation determined pursuant to section 290.17,

1 subdivision 4, paragraph (g);

2 (12) the amount of any environmental tax paid under section
3 59(a) of the Internal Revenue Code;

4 (13) the amount of a partner's pro rata share of net income
5 which does not flow through to the partner because the
6 partnership elected to pay the tax on the income under section
7 6242(a)(2) of the Internal Revenue Code;

8 (14) the amount of net income excluded under section 114 of
9 the Internal Revenue Code;

10 (15) any increase in subpart F income, as defined in
11 section 952(a) of the Internal Revenue Code, for the taxable
12 year when subpart F income is calculated without regard to the
13 provisions of section 614 of Public Law 107-147; and

14 (16) 80 percent of the depreciation deduction allowed under
15 section 168(k) of the Internal Revenue Code. For purposes of
16 this clause, if the taxpayer has an activity that in the taxable
17 year generates a deduction for depreciation under section 168(k)
18 and the activity generates a loss for the taxable year that the
19 taxpayer is not allowed to claim for the taxable year, "the
20 depreciation allowed under section 168(k)" for the taxable year
21 is limited to excess of the depreciation claimed by the activity
22 under section 168(k) over the amount of the loss from the
23 activity that is not allowed in the taxable year. In succeeding
24 taxable years when the losses not allowed in the taxable year
25 are allowed, the depreciation under section 168(k) is allowed;

26 and

27 (17) the amount deducted under section 170 of the Internal
28 Revenue Code that represents contributions to a scholarship
29 granting organization for which a credit is claimed under
30 section 290.0676.

31 Sec. 31. [290.0676] [CREDIT FOR CONTRIBUTIONS TO
32 SCHOLARSHIP GRANTING ORGANIZATIONS.]

33 A corporation is allowed a credit against the corporate
34 franchise tax due under this chapter equal to 50 percent of the
35 amount contributed to a scholarship granting organization under
36 section 124D.98. The maximum credit allowed in a taxable year

1 is \$100,000. The credit may not be claimed for contributions
2 designated for the use of a specific student. The credit for
3 the taxable year may not exceed the corporation's liability for
4 tax. The commissioner of revenue shall prescribe the manner in
5 which the credit may be claimed. This may include allowing the
6 credit only as a separately processed claim for refund.

7 [EFFECTIVE DATE.] This section is effective for taxable
8 years beginning after December 31, 2005.

9 Sec. 32. [CAREER AND TECHNICAL EDUCATION PROGRAM RULES.]

10 By January 1, 2007, the commissioner of education must
11 adopt rules for approval of career and technical education
12 programs consistent with Minnesota Statutes, section 124D.4531,
13 subdivisions 4 and 6, that emphasize emerging workforce skills.
14 Program approval for fiscal year 2008 and later must be based on
15 the rules.

16 Sec. 33. [MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.]

17 The commissioner of education shall adopt rules on or
18 before January 1, 2005, to implement the Minnesota Comprehensive
19 Assessments Second Edition (MCA-IIIs) in reading, mathematics,
20 and writing.

21 Sec. 34. [REPEALER.]

22 Minnesota Statutes 2004, section 122A.60, is repealed.

ARTICLE 10

OTHER TECHNOLOGY POLICY

25 Section 1. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS
26 EQUITY AID.]

27 Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or
28 charter school shall submit its actual
29 telecommunications/Internet access costs for the previous fiscal
30 year, adjusted for any e-rate revenue received, to the
31 department by August 15 of each year as prescribed by the
32 commissioner. Costs eligible for reimbursement under this
33 program are limited to the following:

34 (1) ongoing or recurring telecommunications/Internet access
35 costs associated with Internet access, data lines, and video
36 links providing:

1 (i) the equivalent of one data line, video link, or
2 integrated data/video link that relies on a transport medium
3 that operates at a minimum speed of 1.544 megabytes per second
4 (T1) for each elementary school, middle school, or high school
5 under section 120A.05, subdivisions 9, 11, and 13, including the
6 recurring telecommunications line lease costs and ongoing
7 Internet access service fees; or

8 (ii) the equivalent of one data line or video circuit, or
9 integrated data/video link that relies on a transport medium
10 that operates at a minimum speed of 1.544 megabytes per second
11 (T1) for each district, including recurring telecommunications
12 line lease costs and ongoing Internet access service fees;

13 (2) recurring costs of contractual or vendor-provided
14 maintenance on the school district's wide area network to the
15 point of presence at the school building up to the router,
16 codec, or other service delivery equipment located at the point
17 of presence termination at the school or school district;

18 (3) recurring costs of cooperative, shared arrangements for
19 regional delivery of telecommunications/Internet access between
20 school districts, postsecondary institutions, and public
21 libraries including network gateways, peering points, regional
22 network infrastructure, Internet2 access, and network support,
23 maintenance, and coordination; and

24 (4) service provider installation fees for installation of
25 new telecommunications lines or increased bandwidth.

26 (b) Costs not eligible for reimbursement under this program
27 include:

28 (1) recurring costs of school district staff providing
29 network infrastructure support;

30 (2) recurring costs associated with voice and standard
31 telephone service;

32 (3) costs associated with purchase of network hardware,
33 telephones, computers, or other peripheral equipment needed to
34 deliver telecommunications access to the school or school
35 district;

36 (4) costs associated with laying fiber for

1 telecommunications access;

2 (5) costs associated with wiring school or school district
3 buildings;

4 (6) costs associated with purchase, installation, or
5 purchase and installation of Internet filtering; and

6 (7) costs associated with digital content, including
7 on-line learning or distance learning programming, and
8 information databases.

9 Subd. 2. [E-RATES.] To be eligible for aid under this
10 section, a district or charter school is required to file an
11 e-rate application either separately or through its
12 telecommunications access cluster and have a current technology
13 plan on file with the department. Discounts received on
14 telecommunications expenditures shall be reflected in the costs
15 submitted to the department for aid under this section.

16 Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall
17 develop criteria for approving costs submitted by school
18 districts and charter schools under subdivision 1.

19 Subd. 4. [DISTRICT AID.] For fiscal year 2006, a district
20 or charter school's Internet access equity aid equals 90 percent
21 of the district or charter school's approved cost for the
22 previous fiscal year according to subdivision 1 exceeding \$15
23 times the district's adjusted marginal cost pupil units for the
24 previous fiscal year. For fiscal year 2007 and later, a
25 district or a district or charter school's Internet access
26 equity aid equals 90 percent of the district or charter school's
27 approved cost for the previous fiscal year according to
28 subdivision 1 exceeding \$18 times the district's adjusted pupil
29 units for the previous fiscal year, as adjusted under section
30 126C.05, subdivision 14.

31 Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR
32 NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon
33 formal request by or on behalf of a nonpublic school, not
34 including home schools, located in that district or area,
35 ongoing or recurring telecommunications access services to the
36 nonpublic school either through existing district providers or

1 through separate providers.

2 (b) The amount of district aid for telecommunications
3 access services for each nonpublic school under this subdivision
4 equals the lesser of:

5 (1) 90 percent of the nonpublic school's approved cost for
6 the previous fiscal year according to subdivision 1 exceeding
7 \$10 for fiscal year 2006 and \$13 for fiscal year 2007 and later
8 times the number of weighted pupils enrolled at the nonpublic
9 school as of October 1 of the previous school year; or

10 (2) the product of the district's aid per pupil unit
11 according to subdivision 4 times the number of weighted pupils
12 enrolled at the nonpublic school as of October 1 of the previous
13 school year.

14 (c) For purposes of this subdivision, nonpublic school
15 pupils shall be weighted by grade level using the weighting
16 factors defined in section 126C.05, subdivision 1.

17 (d) Each year, a district providing services under
18 paragraph (a) may claim up to five percent of the aid determined
19 in paragraph (b) for costs of administering this subdivision.
20 No district may expend an amount for these telecommunications
21 access services which exceeds the amount allocated under this
22 subdivision. The nonpublic school is responsible for the
23 Internet access costs not covered by this section.

24 (e) At the request of a nonpublic school, districts may
25 allocate the amount determined in paragraph (b) directly to the
26 nonpublic school to pay for or offset the nonpublic school's
27 costs for telecommunications access services, however, the
28 amount allocated directly to the nonpublic school may not exceed
29 the actual amount of the school's ongoing or recurring
30 telecommunications access costs.

31 Subd. 6. [SEVERABILITY.] If any portion of this section is
32 found by a court to be unconstitutional, the remaining portions
33 of the section shall remain in effect.

34 [EFFECTIVE DATE.] This section is effective for revenue for
35 fiscal year 2006."

36 Renumber the sections in sequence and correct the internal

1 references

2 Amend the title accordingly

1 Senator moves to amend S.F. No. 1278 as follows:
2 Pages 2 to 7, delete sections 2 to 5
3 Pages 25 and 26, delete sections 34 to 36
4 Pages 38 and 39, delete section 53
5 Page 40, line 6, delete "sections 122A.415, subdivision"
6 Page 40, line 7, delete "2; and" and insert "section" and
7 delete "are" and insert "is"
8 Pages 40 to 46, delete sections 2 to 5
9 Pages 48 to 54, delete sections 9 and 10
10 Pages 56 to 58, delete section 13
11 Pages 65 to 78, delete sections 1 to 13
12 Pages 79 to 88, delete sections 15 to 19
13 Pages 92 to 96, delete sections 24 and 25
14 Pages 99 to 102, delete sections 29 and 30
15 Pages 103 to 118, delete sections 32 to 40
16 Page 118, delete section 42
17 Page 119, delete section 43
18 Page 122, delete section 45
19 Pages 136 to 139, delete section 5
20 Renumber the sections in sequence and correct the internal
21 references
22 Amend the title accordingly

Senator Olson introduced--

S.F. No. 1278: Referred to the Committee on Education.

1

A bill for an act

2 relating to education; providing for kindergarten
 3 through grade 12 education and early childhood and
 4 family education including general education, other
 5 general programs, education excellence, special
 6 programs, facilities and technology, nutrition,
 7 libraries, early childhood family support, community
 8 education and prevention, self-sufficiency and
 9 lifelong learning, and state agencies; authorizing
 10 rulemaking; appropriating money; amending Minnesota
 11 Statutes 2004, sections 13.321, by adding a
 12 subdivision; 120A.05, by adding a subdivision;
 13 120A.22, subdivision 12; 120B.02; 120B.13,
 14 subdivisions 1, 3, by adding subdivisions; 120B.30,
 15 subdivisions 1, 1a; 121A.17, subdivision 1; 121A.19;
 16 122A.12, subdivision 2; 122A.413; 122A.414; 122A.415,
 17 subdivisions 1, 3; 122A.61, subdivision 1; 123A.05,
 18 subdivision 2; 123A.24, subdivision 2; 123A.27;
 19 123A.485, subdivision 2; 123B.09, subdivision 8;
 20 123B.143, subdivision 1; 123B.42, subdivision 3;
 21 123B.53, subdivision 5; 123B.54; 123B.57, subdivision
 22 4; 123B.92, subdivisions 1, 5, 9; 124D.081,
 23 subdivision 6; 124D.09, subdivision 13; 124D.11,
 24 subdivisions 1, 2, 4, 5, 8; 124D.15, subdivisions 1,
 25 3, 5, 10, 12, by adding subdivisions; 124D.16,
 26 subdivisions 2, 3; 124D.22, subdivision 3; 124D.531,
 27 subdivisions 1, 4; 124D.65, subdivision 5; 124D.66,
 28 subdivision 3; 124D.83, subdivision 2; 124D.86,
 29 subdivision 3; 124D.88, subdivision 4; 125A.11,
 30 subdivision 1; 125A.51; 125A.76, subdivisions 1, 4, by
 31 adding subdivisions; 125A.79, subdivisions 1, 5, 7, by
 32 adding subdivisions; 126C.01, subdivision 7; 126C.05,
 33 subdivisions 1, 5, 6; 126C.10, subdivisions 1, 2, 2a,
 34 3, 5, 6, 7, 8, 13, 13a, 17, 18, 24, 25, 26, 27, 28,
 35 29, 31, 32, by adding subdivisions; 126C.13,
 36 subdivision 4; 126C.17, subdivisions 1, 2, 4, 5, 6, 7,
 37 9, 13; 126C.40, subdivision 1; 126C.457; 126C.48, by
 38 adding a subdivision; 126C.63, subdivisions 5, 8;
 39 127A.45, subdivision 11; 127A.47, subdivisions 7, 8;
 40 127A.49, subdivision 2; 171.04, subdivision 1; 171.05,
 41 subdivisions 2, 2b, 3; 171.30, subdivision 1; 260A.03;
 42 290.01, subdivision 19c; proposing coding for new law
 43 in Minnesota Statutes, chapters 120A; 120B; 122A;
 44 123A; 123B; 124D; 125B; 171; 290; repealing Minnesota
 45 Statutes 2004, sections 122A.415, subdivision 2;
 46 122A.60; 123A.39, subdivision 3; 123B.05; 124D.15,

1 subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16,
 2 subdivisions 1, 4; 126C.12; 126C.41, subdivision 5;
 3 126C.43, subdivisions 2, 3; 126C.44; 126C.445;
 4 126C.45; 126C.455; 127A.50; Laws 1996, chapter 412,
 5 article 5, section 28; Laws 1997, First Special
 6 Session chapter 4, article 4, section 31; Laws 2001,
 7 First Special Session chapter 5, article 3, section
 8 87; Laws 2001, First Special Session chapter 6,
 9 article 1, section 53, as amended.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

11 ARTICLE 1

12 GENERAL EDUCATION

13 Section 1. Minnesota Statutes 2004, section 120A.05, is
 14 amended by adding a subdivision to read:

15 Subd. 18. [KINDERGARTEN.] "Kindergarten" means a program
 16 designed for pupils five years of age on September 1 of the
 17 calendar year in which the school year commences that prepares
 18 pupils to enter first grade the following school year. A
 19 program designed for pupils younger than five years of age on
 20 September 1 of the calendar year in which the school year
 21 commences that prepares pupils to enter kindergarten the
 22 following school year is a prekindergarten program.

23 [EFFECTIVE DATE.] This section is effective the day
 24 following final enactment.

25 Sec. 2. Minnesota Statutes 2004, section 122A.413, is
 26 amended to read:

27 122A.413 [EDUCATIONAL IMPROVEMENT PLAN.]

28 Subdivision 1. [QUALIFYING PLAN.] A district or charter
 29 school may develop an educational improvement plan for the
 30 purpose of qualifying for alternative teacher compensation aid
 31 under sections 122A.414 and 122A.415. The plan must include
 32 measures for improving school district, charter school, school
 33 site, teacher, and individual student performance.

34 Subd. 2. [PLAN COMPONENTS.] The educational improvement
 35 plan must be approved by the school board and have at least
 36 these elements:

37 (1) assessment and evaluation tools to measure student
 38 performance and progress;

39 (2) performance goals and benchmarks for improvement;

40 (3) measures of student attendance and completion rates;

1 (4) a rigorous professional development system that is
2 aligned with educational improvement, designed to achieve
3 teaching quality improvement, and consistent with clearly
4 defined research-based standards;

5 (5) measures of student, family, and community involvement
6 and satisfaction;

7 (6) a data system about students and their academic
8 progress that provides parents and the public with
9 understandable information; and

10 (7) a teacher induction and mentoring program for
11 probationary teachers that provides continuous learning and
12 sustained teacher support. The process for developing the plan
13 must involve district or charter school teachers.

14 Subd. 3. [DISTRICT SCHOOL SITE ACCOUNTABILITY.] A district
15 that develops a plan under subdivisions 1 and 2 must ensure that
16 each school site develops a board-approved educational
17 improvement plan that is aligned with the district educational
18 improvement plan under subdivision 2. While a site plan must be
19 consistent with the district educational improvement plan, it
20 may establish performance goals and benchmarks that meet or
21 exceed those of the district. The process for developing the
22 plan must involve site teachers.

23 Sec. 3. Minnesota Statutes 2004, section 122A.414, is
24 amended to read:

25 122A.414 [ALTERNATIVE TEACHER COMPENSATION.]

26 Subdivision 1. [RESTRUCTURED PAY SYSTEM.] A restructured
27 teacher compensation system is established under subdivision 2
28 to provide incentives for teachers to improve their knowledge
29 and skills and for school districts and charter schools to
30 recruit and retain highly qualified teachers, and to support
31 teachers' roles in improving students' educational achievement.

32 Subd. 2. [ALTERNATIVE TEACHER PROFESSIONAL PAY SYSTEM.]

33 (a) To participate in this program, a school district or charter
34 school must have an educational improvement plan as described in
35 section 122A.413 and an alternative teacher professional pay
36 system as described in paragraph (b).

1 (b) The alternative teacher professional pay system must:

2 (1) ~~describe the-conditions-necessary-for~~ how teachers can
3 achieve career advancement and additional compensation;

4 (2) describe how the school district will provide career
5 advancement options for teachers retaining which allow them to
6 retain primary roles in student instruction. These options
7 shall include positions that provide multiple career paths such
8 as master and mentor teaching positions to help peers increase
9 their teaching skills;

10 (3) use a professional pay system that replaces the step
11 lockstep steps and ~~lane~~ lanes salary ~~schedule-and-is-not-based~~
12 on-years-of-service system and allows school districts and
13 charter schools to compensate teachers for satisfactory service
14 and completion of annual performance goals;

15 (4) include performance compensation for teachers in
16 districts or charter schools based on, at a minimum:

17 (i) student achievement gains and school achievement gains
18 under section 120B.35, locally selected standardized
19 assessments, or both; and

20 (ii) results of individual teacher evaluations based on
21 classroom observations by a locally selected evaluation team;

22 ~~{4}-encourage-teachers'-continuous-improvement-in-content~~
23 ~~knowledge,-pedagogy,-and-use-of-best-practices~~ (5) provide staff
24 development for teachers that:

25 (i) utilize best practice research;

26 (ii) are integrated and collaborative;

27 (iii) provide for ongoing site-based and teacher-led
28 professional growth activities aligned with student needs as
29 outlined in sections 122A.413 and 122A.601; and

30 (iv) focus on the identified needs of students, which may
31 include skill development in reading strategies, methods to
32 align curriculum with learning standards, intervention with
33 students not meeting proficiency level, and use of state and
34 local assessment data; and

35 ~~{5}~~ (6) implement an-objective a teacher performance
36 evaluation system that is a comprehensive system based on

1 scientifically based education research and on specific
 2 performance and accountability goals aligned with the
 3 district's, the charter school's, or the site's educational
 4 improvement plan as described in section 122A.413 and the staff
 5 development plan described in section 122A.601. The evaluation
 6 shall include the locally selected evaluation team. The
 7 evaluation of each teacher's performance in the school shall
 8 occur several times during the school year, including classroom
 9 observation~~7-that-is-aligned-with-the-district's-or-the-site's~~
 10 educational-improvement-plan-as-described-in-section-122A.413.

11 Subd. 3. [REPORT.] Participating districts, charter
 12 schools, and school sites must report on the implementation and
 13 effectiveness of the alternative teacher compensation plan,
 14 particularly addressing each requirement under subdivision 2 and
 15 make biennial recommendations by January 1 to their school
 16 boards. The school boards shall transmit a copy of the report
 17 with a summary of the findings and recommendations of their
 18 district or charter school to the commissioner of education.

19 Sec. 4. Minnesota Statutes 2004, section 122A.415,
 20 subdivision 1, is amended to read:

21 Subdivision 1. [A~~ND~~ REVENUE AMOUNT.] (a) A school district
 22 or charter school that meets the conditions of section 122A.414
 23 and submits an application approved by the commissioner is
 24 eligible for alternative compensation ~~and~~ revenue.

25 (b) The commissioner must consider only applications
 26 submitted jointly by a school district and the exclusive
 27 representative of the teachers for participation in the
 28 program. The application must contain a formally adopted
 29 collective bargaining agreement, memorandum of understanding, or
 30 other binding agreement that implements an alternative teacher
 31 professional pay system consistent with section 122A.414, is in
 32 compliance with the Public Employment Labor Relations Act under
 33 chapter 179A, and includes all teachers in a district~~7~~ or all
 34 teachers at a school site~~7-or-at-least-25-percent-of-the~~
 35 teachers-in-a-district. The-commissioner~~7-in-approving~~
 36 applications~~7-may-give-preference-to-applications-involving~~

~~entire districts or sites or to applications that align measures of teacher performance with student academic achievement and progress under section 120B.357, subdivision 1.~~

~~(b) Alternative compensation aid revenue for a qualifying school district, or site, or portion of a district or school site is as follows:~~

~~(1) for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district or at the site on the alternative compensation schedule, alternative compensation aid revenue equals \$150 \$225 times the district's or the site's number of pupils enrolled on October 1 of the previous fiscal year, or~~

~~(2) for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will be paid on the alternative compensation schedule, alternative compensation aid equals \$150 times the percentage of participating teachers times the district's number of pupils enrolled as of October 1 of the previous fiscal year.~~

(c) Charter school applications must be submitted by the chair of the charter school board of directors and must contain: (1) an agreement that implements an alternative teacher compensation program consistent with section 122A.414; (2) a resolution by the charter school board of directors adopting the agreement; and (3) documentation of a vote of the teachers showing that at least 70 percent of the teachers supporting the agreement that implements the alternative teacher compensation program.

Alternative compensation revenue for a qualifying charter school must be calculated under section 126C.10, subdivision 34, paragraph (b).

Sec. 5. Minnesota Statutes 2004, section 122A.415, subdivision 3, is amended to read:

Subd. 3. [AID REVENUE TIMING.] (a) Districts or, school sites, or charter schools with approved applications must receive alternative compensation aid revenue for each school

1 year that the district or, school site, or charter school,
 2 participates in the program as described in this subdivision.
 3 Districts or, school sites, or charter schools with applications
 4 received approved by the commissioner ~~before June 1 of the first~~
 5 ~~year of a two-year contract~~ shall receive alternative
 6 compensation aid revenue for both the school years of the
 7 ~~contract. --- Districts or sites with applications received by the~~
 8 ~~commissioner after June 1 of the first year of a two-year~~
 9 ~~contract shall receive alternative compensation aid only for the~~
 10 ~~second year of the contract~~ in which the alternative teacher
 11 compensation program is implemented for the full school
 12 year. For fiscal year 2007 and later, a qualifying district or,
 13 school site, or charter school that received alternative
 14 compensation aid revenue for the previous fiscal year must
 15 receive at least an amount of alternative compensation revenue
 16 equal to the lesser of the amount it received for the previous
 17 fiscal year or ~~its proportionate share of the previous year's~~
 18 appropriation the amount it qualifies for under subdivision 1
 19 for the current fiscal year if the district, charter school, or
 20 site submits a timely application and the commissioner
 21 determines that the district, charter school, or site continues
 22 to implement an alternative teacher professional pay system,
 23 consistent with its application under this section. The
 24 ~~commissioner must approve initial applications for school~~
 25 ~~districts qualifying under subdivision 17, paragraph (b), clause~~
 26 ~~(1), by January 15 of each year. --- If any money remains, the~~
 27 ~~commissioner must approve aid amounts for school districts~~
 28 ~~qualifying under subdivision 17, paragraph (b), clause (2), by~~
 29 ~~February 15 of each year.~~

30 (b) The commissioner shall select applicants that qualify
 31 for this program, notify school districts, charter schools, and
 32 school sites about the program, develop and disseminate
 33 application materials, and carry out other activities needed to
 34 implement this section.

35 Sec. 6. Minnesota Statutes 2004, section 124D.09,
 36 subdivision 13, is amended to read:

1 Subd. 13. [FINANCIAL ARRANGEMENTS.] For a pupil enrolled
 2 in a course under this section, the department must make
 3 payments according to this subdivision for courses that were
 4 taken for secondary credit.

5 The department must not make payments to a school district
 6 or postsecondary institution for a course taken for
 7 postsecondary credit only. The department must not make
 8 payments to a postsecondary institution for a course from which
 9 a student officially withdraws during the first 14 days of the
 10 quarter or semester or who has been absent from the
 11 postsecondary institution for the first 15 consecutive school
 12 days of the quarter or semester and is not receiving instruction
 13 in the home or hospital.

14 A postsecondary institution shall receive the following:

15 (1) for an institution granting quarter credit, the
 16 reimbursement per credit hour shall be ~~an amount equal to 88~~
 17 ~~percent of the product of the formula allowance minus \$4157~~
 18 ~~multiplied by 1.37 and divided by 45~~ \$109 for fiscal year 2006
 19 and \$111 for fiscal year 2007 and later; or

20 (2) for an institution granting semester credit, the
 21 reimbursement per credit hour shall be ~~an amount equal to 88~~
 22 ~~percent of the product of the general revenue formula allowance~~
 23 ~~minus \$4157, multiplied by 1.37 and divided by 30~~ \$163 for fiscal
 24 year 2006 and \$166 for fiscal year 2007 and later.

25 The department must pay to each postsecondary institution
 26 100 percent of the amount in clause (1) or (2) within 30 days of
 27 receiving initial enrollment information each quarter or
 28 semester. If changes in enrollment occur during a quarter or
 29 semester, the change shall be reported by the postsecondary
 30 institution at the time the enrollment information for the
 31 succeeding quarter or semester is submitted. At any time the
 32 department notifies a postsecondary institution that an
 33 overpayment has been made, the institution shall promptly remit
 34 the amount due.

35 Sec. 7. Minnesota Statutes 2004, section 124D.65,
 36 subdivision 5, is amended to read:

1 Subd. 5. [SCHOOL DISTRICT LEP REVENUE.] (a) For fiscal
2 year 2006, a district's limited English proficiency programs
3 revenue equals the product of (1) \$700 in-fiscal-year-2004-and
4 later times (2) the greater of 20 or the adjusted marginal cost
5 average daily membership of eligible pupils of limited English
6 proficiency enrolled in the district during the current fiscal
7 year. For fiscal year 2007 and later, a district's limited
8 English proficiency programs revenue equals the product of (1)
9 \$704 times (2) the greater of 20 or the adjusted average daily
10 membership of eligible pupils of limited English proficiency
11 enrolled in the district during the current fiscal year.

12 (b) A pupil ceases to generate state limited English
13 proficiency aid in the school year following the school year in
14 which the pupil attains the state cutoff score on a
15 commissioner-provided assessment that measures the pupil's
16 emerging academic English.

17 [EFFECTIVE DATE.] This section is effective for revenue for
18 fiscal year 2007.

19 Sec. 8. Minnesota Statutes 2004, section 126C.01,
20 subdivision 7, is amended to read:

21 Subd. 7. [SHARED TIME AID.] For fiscal year 2006, aid for
22 shared time pupils must equal the formula allowance times the
23 full-time equivalent resident pupil units for shared time
24 pupils. For fiscal year 2007 and later, aid for shared time
25 pupils equals the sum of the formula allowance times the
26 full-time equivalent resident pupil units for shared time pupils
27 and the secondary education allowance times the full-time
28 equivalent resident pupil units for shared time pupils in grades
29 7 through 12. Aid for shared time pupils is in addition to any
30 other aid to which the district is otherwise entitled. Shared
31 time average daily membership may not be used in the computation
32 of pupil units under section 126C.05, subdivision 1, for any
33 purpose other than the computation of shared time aid pursuant
34 to subdivisions 6 to 8 and section 126C.19, subdivisions 1 to 3.

35 Sec. 9. Minnesota Statutes 2004, section 126C.05,
36 subdivision 1, is amended to read:

1 Subdivision 1. [PUPIL UNIT.] Pupil units for each
2 Minnesota resident pupil in average daily membership enrolled in
3 the district of residence, in another district under sections
4 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or
5 124D.68; in a charter school under section 124D.10; or for whom
6 the resident district pays tuition under section 123A.18,
7 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
8 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or
9 125A.65, shall be counted according to this subdivision.

10 (a) For fiscal year 2006, a prekindergarten pupil with a
11 disability who is enrolled in a program approved by the
12 commissioner and has an individual education plan is counted as
13 the ratio of the number of hours of assessment and education
14 service to 825 times 1.25 with a minimum average daily
15 membership of 0.28, but not more than 1.25 pupil units. For
16 fiscal year 2007 and later, a prekindergarten pupil with a
17 disability who is enrolled in a program approved by the
18 commissioner and has an individual education plan is counted as
19 the ratio of the number of hours of assessment and education
20 service to 825 with a minimum average daily membership of 0.28,
21 but not more than one pupil unit.

22 (b) For fiscal year 2006, a prekindergarten pupil who is
23 assessed but determined not to be handicapped is counted as the
24 ratio of the number of hours of assessment service to 825 times
25 1.25. For fiscal year 2007 and later, a prekindergarten pupil
26 who is assessed but determined not to be handicapped is counted
27 as the ratio of the number of hours of assessment service to 825.

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

33 (d) A kindergarten pupil who is not included in paragraph
34 (c) is counted as .557 of a pupil unit for fiscal year ~~2000~~ 2006
35 and .5 of a pupil unit for fiscal year 2007 and thereafter.

36 (e) A pupil who is in any of grades 1 to 3 is counted as

1 1.115 pupil units for fiscal year ~~2000~~ 2006 and one pupil unit
 2 for fiscal year 2007 and thereafter.

3 (f) A pupil who is any of grades 4 to 6 is counted as 1.06
 4 pupil units for fiscal year ~~1995~~ 2006 and one pupil unit for
 5 fiscal year 2007 and thereafter.

6 (g) A pupil who is in any of grades 7 to 12 is counted as
 7 1.3 pupil units for fiscal year 2006 and one pupil unit for
 8 fiscal year 2007 and thereafter.

9 (h) A pupil who is in the postsecondary enrollment options
 10 program is counted as 1.3 pupil units for fiscal year 2006 and
 11 one pupil unit for fiscal year 2007 and thereafter.

12 [EFFECTIVE DATE.] This section is effective for revenue for
 13 fiscal year 2007.

14 Sec. 10. Minnesota Statutes 2004, section 126C.05,
 15 subdivision 5, is amended to read:

16 Subd. 5. [ADJUSTED PUPIL UNITS.] (a) Adjusted pupil units
 17 for a district or charter school means the sum of:

18 (1) the number of pupil units served, according to
 19 subdivision 7, plus

20 (2) pupil units according to subdivision 1 for whom the
 21 district or charter school pays tuition under section 123A.18,
 22 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
 23 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or
 24 125A.65, minus

25 (3) pupil units according to subdivision 1 for whom the
 26 district or charter school receives tuition under section
 27 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
 28 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or
 29 125A.65.

30 (b) For fiscal year 2006, adjusted marginal cost pupil
 31 units means the greater of:

32 (1) the sum of .77 times the pupil units defined in
 33 paragraph (a) for the current school year and .23 times the
 34 pupil units defined in paragraph (a) for the previous school
 35 year; or

36 (2) the number of adjusted pupil units defined in paragraph

1 (a) for the current school year.

2 Sec. 11. Minnesota Statutes 2004, section 126C.05,
3 subdivision 6, is amended to read:

4 Subd. 6. [RESIDENT PUPIL UNITS.] (a) Resident pupil units
5 for a district means the number of pupil units according to
6 subdivision 1 residing in the district.

7 (b) For fiscal year 2006, resident marginal cost pupil
8 units means the greater of:

9 (1) the sum of .77 times the pupil units defined in
10 paragraph (a) for the current year and .23 times the pupil units
11 defined in paragraph (a) for the previous school year; or

12 (2) the number of resident pupil units defined in paragraph
13 (a) for the current school year.

14 Sec. 12. Minnesota Statutes 2004, section 126C.10,
15 subdivision 1, is amended to read:

16 Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) ~~For fiscal~~
17 ~~year-2003,-the-general-education-revenue-for-each-district~~
18 ~~equals-the-sum-of-the-district's-basic-revenue,-basic-skills~~
19 ~~revenue,-training-and-experience-revenue,-secondary-sparsity~~
20 ~~revenue,-elementary-sparsity-revenue,-transportation-sparsity~~
21 ~~revenue,-total-operating-capital-revenue,-and-equity-revenue.~~

22 (b) ~~For fiscal year 2004-and-later 2006~~, the general
23 education revenue for each district equals the sum of the
24 district's basic revenue, extended time revenue, basic skills
25 revenue, training and experience revenue, secondary sparsity
26 revenue, elementary sparsity revenue, transportation sparsity
27 revenue, total operating capital revenue, equity
28 revenue, alternative compensation revenue, and transition
29 revenue.

30 (b) For fiscal year 2007 and later, the general education
31 revenue for each district equals the sum of the district's basic
32 revenue, secondary education revenue, declining enrollment
33 revenue, extended time revenue, basic skills revenue, secondary
34 sparsity revenue, elementary sparsity revenue, transportation
35 sparsity revenue, total operating capital revenue, equity
36 revenue, alternative compensation revenue, discretionary

1 revenue, and transition revenue.

2 [EFFECTIVE DATE.] This section is effective for revenue for
3 fiscal year 2007.

4 Sec. 13. Minnesota Statutes 2004, section 126C.10,
5 subdivision 2, is amended to read:

6 Subd. 2. [BASIC REVENUE.] For fiscal year 2006, the basic
7 revenue for each district equals the formula allowance times the
8 adjusted marginal cost pupil units for the school year. The
9 formula allowance for fiscal year 2006 is \$3,964.---The
10 formula-allowance-for-fiscal-year-2002-is-\$4,068.---The-formula
11 allowance-for-fiscal-year-2003-and-subsequent-years-is
12 \$4,601 \$4,693. For fiscal year 2007 and later, the basic
13 revenue for each district equals the formula allowance times the
14 adjusted pupil units for the school year. The formula allowance
15 for fiscal year 2007 and later is \$5,188.

16 Sec. 14. Minnesota Statutes 2004, section 126C.10,
17 subdivision 2a, is amended to read:

18 Subd. 2a. [EXTENDED TIME REVENUE.] (a) For fiscal year
19 2006, a school district's extended time revenue is equal to the
20 product of \$4,601 \$4,693 and the sum of the adjusted marginal
21 cost pupil units of the district for each pupil in average daily
22 membership in excess of 1.0 and less than 1.2 according to
23 section 126C.05, subdivision 8.

24 (b) For fiscal year 2007 and later, a school district's
25 extended time revenue equals \$5,801 times the sum of the
26 adjusted pupil units of the district for each pupil in average
27 daily membership in excess of 1.0 and less than 1.2 according to
28 section 126C.05, subdivision 8.

29 (c) A school district's extended time revenue may be used
30 for extended day programs, extended week programs, summer
31 school, and other programming authorized under the learning year
32 program.

33 Sec. 15. Minnesota Statutes 2004, section 126C.10, is
34 amended by adding a subdivision to read:

35 Subd. 2b. [SECONDARY EDUCATION REVENUE.] For fiscal year
36 2007 and later, the secondary education revenue for each

1 district equals the secondary education allowance times the
2 adjusted pupil units for the school year in grades 7 through
3 12. The secondary education allowance for fiscal year 2007 and
4 later is \$936.

5 [EFFECTIVE DATE.] This section is effective for revenue for
6 fiscal year 2007.

7 Sec. 16. Minnesota Statutes 2004, section 126C.10, is
8 amended by adding a subdivision to read:

9 Subd. 2c. [DECLINING ENROLLMENT REVENUE.] For fiscal year
10 2007 and later, the declining enrollment revenue for each
11 district with a decline in the number of adjusted pupil units
12 between the previous school year and the current school year
13 equals \$1,297 times the decline in adjusted pupil units between
14 the previous school year and the current school year.

15 [EFFECTIVE DATE.] This section is effective for revenue for
16 fiscal year 2007.

17 Sec. 17. Minnesota Statutes 2004, section 126C.10,
18 subdivision 3, is amended to read:

19 Subd. 3. [COMPENSATORY EDUCATION REVENUE.] (a) For fiscal
20 year 2006, the compensatory education revenue for each building
21 in the district equals ~~the formula allowance minus \$415~~ \$4,278
22 times the compensation revenue pupil units computed according to
23 section 126C.05, subdivision 3. For fiscal year 2007 and later,
24 the compensatory education revenue for each building in the
25 district equals \$4,388 times the compensation revenue pupil
26 units computed according to section 126C.05, subdivision 3.
27 Revenue shall be paid to the district and must be allocated
28 according to section 126C.15, subdivision 2.

29 (b) When the district contracting with an alternative
30 program under section 124D.69 changes prior to the start of a
31 school year, the compensatory revenue generated by pupils
32 attending the program shall be paid to the district contracting
33 with the alternative program for the current school year, and
34 shall not be paid to the district contracting with the
35 alternative program for the prior school year.

36 (c) When the fiscal agent district for an area learning

1 center changes prior to the start of a school year, the
2 compensatory revenue shall be paid to the fiscal agent district
3 for the current school year, and shall not be paid to the fiscal
4 agent district for the prior school year.

5 Sec. 18. Minnesota Statutes 2004, section 126C.10,
6 subdivision 5, is amended to read:

7 Subd. 5. [TRAINING AND EXPERIENCE REVENUE.] (a) For fiscal
8 year 2006, the training and experience revenue for each district
9 equals the greater of zero or the result of the following
10 computation:

11 (1) subtract .8 from the training and experience index;

12 (2) multiply the result in clause (1) by the product of
13 \$660 times the adjusted marginal cost pupil units for the school
14 year.

15 (b) For fiscal year 2007 and later, the training and
16 experience allowance for each district equals the greater of
17 zero or the result of the following computation:

18 (1) subtract .8 from the training and experience index;

19 (2) multiply the result in clause (1) by \$800.

20 [EFFECTIVE DATE.] This section is effective for revenue for
21 fiscal year 2007.

22 Sec. 19. Minnesota Statutes 2004, section 126C.10,
23 subdivision 6, is amended to read:

24 Subd. 6. [DEFINITIONS.] The definitions in this
25 subdivision apply only to subdivisions 7 and 8.

26 (a) "High school" means a secondary school that has pupils
27 enrolled in at least the 10th, 11th, and 12th grades. If there
28 is no secondary school in the district that has pupils enrolled
29 in at least the 10th, 11th, and 12th grades, and the school is
30 at least 19 miles from the next nearest school, the commissioner
31 must designate one school in the district as a high school for
32 the purposes of this section.

33 (b) "Secondary average daily membership" means, for a
34 district that has only one high school, the average daily
35 membership of pupils served in grades 7 through 12. For a
36 district that has more than one high school, "secondary average

1 daily membership" for each high school means the product of the
2 average daily membership of pupils served in grades 7 through 12
3 in the high school, times the ratio of six to the number of
4 grades in the high school.

5 (c) "Attendance area" means the total surface area of the
6 district, in square miles, divided by the number of high schools
7 in the district. For a district that does not operate a high
8 school and is less than 19 miles from the nearest operating high
9 school, the attendance area equals zero.

10 (d) "Isolation index" for a high school means the square
11 root of 55 percent of the attendance area plus the distance in
12 miles, according to the usually traveled routes, between the
13 high school and the nearest high school. For a district in
14 which there is located land defined in section 84A.01, 84A.20,
15 or 84A.31, the distance in miles is the sum of:

16 (1) the square root of one-half of the attendance area; and

17 (2) the distance from the border of the district to the
18 nearest high school.

19 (e) "Qualifying high school" means a high school that has
20 an isolation index greater than 23 and that has secondary
21 average daily membership of less than 400.

22 (f) "Qualifying elementary school" means an elementary
23 school that is located 19 miles or more from the nearest
24 elementary school or from the nearest elementary school within
25 the district and, in either case, has an elementary average
26 daily membership of an average of 20 or fewer per grade.

27 (g) "Elementary average daily membership" means, for a
28 district that has only one elementary school, the average daily
29 membership of pupils served in kindergarten through grade 6.
30 For a district that has more than one elementary school,
31 "average daily membership" for each school means the average
32 daily membership of pupils served in kindergarten through grade
33 6 multiplied by the ratio of seven to the number of grades in
34 the elementary school.

35 (h) "Sparsity allowance" means \$4,693 for fiscal year 2006
36 and \$4,787 for fiscal year 2007 and later.

1 Sec. 20. Minnesota Statutes 2004, section 126C.10,
2 subdivision 7, is amended to read:

3 Subd. 7. [SECONDARY SPARSITY REVENUE.] (a) A district's
4 secondary sparsity revenue for a school year equals the sum of
5 the results of the following calculation for each qualifying
6 high school in the district:

7 (1) the ~~formula~~ sparsity allowance for the school year,
8 multiplied by

9 (2) the secondary average daily membership of pupils served
10 in the high school, multiplied by

11 (3) the quotient obtained by dividing 400 minus the
12 secondary average daily membership by 400 plus the secondary
13 daily membership, multiplied by

14 (4) the lesser of 1.5 or the quotient obtained by dividing
15 the isolation index minus 23 by ten.

16 (b) A newly formed district that is the result of districts
17 combining under the cooperation and combination program or
18 consolidating under section 123A.48 must receive secondary
19 sparsity revenue equal to the greater of: (1) the amount
20 calculated under paragraph (a) for the combined district; or (2)
21 the sum of the amounts of secondary sparsity revenue the former
22 districts had in the year prior to consolidation, increased for
23 any subsequent changes in the secondary sparsity formula.

24 Sec. 21. Minnesota Statutes 2004, section 126C.10,
25 subdivision 8, is amended to read:

26 Subd. 8. [ELEMENTARY SPARSITY REVENUE.] A district's
27 elementary sparsity revenue equals the sum of the following
28 amounts for each qualifying elementary school in the district:

29 (1) the ~~formula~~ sparsity allowance for the year, multiplied
30 by

31 (2) the elementary average daily membership of pupils
32 served in the school, multiplied by

33 (3) the quotient obtained by dividing 140 minus the
34 elementary average daily membership by 140 plus the average
35 daily membership.

36 Sec. 22. Minnesota Statutes 2004, section 126C.10,

1 subdivision 13, is amended to read:

2 Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For
3 fiscal year ~~2000-and-thereafter~~ 2006, total operating capital
4 revenue for a district equals the amount determined under
5 paragraph (b) or (c), plus \$73 times the adjusted marginal cost
6 pupil units for the school year. For fiscal year 2007 and
7 later, total operating capital revenue for a district equals the
8 amount determined under paragraph (b) or (c), plus \$88 times the
9 adjusted pupil units for the school year. The revenue must be
10 placed in a reserved account in the general fund and may only be
11 used according to ~~paragraph-(d)-or~~ subdivision 14.

12 (b) For fiscal years ~~2000-and-later~~ year 2006, capital
13 revenue for a district equals \$100 times the district's
14 maintenance cost index times its adjusted marginal cost pupil
15 units for the school year. For fiscal year 2007 and later,
16 capital revenue for a district equals \$120 times the district's
17 maintenance cost index times its adjusted pupil units for the
18 school year.

19 (c) For fiscal years ~~2000-and-later~~ year 2006, the revenue
20 for a district that operates a program under section 124D.128,
21 is increased by an amount equal to \$30 times the number of
22 marginal cost pupil units served at the site where the program
23 is implemented. For fiscal year 2007 and later, the revenue for
24 a district that operates a program under section 124D.128, is
25 increased by an amount equal to \$43 times the number of pupil
26 units served at the site where the program is implemented.

27 ~~(d)-For-fiscal-years-2001,-2002,-and-2003,-the-district~~
28 ~~must-reserve-an-amount-equal-to-\$5-per-adjusted-marginal-cost~~
29 ~~pupil-unit-for-telecommunication-access-costs.---Reserve-revenue~~
30 ~~under-this-paragraph-must-first-be-used-to-pay-for-ongoing-or~~
31 ~~recurring-telecommunication-access-costs,-including-access-to~~
32 ~~data-and-video-connections,-including-Internet-access.---Any~~
33 ~~revenue-remaining-after-covering-all-ongoing-or-recurring-access~~
34 ~~costs-may-be-used-for-computer-hardware-or-equipment.~~

35 Sec. 23. Minnesota Statutes 2004, section 126C.10,
36 subdivision 13a, is amended to read:

1 Subd. 13a. [OPERATING CAPITAL LEVY.] To obtain operating
 2 capital revenue for fiscal year ~~2005~~ 2007 and later, a district
 3 may levy an amount not more than the product of its operating
 4 capital revenue for the fiscal year times the lesser of one or
 5 the ratio of its adjusted net tax capacity per adjusted marginal
 6 cost pupil unit to ~~\$22,222~~ \$26,640.

7 [EFFECTIVE DATE.] This section is effective for revenue for
 8 fiscal year 2007.

9 Sec. 24. Minnesota Statutes 2004, section 126C.10,
 10 subdivision 17, is amended to read:

11 Subd. 17. [TRANSPORTATION SPARSITY DEFINITIONS.] The
 12 definitions in this subdivision apply to subdivisions 18 and 19.

13 (a) "Sparsity index" for a district means the greater of .2
 14 or the ratio of the square mile area of the district to the
 15 resident pupil units of the district.

16 (b) "Density index" for a district means the ratio of the
 17 square mile area of the district to the resident pupil units of
 18 the district. However, the density index for a district cannot
 19 be greater than .2 or less than .005.

20 (c) "Transportation allowance" means \$4,693 for fiscal year
 21 2006 and \$5,188 for fiscal year 2007 and later.

22 Sec. 25. Minnesota Statutes 2004, section 126C.10,
 23 subdivision 18, is amended to read:

24 Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a)
 25 For fiscal year 2006, a district's transportation sparsity
 26 allowance equals the greater of zero or the result of the
 27 following computation:

28 ~~{i}~~ (1) Multiply the ~~formula~~ transportation allowance
 29 ~~according-to-subdivision-27~~ by .1469.

30 ~~{ii}~~ (2) Multiply the result in clause ~~{i}~~ (1) by the
 31 district's sparsity index raised to the 26/100 power.

32 ~~{iii}~~ (3) Multiply the result in clause ~~{ii}~~ (2) by the
 33 district's density index raised to the 13/100 power.

34 ~~{iv}~~ (4) Multiply the ~~formula~~ transportation allowance
 35 ~~according-to-subdivision-27~~ by .0485.

36 ~~{v}~~ (5) Subtract the result in clause ~~{iv}~~ (4) from the

1 result in clause ~~(iii)~~ (3).

2 (b) For fiscal year 2007 and later, a district's
3 transportation sparsity allowance equals the greater of zero or
4 the result of the following computation:

5 (1) Multiply the transportation allowance by .1432.

6 (2) Multiply the result in clause (1) by the district's
7 sparsity index raised to the 28/100 power.

8 (3) Multiply the result in clause (2) by the district's
9 density index raised to the 13/100 power.

10 (4) Multiply the transportation allowance by .0458.

11 (5) Subtract the result in clause (4) from the result in
12 clause (3).

13 ~~(b)~~ (c) For fiscal year 2006, transportation sparsity
14 revenue is equal to the transportation sparsity allowance times
15 the adjusted marginal cost pupil units. For fiscal year 2007
16 and later, transportation sparsity revenue is equal to the
17 transportation sparsity allowance times the adjusted pupil units.

18 Sec. 26. Minnesota Statutes 2004, section 126C.10,
19 subdivision 24, is amended to read:

20 Subd. 24. [EQUITY REVENUE.] (a) For fiscal years 2004
21 through 2006, a school district qualifies for equity revenue if:

22 (1) the school district's adjusted marginal cost pupil unit
23 amount of basic revenue~~7-supplemental-revenue7-transition~~
24 revenue~~7~~ and referendum revenue is less than the value of the
25 school district at or immediately above the 95th percentile of
26 school districts in its equity region for those revenue
27 categories; and

28 (2) the school district's administrative offices are not
29 located in a city of the first class on July 1, 1999.

30 For fiscal year 2007 and later, a school district qualifies for
31 equity revenue if the school district's referendum revenue per
32 adjusted pupil unit is less than 28 percent of the formula
33 allowance.

34 (b) For fiscal year 2006, equity revenue for a qualifying
35 district that receives referendum revenue under section 126C.17,
36 subdivision 4, equals the product of (1) the district's adjusted

1 marginal cost pupil units for that year; times (2) the sum of
2 (i) \$13, plus (ii) \$75, times the school district's equity index
3 computed under subdivision 27.

4 (c) For fiscal year 2006, equity revenue for a qualifying
5 district that does not receive referendum revenue under section
6 126C.17, subdivision 4, equals the product of the district's
7 adjusted marginal cost pupil units for that year times \$13.

8 (d) For fiscal year 2007 and later, equity revenue for a
9 qualifying district equals the product of (1) the district's
10 adjusted pupil units for that year; times (2) \$101 times the
11 school district's equity index computed under subdivision 27.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment and applies to revenue for fiscal year
14 2004 and later.

15 Sec. 27. Minnesota Statutes 2004, section 126C.10,
16 subdivision 25, is amended to read:

17 Subd. 25. [REGIONAL EQUITY GAP.] For fiscal year 2006, the
18 regional equity gap equals the difference between the value of
19 the school district at or immediately above the fifth percentile
20 of ~~adjusted-general~~ referendum revenue per adjusted marginal
21 cost pupil unit and the value of the school district at or
22 immediately above the 95th percentile of ~~adjusted-general~~
23 referendum revenue per adjusted marginal cost pupil unit.

24 Sec. 28. Minnesota Statutes 2004, section 126C.10,
25 subdivision 26, is amended to read:

26 Subd. 26. [DISTRICT EQUITY GAP.] For fiscal year 2006, a
27 district's equity gap equals the greater of zero or the
28 difference between the ~~district's-adjusted-general~~ referendum
29 revenue and-the-value per adjusted marginal cost pupil unit of
30 the school district at or immediately above the regional 95th
31 percentile of-adjusted-general and the district's referendum
32 revenue per adjusted marginal cost pupil unit. For fiscal year
33 2007 and later, a district's equity gap equals the greater of
34 zero or the difference between 28 percent of the formula
35 allowance and the district's referendum revenue per adjusted
36 pupil unit.

1 Sec. 29. Minnesota Statutes 2004, section 126C.10,
2 subdivision 27, is amended to read:

3 Subd. 27. [DISTRICT EQUITY INDEX.] For fiscal year 2006, a
4 district's equity index equals the ratio of the sum-of-the
5 district equity gap amount to the regional equity gap
6 amount. For fiscal year 2007 and later, a district's equity
7 index equals the ratio of the district equity gap amount to 28
8 percent of the formula allowance.

9 Sec. 30. Minnesota Statutes 2004, section 126C.10,
10 subdivision 28, is amended to read:

11 Subd. 28. [EQUITY REGION.] For the purposes of computing
12 equity revenue under subdivision 24 for fiscal year 2006, a
13 district whose administrative offices on July 1, 1999, is
14 located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or
15 Washington County is part of the metro equity region. Districts
16 whose administrative offices on July 1, 1999, are not located in
17 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington
18 County are part of the rural equity region.

19 Sec. 31. Minnesota Statutes 2004, section 126C.10,
20 subdivision 29, is amended to read:

21 Subd. 29. [EQUITY LEVY.] To obtain equity revenue for
22 fiscal year 2005-and-later 2006, a district may levy an amount
23 not more than the product of its equity revenue for the fiscal
24 year times the lesser of one or the ratio of its referendum
25 market value per resident marginal cost pupil unit to \$476,000.
26 To obtain equity revenue for fiscal year 2007 and later, a
27 district may levy an amount not more than the product of its
28 equity revenue for the fiscal year times the lesser of one or
29 the ratio of its referendum market value per resident pupil unit
30 to \$572,000.

31 Sec. 32. Minnesota Statutes 2004, section 126C.10,
32 subdivision 31, is amended to read:

33 Subd. 31. [TRANSITION REVENUE.] (a) A district's
34 transition allowance for fiscal years 2004 through ~~2008~~ 2006
35 equals the greater of zero or the product of the ratio of the
36 number of adjusted marginal cost pupil units the district would

1 have counted for fiscal year 2004 under Minnesota Statutes 2002
2 to the district's adjusted marginal cost pupil units for fiscal
3 year 2004, times the difference between: (1) the lesser of the
4 district's general education revenue per adjusted marginal cost
5 pupil unit for fiscal year 2003 or the amount of general
6 education revenue the district would have received per adjusted
7 marginal cost pupil unit for fiscal year 2004 according to
8 Minnesota Statutes 2002, and (2) the district's general
9 education revenue for fiscal year 2004 excluding transition
10 revenue divided by the number of adjusted marginal cost pupil
11 units the district would have counted for fiscal year 2004 under
12 Minnesota Statutes 2002.

13 (b) A district's transition allowance for fiscal years 2007
14 through 2010 equals the greater of zero or the difference
15 between:

16 (1) the sum of:

17 (i) the amount of general education revenue the district
18 would have received for fiscal year 2007 under the formulas in
19 effect for fiscal year 2006, plus

20 (ii) \$199 times the district's adjusted pupil units for
21 fiscal year 2007, plus

22 (iii) the amount of the district's levy limitations for
23 taxes payable in 2005 for:

24 (A) building leases, according to Minnesota Statutes 2004,
25 section 126C.40, subdivision 1, excluding the portion of the
26 levy limitation attributable to leases eligible for levy for
27 taxes payable in 2006 and later under section 126C.40,
28 subdivision 1, paragraph (j);

29 (B) unemployment insurance, according to Minnesota Statutes
30 2004, section 126C.43, subdivision 2;

31 (C) judgments, according to Minnesota Statutes 2004,
32 section 126C.43, subdivision 3;

33 (D) safe schools, according to Minnesota Statutes 2004,
34 section 126C.44;

35 (E) tree growth replacement, according to Minnesota
36 Statutes 2004, section 126C.445;

1 (F) ice arenas, according to Minnesota Statutes 2004,
2 section 126C.45;

3 (G) swimming pools, according to Minnesota Statutes 2004,
4 section 126C.455;

5 (H) lost interest earnings, according to Laws 2002, chapter
6 377, article 5, section 53;

7 (I) severance, according to Minnesota Statutes 2004,
8 sections 123A.39, subdivision 3 and 126C.41, subdivision 5;

9 (J) extended hours and school days according to Laws 1997,
10 First Special Session chapter 4, article 4, section 31; and

11 (K) other miscellaneous levies according to Laws 1996,
12 chapter 412, article 5, section 28 and Laws 2001, First Special
13 Session chapter 5, article 3, section 87; and

14 (2) the district's general education revenue for fiscal
15 year 2007 excluding transition revenue, divided by the
16 district's adjusted pupil units for fiscal year 2007.

17 (c) A district's transition allowance for fiscal year 2009
18 2011 and later is zero.

19 (b) (d) A district's transition revenue for fiscal year
20 2004-and-later 2006 equals the sum of (1) the product of the
21 district's transition allowance times the district's adjusted
22 marginal cost pupil units- plus (2) the amount of referendum
23 revenue under section 126C.17 and general education revenue,
24 excluding transition revenue, for fiscal year 2004 attributable
25 to pupils four or five years of age on September 1, 2003,
26 enrolled in a prekindergarten program implemented by the
27 district before July 1, 2003, and reported as kindergarten
28 pupils under section 126C.05, subdivision 1, for fiscal year
29 2004, plus (3) the amount of compensatory education revenue
30 under subdivision 3 for fiscal year 2005 attributable to pupils
31 four years of age on September 1, 2003, enrolled in a
32 prekindergarten program implemented by the district before July
33 1, 2003, and reported as kindergarten pupils under section
34 126C.05, subdivision 1, for fiscal year 2004.

35 (e) A district's transition revenue for fiscal year 2007
36 through fiscal year 2010 equals the product of the district's

1 transition allowance times the district's adjusted pupil units.

2 Sec. 33. Minnesota Statutes 2004, section 126C.10,
3 subdivision 32, is amended to read:

4 Subd. 32. [TRANSITION LEVY.] To obtain transition revenue
5 for fiscal year ~~2005~~ 2007 and later, a district may levy an
6 amount not more than the product of its transition revenue for
7 the fiscal year times the lesser of one or the ratio of its
8 referendum market value per resident ~~marginal-cost~~ pupil unit to
9 ~~\$476,000~~ \$572,000.

10 [EFFECTIVE DATE.] This section is effective for revenue for
11 fiscal year 2007.

12 Sec. 34. Minnesota Statutes 2004, section 126C.10, is
13 amended by adding a subdivision to read:

14 Subd. 34. [BASIC ALTERNATIVE COMPENSATION AID.] (a) For
15 fiscal year 2006, the basic alternative compensation aid for a
16 district or charter school with an alternative compensation plan
17 approved under section 122A.415 equals the alternative
18 compensation revenue according to section 122A.415, subdivision
19 1.

20 (b) For fiscal year 2007 and later, the basic alternative
21 compensation aid for a district with an alternative compensation
22 plan approved under section 122A.415 equals 68.9 percent of the
23 alternative compensation revenue according to section 122A.415,
24 subdivision 1. The basic alternative compensation aid for a
25 charter school with an alternative compensation plan approved
26 under section 122A.415 equals the school's alternative
27 compensation revenue according to section 122A.415, subdivision
28 1, times the ratio of the sum of the alternative compensation
29 aid and alternative compensation levy for all participating
30 school districts to the maximum alternative compensation revenue
31 for those districts according to section 122A.415, subdivision 1.

32 (c) Notwithstanding paragraphs (a) and (b) and section
33 122A.415, subdivision 1, the state total basic alternative
34 compensation aid entitlement must not exceed \$16,727,000 for
35 fiscal year 2006 and \$61,871,000 for fiscal year 2007 and
36 later. The commissioner must limit the amount of alternative

1 compensation revenue approved under section 122A.415, so as not
2 to exceed these limits.

3 Sec. 35. Minnesota Statutes 2004, section 126C.10, is
4 amended by adding a subdivision to read:

5 Subd. 35. [ALTERNATIVE COMPENSATION LEVY.] For fiscal year
6 2007 and later, the alternative compensation levy for a district
7 receiving basic alternative compensation aid equals the product
8 of (1) the difference between the district's alternative
9 compensation revenue and the district's basic alternative
10 compensation aid times (2) the lesser of one or the ratio of the
11 district's adjusted net tax capacity per adjusted pupil unit to
12 \$6,900.

13 Sec. 36. Minnesota Statutes 2004, section 126C.10, is
14 amended by adding a subdivision to read:

15 Subd. 36. [ALTERNATIVE COMPENSATION AID.] (a) For fiscal
16 year 2007 and later, a district's alternative compensation
17 equalization aid equals the district's alternative compensation
18 revenue minus the district's basic alternative compensation aid
19 minus the district's alternative compensation levy. If a
20 district does not levy the entire amount permitted, the
21 alternative compensation equalization aid must be reduced in
22 proportion to the actual amount levied.

23 (b) A district's alternative compensation aid equals the
24 sum of the district's basic alternative compensation aid and the
25 district's alternative compensation equalization aid.

26 Sec. 37. Minnesota Statutes 2004, section 126C.10, is
27 amended by adding a subdivision to read:

28 Subd. 37. [DISCRETIONARY REVENUE.] (a) For fiscal year
29 2007 and later, a district's discretionary revenue equals the
30 product of (1) the sum of \$150 plus the district's training and
31 experience allowance according to subdivision 5, times (2) the
32 adjusted pupil units for the school year.

33 (b) Discretionary revenue is subject to reverse referendum
34 according to section 126C.48, subdivision 9.

35 [EFFECTIVE DATE.] This section is effective for revenue for
36 fiscal year 2007.

1 Sec. 38. Minnesota Statutes 2004, section 126C.10, is
2 amended by adding a subdivision to read:

3 Subd. 38. [DISCRETIONARY LEVY.] To obtain discretionary
4 revenue for fiscal year 2007 and later, a district may levy an
5 amount not more than the product of its discretionary revenue
6 for the fiscal year times the lesser of one or the ratio of its
7 adjusted net tax capacity per adjusted pupil unit to \$6,900.

8 [EFFECTIVE DATE.] This section is effective for revenue for
9 fiscal year 2007.

10 Sec. 39. Minnesota Statutes 2004, section 126C.10, is
11 amended by adding a subdivision to read:

12 Subd. 39. [DISCRETIONARY AID.] For fiscal year 2007 and
13 later, a district's discretionary aid equals its discretionary
14 revenue minus its discretionary levy times the ratio of the
15 actual amount levied to the permitted levy.

16 [EFFECTIVE DATE.] This section is effective for revenue for
17 fiscal year 2007.

18 Sec. 40. Minnesota Statutes 2004, section 126C.13,
19 subdivision 4, is amended to read:

20 ~~Subd. 4. [GENERAL EDUCATION AID.] (a) For fiscal year~~
21 ~~2004, a district's general education aid is the sum of the~~
22 ~~following amounts:~~

23 ~~{1} general education revenue;~~

24 ~~{2} shared time aid according to section 126C.01,~~
25 ~~subdivision 7;~~

26 ~~{3} referendum aid according to section 126C.17, and~~

27 ~~{4} online learning aid according to section 126C.24.~~

28 **{b} For fiscal year 2005 and later 2006, a district's**
29 **general education aid is the sum of the following amounts:**

30 (1) general education revenue, excluding equity revenue,
31 total operating capital, and transition revenue;

32 (2) operating capital aid according to section 126C.10,
33 subdivision 13b;

34 (3) equity aid according to section 126C.10, subdivision
35 30;

36 (4) transition aid according to section 126C.10,

1 subdivision 33;

2 (5) shared time aid according to section 126C.01,
3 subdivision 7;

4 (6) referendum aid according to section 126C.17; and

5 (7) online learning aid according to section 126C.24.

6 (b) For fiscal year 2007 and later, a district's general
7 education aid is the sum of the following amounts:

8 (1) general education revenue, excluding equity revenue,
9 total operating capital revenue, alternative compensation
10 revenue, transition revenue, and discretionary revenue;

11 (2) operating capital aid according to section 126C.10,
12 subdivision 13b;

13 (3) equity aid according to section 126C.10, subdivision
14 30;

15 (4) alternative compensation aid according to section
16 126C.10, subdivision 36;

17 (5) transition aid according to section 126C.10,
18 subdivision 33;

19 (6) discretionary aid according to section 126C.10,
20 subdivision 39;

21 (7) shared time aid according to section 126C.01,
22 subdivision 7;

23 (8) referendum aid according to section 126C.17; and

24 (9) online learning aid according to section 126C.24.

25 Sec. 41. Minnesota Statutes 2004, section 126C.17,
26 subdivision 1, is amended to read:

27 Subdivision 1. [REFERENDUM ALLOWANCE.] (a) For fiscal year
28 ~~2003-and-later~~ 2006, a district's initial referendum revenue
29 allowance equals the sum of the allowance under section 126C.16,
30 subdivision 2, plus any additional allowance per resident
31 marginal cost pupil unit authorized under subdivision 9 before
32 May 1, 2001, for fiscal year 2002 and later, plus the referendum
33 conversion allowance approved under subdivision 13, minus \$415.
34 For districts with more than one referendum authority, the
35 reduction must be computed separately for each authority. The
36 reduction must be applied first to the referendum conversion

1 allowance and next to the authority with the earliest expiration
2 date. A district's initial referendum revenue allowance may not
3 be less than zero.

4 ~~(b) For fiscal year 2003, a district's referendum revenue~~
5 ~~allowance equals the initial referendum allowance plus any~~
6 ~~additional allowance per resident marginal cost pupil unit~~
7 ~~authorized under subdivision 9 between April 30, 2001, and~~
8 ~~December 30, 2001, for fiscal year 2003 and later.~~

9 ~~(c)~~ For fiscal year 2004 and later 2006, a district's
10 referendum revenue allowance equals the sum of:

11 (1) the product of (i) the ratio of the resident marginal
12 cost pupil units the district would have counted for fiscal year
13 2004 under Minnesota Statutes 2002, section 126C.05, to the
14 district's resident marginal cost pupil units for fiscal year
15 2004, times (ii) the initial referendum allowance plus any
16 additional allowance per resident marginal cost pupil unit
17 authorized under subdivision 9 between April 30, 2001, and May
18 30, 2003, for fiscal year 2003 and later, plus

19 (2) any additional allowance per resident marginal cost
20 pupil unit authorized under subdivision 9 after May 30, 2003,
21 for fiscal year 2005 and later.

22 (c) For fiscal year 2007 and later, a district's referendum
23 revenue allowance equals the sum of:

24 (1) the product of (i) the ratio of the resident marginal
25 cost pupil units the district would have counted for fiscal year
26 2007 under Minnesota Statutes 2004, section 126C.05, to the
27 district's resident pupil units for fiscal year 2007, times (ii)
28 the referendum revenue allowance the district would have
29 received for fiscal year 2007 and later under Minnesota Statutes
30 2004, section 126C.17, subdivision 1, paragraph (c), based on
31 elections held under subdivision 9, before May 30, 2005, plus

32 (2) any additional allowance per resident pupil unit
33 authorized under subdivision 9 after May 30, 2005.

34 Sec. 42. Minnesota Statutes 2004, section 126C.17,
35 subdivision 2, is amended to read:

36 Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] (a) Notwithstanding

1 ~~subdivision 1, for fiscal year 2003, a district's referendum~~
 2 ~~allowance must not exceed the greater of:~~

3 ~~(1) the sum of a district's referendum allowance for fiscal~~
 4 ~~year 1994 times 1.162 plus its referendum conversion allowance~~
 5 ~~for fiscal year 2003, minus \$415,~~

6 ~~(2) 18.2 percent of the formula allowance,~~

7 ~~(3) for a newly reorganized district created on July 1,~~
 8 ~~2002, the referendum revenue authority for each reorganizing~~
 9 ~~district in the year preceding reorganization divided by its~~
 10 ~~resident marginal cost pupil units for the year preceding~~
 11 ~~reorganization, minus \$415, or~~

12 ~~(4) for a newly reorganized district created after July 1,~~
 13 ~~2002, the referendum revenue authority for each reorganizing~~
 14 ~~district in the year preceding reorganization divided by its~~
 15 ~~resident marginal cost pupil units for the year preceding~~
 16 ~~reorganization.~~

17 (b) Notwithstanding subdivision 1, for fiscal year 2004
 18 2007 and later, a district's referendum allowance must not
 19 exceed the greater of:

20 (1) the sum of: (i) a district's referendum allowance for
 21 fiscal year 1994 times 1.177 times the annual inflationary
 22 increase as calculated under paragraph (c) plus (ii) its
 23 referendum conversion allowance for fiscal year 2003, minus
 24 (iii) \$415;

25 (2) the greater of (i) ~~18.6~~ 28 percent of the formula
 26 allowance or (ii) ~~\$855.79~~ \$1,396 times the annual inflationary
 27 increase as calculated under paragraph (c); or

28 (3) for a newly reorganized district created after July 1,
 29 ~~2002~~ 2006, the referendum revenue authority for each
 30 reorganizing district in the year preceding reorganization
 31 divided by its resident marginal cost pupil units for the year
 32 preceding reorganization.

33 (c) (b) For purposes of this subdivision, for fiscal year
 34 2005 and later, "inflationary increase" means one plus the
 35 percentage change in the Consumer Price Index for urban
 36 consumers, as prepared by the United States Bureau of Labor

1 Standards, for the current fiscal year to fiscal year 2004. For
 2 ~~fiscal years 2009 and later, for purposes of paragraph (b),~~
 3 ~~clause (1), the inflationary increase equals the inflationary~~
 4 ~~increase for fiscal year 2008 plus one-fourth of the percentage~~
 5 ~~increase in the formula allowance for that year compared with~~
 6 ~~the formula allowance for fiscal year 2008.~~

7 [EFFECTIVE DATE.] This section is effective for revenue for
 8 fiscal year 2007.

9 Sec. 43. Minnesota Statutes 2004, section 126C.17,
 10 subdivision 4, is amended to read:

11 Subd. 4. [TOTAL REFERENDUM REVENUE.] For fiscal year 2006,
 12 the total referendum revenue for each district equals the
 13 district's referendum allowance times the resident marginal cost
 14 pupil units for the school year. For fiscal year 2007 and
 15 later, the total referendum revenue for each district equals the
 16 district's referendum allowance times the resident pupil units
 17 for the school year.

18 Sec. 44. Minnesota Statutes 2004, section 126C.17,
 19 subdivision 5, is amended to read:

20 Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) For fiscal
 21 year 2003 and later, a district's referendum equalization
 22 revenue equals the sum of the first tier referendum equalization
 23 revenue and the second tier referendum equalization revenue.

24 (b) A district's first tier referendum equalization revenue
 25 equals the district's first tier referendum equalization
 26 allowance times the district's resident marginal cost pupil
 27 units for that year.

28 ~~(c) For fiscal years 2003 and 2004, a district's first tier~~
 29 ~~referendum equalization allowance equals the lesser of the~~
 30 ~~district's referendum allowance under subdivision 1 or \$126.~~
 31 ~~For fiscal year 2005, a district's first tier referendum~~
 32 ~~equalization allowance equals the lesser of the district's~~
 33 ~~referendum allowance under subdivision 1 or \$405.~~ For fiscal
 34 year 2006 and later, a district's first tier referendum
 35 equalization allowance equals the lesser of the district's
 36 referendum allowance under subdivision 1 or \$500. For fiscal

1 year 2007 and later, a district's first tier referendum
2 equalization allowance equals the lesser of the district's
3 referendum allowance under subdivision 1 or \$601.

4 (d) For fiscal year 2006, a district's second tier
5 referendum equalization revenue equals the district's second
6 tier referendum equalization allowance times the district's
7 resident marginal cost pupil units for that year. For fiscal
8 year 2007 and later, a district's second tier referendum
9 equalization revenue equals the district's second tier
10 referendum equalization allowance times the district's resident
11 pupil units for that year.

12 (e) For fiscal year 2006, a district's second tier
13 referendum equalization allowance equals the lesser of the
14 district's referendum allowance under subdivision 1 or 18.6
15 percent of the formula allowance, minus the district's first
16 tier referendum equalization allowance. For fiscal year 2007
17 and later, a district's second tier referendum equalization
18 allowance equals the lesser of the district's referendum
19 allowance under subdivision 1 or 28 percent of the formula
20 allowance, minus the district's first tier referendum
21 equalization allowance.

22 (f) Notwithstanding paragraph (e), the second tier
23 referendum allowance for a district qualifying for secondary
24 sparsity revenue under section 126C.10, subdivision 7, or
25 elementary sparsity revenue under section 126C.10, subdivision
26 8, equals the district's referendum allowance under subdivision
27 1 minus the district's first tier referendum equalization
28 allowance.

29 Sec. 45. Minnesota Statutes 2004, section 126C.17,
30 subdivision 6, is amended to read:

31 Subd. 6. [REFERENDUM EQUALIZATION LEVY.] (a) For fiscal
32 year 2003 and later, a district's referendum equalization levy
33 equals the sum of the first tier referendum equalization levy
34 and the second tier referendum equalization levy.

35 (b) For fiscal year 2006, a district's first tier
36 referendum equalization levy equals the district's first tier

1 referendum equalization revenue times the lesser of one or the
2 ratio of the district's referendum market value per resident
3 marginal cost pupil unit to \$476,000. For fiscal year 2007 and
4 later, a district's first tier referendum equalization levy
5 equals the district's first tier referendum equalization revenue
6 times the lesser of one or the ratio of the district's
7 referendum market value per resident pupil unit to \$572,000.

8 (c) For fiscal year 2006, a district's second tier
9 referendum equalization levy equals the district's second tier
10 referendum equalization revenue times the lesser of one or the
11 ratio of the district's referendum market value per resident
12 marginal cost pupil unit to \$270,000. For fiscal year 2007 and
13 later, a district's second tier referendum equalization levy
14 equals the district's second tier referendum equalization
15 revenue times the lesser of one or the ratio of the district's
16 referendum market value per resident pupil unit to \$331,500.

17 Sec. 46. Minnesota Statutes 2004, section 126C.17,
18 subdivision 7, is amended to read:

19 Subd. 7. [REFERENDUM EQUALIZATION AID.] (a) A district's
20 referendum equalization aid equals the difference between its
21 referendum equalization revenue and levy.

22 (b) If a district's actual levy for first or second tier
23 referendum equalization revenue is less than its maximum levy
24 limit for that tier, aid shall be proportionately reduced.

25 (c) Notwithstanding paragraph (a), the referendum
26 equalization aid for a district, where the referendum
27 equalization aid under paragraph (a) exceeds 90 percent of the
28 referendum revenue, must not exceed ~~18.6~~ 28 percent of the
29 formula allowance times the district's resident marginal-cost
30 pupil units. A district's referendum levy is increased by the
31 amount of any reduction in referendum aid under this paragraph.

32 [EFFECTIVE DATE.] This section is effective for revenue for
33 fiscal year 2007.

34 Sec. 47. Minnesota Statutes 2004, section 126C.17,
35 subdivision 9, is amended to read:

36 Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized

1 by section 126C.10, subdivision 1, may be increased in the
2 amount approved by the voters of the district at a referendum
3 called for the purpose. The referendum may be called by the
4 board or shall be called by the board upon written petition of
5 qualified voters of the district. The referendum must be
6 conducted one or two calendar years before the increased levy
7 authority, if approved, first becomes payable. Only one
8 election to approve an increase may be held in a calendar year.
9 Unless the referendum is conducted by mail under paragraph (g),
10 the referendum must be held on the first Tuesday after the first
11 Monday in November. The ballot must state the maximum amount of
12 the increased revenue per resident marginal-cost pupil unit, the
13 estimated referendum tax rate as a percentage of referendum
14 market value in the first year it is to be levied, and that the
15 revenue must be used to finance school operations. The ballot
16 may state a schedule, determined by the board, of increased
17 revenue per resident marginal-cost pupil unit that differs from
18 year to year over the number of years for which the increased
19 revenue is authorized. ~~If the ballot contains a schedule~~
20 ~~showing different amounts, it must also indicate the estimated~~
21 ~~referendum tax rate as a percent of referendum market value for~~
22 ~~the amount specified for the first year and for the maximum~~
23 ~~amount specified in the schedule.~~ The ballot may state that
24 existing referendum levy authority is expiring. In this case,
25 the ballot may also compare the proposed levy authority to the
26 existing expiring levy authority, and express the proposed
27 increase as the amount, if any, over the expiring referendum
28 levy authority. The ballot must designate the specific number
29 of years, not to exceed ten, for which the referendum
30 authorization applies. The ballot, including a ballot on the
31 question to revoke or reduce the increased revenue amount under
32 paragraph (c), must abbreviate the term "per resident pupil
33 unit" as "per pupil." The notice required under section 275.60
34 may be modified to read, in cases of renewing existing levies:
35 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING
36 FOR A PROPERTY TAX INCREASE."

1 The ballot may contain a textual portion with the
2 information required in this subdivision and a question stating
3 substantially the following:

4 "Shall the increase in the revenue proposed by (petition
5 to) the board of, School District No. ..., be approved?"

6 If approved, an amount equal to the approved revenue per
7 resident marginal cost pupil unit times the resident marginal
8 cost pupil units for the school year beginning in the year after
9 the levy is certified shall be authorized for certification for
10 the number of years approved, if applicable, or until revoked or
11 reduced by the voters of the district at a subsequent referendum.

12 (b) The board must prepare and deliver by first class mail
13 at least 15 days but no more than 30 days before the day of the
14 referendum to each taxpayer a notice of the referendum and the
15 proposed revenue increase. The board need not mail more than
16 one notice to any taxpayer. For the purpose of giving mailed
17 notice under this subdivision, owners must be those shown to be
18 owners on the records of the county auditor or, in any county
19 where tax statements are mailed by the county treasurer, on the
20 records of the county treasurer. Every property owner whose
21 name does not appear on the records of the county auditor or the
22 county treasurer is deemed to have waived this mailed notice
23 unless the owner has requested in writing that the county
24 auditor or county treasurer, as the case may be, include the
25 name on the records for this purpose. The notice must project
26 the anticipated amount of tax increase in annual dollars and
27 annual percentage for typical residential homesteads,
28 agricultural homesteads, apartments, and commercial-industrial
29 property within the school district.

30 The notice for a referendum may state that an existing
31 referendum levy is expiring and project the anticipated amount
32 of increase over the existing referendum levy in the first year,
33 if any, in annual dollars and annual percentage for typical
34 residential homesteads, agricultural homesteads, apartments, and
35 commercial-industrial property within the district.

36 The notice must include the following statement: "Passage

1 of this referendum will result in an increase in your property
2 taxes." However, in cases of renewing existing levies, the
3 notice may include the following statement: "Passage of this
4 referendum may result in an increase in your property taxes."

5 (c) A referendum on the question of revoking or reducing
6 the increased revenue amount authorized pursuant to paragraph
7 (a) may be called by the board and shall be called by the board
8 upon the written petition of qualified voters of the district.
9 A referendum to revoke or reduce the revenue amount must state
10 the amount per resident marginal cost pupil unit by which the
11 authority is to be reduced. Revenue authority approved by the
12 voters of the district pursuant to paragraph (a) must be
13 available to the school district at least once before it is
14 subject to a referendum on its revocation or reduction for
15 subsequent years. Only one revocation or reduction referendum
16 may be held to revoke or reduce referendum revenue for any
17 specific year and for years thereafter.

18 (d) A petition authorized by paragraph (a) or (c) is
19 effective if signed by a number of qualified voters in excess of
20 15 percent of the registered voters of the district on the day
21 the petition is filed with the board. A referendum invoked by
22 petition must be held on the date specified in paragraph (a).

23 (e) The approval of 50 percent plus one of those voting on
24 the question is required to pass a referendum authorized by this
25 subdivision.

26 (f) At least 15 days before the day of the referendum, the
27 district must submit a copy of the notice required under
28 paragraph (b) to the commissioner and to the county auditor of
29 each county in which the district is located. Within 15 days
30 after the results of the referendum have been certified by the
31 board, or in the case of a recount, the certification of the
32 results of the recount by the canvassing board, the district
33 must notify the commissioner of the results of the referendum.

34 Sec. 48. Minnesota Statutes 2004, section 126C.17,
35 subdivision 13, is amended to read:

36 Subd. 13. [REFERENDUM CONVERSION ALLOWANCE.] (a) A school

1 district that received supplemental or transition revenue in
 2 fiscal year 2002 may convert its supplemental revenue conversion
 3 allowance and transition revenue conversion allowance to
 4 additional referendum allowance under subdivision 1 for fiscal
 5 year 2003 and thereafter. A majority of the school board must
 6 approve the conversion at a public meeting before November 1,
 7 2001. For a district with other referendum authority, the
 8 referendum conversion allowance approved by the board continues
 9 until the portion of the district's other referendum authority
 10 with the earliest expiration date after June 30, 2006, expires.
 11 For a district with no other referendum authority, the
 12 referendum conversion allowance approved by the board continues
 13 until June 30, 2012.

14 (b) A school district that received transition revenue in
 15 fiscal year ~~2004~~ 2007 may convert all or part of its transition
 16 revenue to referendum revenue with voter approval in a
 17 referendum called for the purpose. The referendum must be held
 18 in accordance with subdivision 9, except that the ballot may
 19 state that existing transition revenue authority is being
 20 canceled or is expiring. In this case, the ballot shall compare
 21 the proposed referendum allowance to the canceled or expiring
 22 transition revenue allowance. For purposes of this comparison,
 23 the canceled or expiring transition revenue allowance per
 24 adjusted ~~marginal-cost~~ pupil unit shall be converted to an
 25 allowance per resident ~~marginal-cost~~ pupil unit based on the
 26 district's ratio of adjusted ~~marginal-cost~~ pupil units to
 27 resident ~~marginal-cost~~ pupil units for the preceding fiscal
 28 year. The referendum must be held on the first Tuesday after
 29 the first Monday in November of 2006, 2007, 2008, or 2009. The
 30 notice required under section 275.60 may be modified to read:
 31 "BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR
 32 A PROPERTY TAX INCREASE." ~~Elections-under-this-paragraph-must~~
 33 ~~be-held-in-2007-or-earlier.~~

34 Sec. 49. Minnesota Statutes 2004, section 127A.45,
 35 subdivision 11, is amended to read:

36 Subd. 11. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One

1 hundred percent of the aid for the previous fiscal year must be
2 paid in the current year for the following aids:
3 telecommunications/Internet access equity and according to
4 section 125B.26, special education special pupil aid according
5 to section 125A.75, subdivision 3, aid for litigation costs
6 according to section 125A.75, subdivision 8, aid for
7 court-placed special education expenses according to section
8 125A.79, subdivision 4, and aid for special education
9 out-of-state tuition according to section 125A.79, subdivision 8
10 and shared time aid according to section 126C.01, subdivision 7.

11 Sec. 50. [KINDERGARTEN REPORTING.]

12 Notwithstanding Minnesota Statutes, sections 120A.05,
13 subdivision 18; 120A.20, subdivision 1; and 124D.02, subdivision
14 1, pupils four or five years of age on September 1 of the
15 calendar year in which the school year commences and enrolled in
16 a prekindergarten program implemented by the district before
17 July 1, 2003, may be reported as kindergarten pupils under
18 Minnesota Statutes, section 126C.05, subdivision 1, for fiscal
19 years 2004 and earlier.

20 [EFFECTIVE DATE.] This section is effective the day
21 following final enactment and applies to fiscal years 2004 and
22 earlier.

23 Sec. 51. [TRANSITION REVENUE ADJUSTMENTS.]

24 For taxes payable in 2006, a district may levy an amount
25 equal to the increase in the district's transition levy for
26 fiscal year 2006 under Minnesota Statutes, section 126C.10,
27 subdivision 31, paragraphs (c) and (d).

28 Sec. 52. [FISCAL YEAR 2006 COMPENSATORY REVENUE FOR
29 REFUGEES.]

30 Notwithstanding Minnesota Statutes, section 126C.05,
31 subdivisions 3 and 16, refugees from the Wat Krabok Refugee Camp
32 in Thailand who were not enrolled in a Minnesota public school
33 on October 1, 2004, but who were enrolled in a Minnesota public
34 school on March 15, 2005, must be included in the calculation of
35 compensatory revenue pupil units for fiscal year 2006.

36 Sec. 53. [ALTERNATIVE COMPENSATION REVENUE GUARANTEE.]

1 Notwithstanding Minnesota Statutes, sections 122A.415,
 2 subdivision 1, and 126C.10, subdivision 34, a school district
 3 that received alternative compensation aid for fiscal year 2005,
 4 but does not qualify for alternative compensation revenue for
 5 fiscal year 2006 or 2007, shall receive basic alternative
 6 compensation aid for that fiscal year equal to the lesser of the
 7 amount of alternative compensation aid it received for fiscal
 8 year 2005 or the amount it would have received for that fiscal
 9 year under Minnesota Statutes 2004, section 122A.415,
 10 subdivision 1, if the district submits a timely application and
 11 the commissioner determines that the district continues to
 12 implement an alternative professional pay system, consistent
 13 with its application under Minnesota Statutes 2004, section
 14 122A.415, for fiscal year 2005. A district qualifying for basic
 15 alternative compensation aid under this section does not qualify
 16 for the alternative compensation levy under Minnesota Statutes,
 17 section 126C.10, subdivision 35. This section applies only to
 18 fiscal years 2006 and 2007 and does not apply to later fiscal
 19 years.

20 Sec. 54. [APPROPRIATIONS.]

21 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 22 indicated in this section are appropriated from the general fund
 23 to the Department of Education for the fiscal years designated.

24 Subd. 2. [GENERAL EDUCATION AID.] For general education
 25 aid under Minnesota Statutes, section 126C.13, subdivision 4:

26 \$ 5,022,250,000 2006

27 \$ 5,194,663,400 2007

28 The 2006 appropriation includes \$906,039,000 for 2005 and
 29 \$4,116,211,000 for 2006.

30 The 2007 appropriation includes \$920,521,000 for 2006 and
 31 \$4,274,142,600 for 2007.

32 Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For
 33 referendum tax base replacement aid under Minnesota Statutes,
 34 section 126C.17, subdivision 7a:

35 \$ 8,704,000 2006

36 \$ 8,704,000 2007

1 The 2006 appropriation includes \$1,575,000 for 2005 and
 2 \$7,129,000 for 2006.

3 The 2007 appropriation includes \$1,575,000 for 2006 and
 4 \$7,129,000 for 2007.

5 Sec. 55. [REPEALER.]

6 (a) Minnesota Statutes 2004, sections 122A.415, subdivision
 7 2; and 123B.05, are repealed.

8 (b) Minnesota Statutes 2004, sections 126C.12 and 127A.50,
 9 are repealed for revenue for fiscal year 2007.

10 ARTICLE 2

11 OTHER GENERAL PROGRAMS

12 Section 1. Minnesota Statutes 2004, section 123A.05,
 13 subdivision 2, is amended to read:

14 Subd. 2. [RESERVE REVENUE.] Each district that is a member
 15 of an area learning center must reserve revenue in an amount
 16 equal to at least 90 percent of the district average general
 17 education revenue per pupil unit minus an amount equal to the
 18 product of the formula allowance according to section 126C.10,
 19 subdivision 2, times .0485 for fiscal year 2006 and .0458 for
 20 fiscal year 2007 and later, calculated without basic skills
 21 revenue, transportation sparsity revenue, and the transportation
 22 portion of the transition revenue adjustment, times the number
 23 of pupil units attending an area learning center program under
 24 this section. The amount of reserved revenue under this
 25 subdivision may only be spent on program costs associated with
 26 the area learning center. Compensatory revenue must be
 27 allocated according to section 126C.15, subdivision 2.

28 [EFFECTIVE DATE.] This section is effective for revenue for
 29 fiscal year 2007.

30 Sec. 2. [123A.10] [EDUCATION ADMINISTRATIVE DISTRICTS.]

31 Subdivision 1. [PURPOSE.] The purpose of an education
 32 administrative district is to increase the efficiency of
 33 administrative services for elementary and secondary education
 34 by combining administrative functions for multiple school
 35 districts, while maintaining independent school district control
 36 of individual student attendance sites.

1 Subd. 2. [AGREEMENT TO ESTABLISH AN EDUCATION
2 ADMINISTRATIVE DISTRICT.] Boards meeting the requirements of
3 subdivision 3 may enter into a written agreement to establish an
4 education administrative district. The agreement must address
5 methods to improve the efficiency of delivering administrative
6 services. The agreement and subsequent amendments must be
7 adopted by majority vote of the full membership of each board.

8 Subd. 3. [REQUIREMENTS FOR FORMATION.] (a) An education
9 administrative district must have one of the following at the
10 time of formation:

11 (1) at least five districts;

12 (2) at least three districts with a total of at least 5,000
13 pupils in average daily membership; or

14 (3) at least three districts with a total of at least 2,000
15 square miles.

16 (b) Members of an education administrative district must be
17 contiguous. Districts with a cooperation agreement according to
18 section 123A.32 may belong to an education administrative
19 district only as a unit.

20 (c) Notwithstanding paragraph (b), a noncontiguous district
21 may be a member of an education administrative district if the
22 commissioner of education determines that:

23 (1) a district between the education administrative
24 district and the noncontiguous district has considered and is
25 unwilling to become a member; or

26 (2) a noncontiguous configuration of member districts has
27 sufficient technological or other resources to offer effective
28 levels of administrative services.

29 Subd. 4. [COMMISSIONER REVIEW AND COMMENT.] Before
30 entering into an agreement, the school boards of the proposed
31 member districts must jointly submit the proposed agreement to
32 the commissioner for review and comment. The commissioner shall
33 submit a review and comment on the educational and economic
34 advisability of the proposed agreement to the school boards
35 within 60 days of receiving the proposal. If the commissioner
36 submits a negative review and comment, the districts do not

1 qualify for levy authority according to section 123A.12,
2 subdivision 5.

3 Subd. 5. [NOTICE AND PUBLIC HEARING ON PROPOSED
4 AGREEMENT.] Before entering into an agreement, the board of each
5 member district must publish the commissioner's review and
6 comment and a summary of the proposed agreement and its effect
7 upon the district at least once in a newspaper of general
8 circulation in the district. The board must conduct a public
9 hearing on the proposed agreement not more than ten days after
10 the notice and at least 30 days before entering into an
11 agreement.

12 Sec. 3. [123A.11] [EDUCATION ADMINISTRATIVE DISTRICT
13 BOARD.]

14 Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The
15 education administrative district board shall be composed of at
16 least one representative appointed by the school board of each
17 member district. Each representative must be a member of the
18 appointing school board. Each representative shall serve at the
19 pleasure of the appointing board and may be recalled by a
20 majority vote of the appointing board. Each representative
21 shall serve for the term that is specified in the agreement.
22 The board shall select its officers from among its members and
23 shall determine the terms of the officers. The board shall
24 adopt bylaws for the conduct of its business. The board may
25 conduct public meetings via interactive television if the board
26 complies with chapter 13D in each location where board members
27 are present.

28 Subd. 2. [PROVISION OF ADMINISTRATIVE SERVICES.] An
29 education administrative district board shall implement the
30 agreement for delivering administrative services, defined in
31 section 123A.12, needed in the education administrative district.

32 Subd. 3. [PERSONNEL.] The board may employ personnel as
33 necessary to provide administrative services for the education
34 administrative district. Education administrative district
35 staff shall participate in retirement programs. Notwithstanding
36 section 123B.143, subdivision 1, a member district of an

1 education administrative district must contract with the
2 education administrative district to obtain the services of a
3 superintendent. The person to provide the services need not be
4 employed by the education administrative district or a member
5 district at the time the contract is entered into.

6 Subd. 4. [CONTRACTS.] The board may enter into contracts
7 with districts and other public and private agencies to provide
8 administrative services needed in the education administrative
9 district.

10 Subd. 5. [GENERAL LAW.] The board shall be governed,
11 unless specifically provided otherwise, by section 471.59.

12 Subd. 6. [ANNUAL REPORT.] After each of its first five
13 years of operation, the board shall submit an annual report to
14 the member districts and the commissioner regarding the
15 activities of the education administrative district, including
16 analysis of the impact of the arrangement on administrative
17 costs and efficiency.

18 Sec. 4. [123A.12] [EDUCATION ADMINISTRATIVE DISTRICT
19 AGREEMENT.]

20 Subdivision 1. [IMPLEMENTATION; REVIEW.] An education
21 administrative district board shall implement the agreement for
22 provision of administrative services to the member school
23 districts adopted by the member districts according to section
24 123A.10, subdivision 2. The education administrative district
25 board shall review the agreement annually and propose necessary
26 amendments to the member districts.

27 Subd. 2. [ADMINISTRATIVE SERVICES.] (a) The agreement must
28 provide for the selection of one superintendent for the
29 administrative district at a specified time, according to
30 section 123B.143, subdivision 1, by the administrative district
31 board.

32 (b) The agreement must specify which other noninstructional
33 services are to be provided by the education administrative
34 district. These services may include, but are not limited to,
35 business management, human resources, payroll, food service,
36 buildings and grounds maintenance, pupil transportation,

1 technology coordination, curriculum coordination, community
2 education, nursing services, student records, district policy,
3 student administrative services, and school building
4 administration.

5 Subd. 3. [TIMING AND DURATION.] (a) The initial agreement
6 must specify a time schedule for implementation.

7 (b) The initial agreement must be for a period of at least
8 three years. After completing the first two years, the
9 agreement may be extended by majority vote of the full
10 membership of each board.

11 Subd. 4. [FINANCES.] The initial agreement must:

12 (1) include a three-year budget projection comparing
13 existing administrative services and their costs with the
14 proposed services and their costs for each year;

15 (2) specify what retirement and severance incentives may be
16 offered to licensed and nonlicensed staff, and how these costs
17 will be apportioned among the member districts. The incentives
18 must conform with section 123A.48, subdivision 23;

19 (3) specify any other start-up costs for the education
20 administrative district and how these costs will be apportioned
21 among the member districts;

22 (4) specify the estimated amounts that each member district
23 will levy under subdivision 5 for the costs specified in clauses
24 (2) and (3); and

25 (5) specify an equitable distribution formula for the
26 education administrative district board to assess and certify to
27 each member school district its proportionate share of
28 expenses. Each member district must remit its assessment to the
29 education administrative district board within 30 days after
30 receipt.

31 Subd. 5. [LEVY.] A school district that is a member of an
32 education administrative district may levy an amount equal to
33 the district's share of costs approved by the commissioner for
34 retirement and severance incentives and other start-up costs
35 included in the initial agreement under subdivision 4, clauses
36 (2) and (3), over a period of time not to exceed three years.

1 Subd. 6. [REPORTS TO DEPARTMENT OF EDUCATION.] Member
2 districts may submit joint reports and jointly provide
3 information required by the department. The joint reports must
4 allow information, including expenditures for the education
5 administrative district, to be attributed to each member
6 district.

7 Subd. 7. [ADDITION AND WITHDRAWAL OF DISTRICTS.] (a) Upon
8 approval by majority vote of a district school board and of the
9 education administrative district board, an adjoining district
10 may become a member of the education administrative district and
11 be governed by the provisions of this section and the agreement
12 in effect. A noncontiguous district may become a member with
13 the approval of the commissioner according to the criteria
14 specified in section 123A.10, subdivision 3, paragraph (c). A
15 new member added to an existing education administrative
16 district may levy for approved costs of retirement and severance
17 incentives according to subdivision 5.

18 (b) After its first three years of membership, a district
19 may withdraw from the education administrative district and from
20 the agreement in effect by a majority vote of the full board
21 membership of the member district desiring withdrawal and upon
22 compliance with provisions in the agreement establishing the
23 education administrative district. The withdrawal shall become
24 effective at the end of the next following fiscal year.

25 Subd. 8. [DISSOLUTION.] After the first three years of the
26 education administrative district, the boards of each member
27 district may agree to dissolve the education administrative
28 district effective at the end of any fiscal year or at an
29 earlier time as they may mutually agree. A dissolution must be
30 accomplished in accordance with any applicable provisions of the
31 agreement establishing the education administrative district.
32 The dissolution must not affect the continuing liability of the
33 previous member districts for continuing obligations, including
34 unemployment benefits.

35 Sec. 5. Minnesota Statutes 2004, section 123A.24,
36 subdivision 2, is amended to read:

1 Subd. 2. [COOPERATIVE UNIT DEFINED.] For the purposes of
2 this section, a cooperative unit is:

3 (1) an education district organized under sections 123A.15
4 to 123A.19;

5 (2) a cooperative vocational center organized under section
6 123A.22;

7 (3) an intermediate district organized under chapter 136D;

8 (4) an education administrative district organized under
9 sections 123A.10 to 123A.12;

10 (5) a service cooperative organized under section 123A.21;
11 or

12 ~~(5)~~ (6) a regional management information center organized
13 under section 123A.23 or as a joint powers district according to
14 section 471.59.

15 Sec. 6. Minnesota Statutes 2004, section 123A.27, is
16 amended to read:

17 123A.27 [RESERVED REVENUE FOR DISTRICT COOPERATION.]

18 (a) A district that was a member of an intermediate school
19 district organized pursuant to chapter 136D on July 1, 1996,
20 must place a portion of its general education revenue in a
21 reserved account for instructional services from entities formed
22 for cooperative services for special education programs and
23 secondary vocational programs. The amount reserved is equal to
24 the levy made according to Minnesota Statutes 1993 Supplement,
25 section 124.2727, subdivision 6, for taxes payable in 1994
26 divided by the actual pupil units in the intermediate school
27 district for fiscal year 1995 times the number of actual pupil
28 units in the school district in 1995. The district must use
29 5/11 of the revenue for special education and 6/11 of the
30 revenue for secondary vocational education. The district must
31 demonstrate that the revenue is being used to provide the full
32 range of special education and secondary vocational programs and
33 services available to each child served by the intermediate.
34 The secondary vocational programs and services must meet the
35 requirements established in an articulation agreement developed
36 between the commissioner of education and the Board of Trustees

1 of the Minnesota State Colleges and Universities.

2 (b) A school district that is a member of an intermediate
3 school district must place a portion of its discretionary
4 revenue under section 126C.10, subdivision 37, in a reserve
5 account for leases of administrative and classroom space for
6 intermediate school district programs. The amount reserved is
7 equal to the district's share of intermediate school district
8 lease costs for administrative and classroom space for the
9 fiscal year in which the levy is certified not to exceed \$27 per
10 adjusted pupil unit.

11 (c) A district that was a member of an education district
12 organized pursuant to section 123A.15 on July 1, 1999, must
13 place a portion of its general education revenue in a reserve
14 account for instructional services from entities formed for
15 cooperative services. Services may include secondary vocational
16 programs, special education programs, staff development, and
17 gifted and talented instruction. The amount reserved is equal
18 to \$50 per pupil unit times the actual number of pupil units in
19 the district.

20 Sec. 7. Minnesota Statutes 2004, section 123A.485,
21 subdivision 2, is amended to read:

22 Subd. 2. [AID.] (a) Consolidation transition aid is equal
23 to ~~\$200~~ \$240 times the number of resident pupil units in the
24 newly created district in the year of consolidation and ~~\$100~~
25 \$120 times the number of resident pupil units in the first year
26 following the year of consolidation. The number of pupil units
27 used to calculate aid in either year shall not exceed ~~1,700~~-for
28 ~~districts-consolidating-July-1, 1994, and 1,500~~ 1,250 for
29 districts consolidating July 1, ~~1995~~ 2005, and thereafter.

30 (b) If the total appropriation for consolidation transition
31 aid for any fiscal year, plus any amount transferred under
32 section 127A.41, subdivision 8, is insufficient to pay all
33 districts the full amount of aid earned, the department must
34 first pay the districts in the first year following the year of
35 consolidation the full amount of aid earned and distribute any
36 remaining funds to the newly created districts in the first year

1 of consolidation.

2 [EFFECTIVE DATE.] This section is effective for revenue for
3 fiscal year 2007.

4 Sec. 8. Minnesota Statutes 2004, section 123B.42,
5 subdivision 3, is amended to read:

6 Subd. 3. [COST; LIMITATION.] (a) The cost per pupil of the
7 textbooks, individualized instructional or cooperative learning
8 materials, and standardized tests provided for in this section
9 for each school year must not exceed the statewide average
10 expenditure per pupil, adjusted pursuant according to clause
11 paragraph (b), by the Minnesota public elementary and secondary
12 schools for textbooks, individualized instructional materials
13 and standardized tests as computed and established by the
14 department by February 1 of the preceding school year from the
15 most recent public school year data then available.

16 (b) The cost computed in clause paragraph (a) shall be
17 increased by an inflation adjustment equal to ~~the-percent-of~~
18 ~~increase-in-the-formula-allowance,-pursuant-to-section-126C.10,~~
19 ~~subdivision-2,-from-the-second-preceding-school-year-to-the~~
20 ~~current-school-year~~ two percent for fiscal year 2006, 4.04
21 percent for fiscal year 2007, and two percent for fiscal year
22 2008.

23 (c) The commissioner shall allot to the districts or
24 intermediary service areas the total cost for each school year
25 of providing or loaning the textbooks, individualized
26 instructional or cooperative learning materials, and
27 standardized tests for the pupils in each nonpublic school. The
28 allotment shall not exceed the product of the statewide average
29 expenditure per pupil, according to clause (a), adjusted
30 pursuant to clause (b), multiplied by the number of nonpublic
31 school pupils who make requests pursuant to this section and who
32 are enrolled as of September 15 of the current school year.

33 Sec. 9. Minnesota Statutes 2004, section 123B.92,
34 subdivision 1, is amended to read:

35 Subdivision 1. [DEFINITIONS.] For purposes of this section
36 and section 125A.76, the terms defined in this subdivision have

1 the meanings given to them.

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

5 (1) the sum of:

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

9 (ii) an amount equal to one year's depreciation on the
10 district's school bus fleet and mobile units computed on a
11 straight line basis at the rate of 15 percent per year for
12 districts operating a program under section 124D.128 for grades
13 1 to 12 for all students in the district and 12-1/2 percent per
14 year for other districts of the cost of the fleet, plus

15 (iii) an amount equal to one year's depreciation on the
16 district's type three school buses, as defined in section
17 169.01, subdivision 6, clause (5), which must be used a majority
18 of the time for pupil transportation purposes, computed on a
19 straight line basis at the rate of 20 percent per year of the
20 cost of the type three school buses by:

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

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

26 (1) Regular transportation is:

27 (i) transportation to and from school during the regular
28 school year for resident elementary pupils residing one mile or
29 more from the public or nonpublic school they attend, and
30 resident secondary pupils residing two miles or more from the
31 public or nonpublic school they attend, excluding desegregation
32 transportation and noon kindergarten transportation; but with
33 respect to transportation of pupils to and from nonpublic
34 schools, only to the extent permitted by sections 123B.84 to
35 123B.87;

36 (ii) transportation of resident pupils to and from language

1 immersion programs;

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

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

9 (v) transportation to and from school during the regular
10 school year required under subdivision 3 for nonresident
11 elementary pupils when the distance from the attendance area
12 border to the public school is one mile or more, and for
13 nonresident secondary pupils when the distance from the
14 attendance area border to the public school is two miles or
15 more, excluding desegregation transportation and noon
16 kindergarten transportation.

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

24 (2) Excess transportation is:

25 (i) transportation to and from school during the regular
26 school year for resident secondary pupils residing at least one
27 mile but less than two miles from the public or nonpublic school
28 they attend, and transportation to and from school for resident
29 pupils residing less than one mile from school who are
30 transported because of extraordinary traffic, drug, or crime
31 hazards; and

32 (ii) transportation to and from school during the regular
33 school year required under subdivision 3 for nonresident
34 secondary pupils when the distance from the attendance area
35 border to the school is at least one mile but less than two
36 miles from the public school they attend, and for nonresident

1 pupils when the distance from the attendance area border to the
2 school is less than one mile from the school and who are
3 transported because of extraordinary traffic, drug, or crime
4 hazards.

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

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

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

15 (ii) necessary transportation of pupils with disabilities
16 from home or from school to other buildings, including centers
17 such as developmental achievement centers, hospitals, and
18 treatment centers where special instruction or services required
19 by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65
20 are provided, within or outside the district where services are
21 provided;

22 (iii) necessary transportation for resident pupils with
23 disabilities required by sections 125A.12, and 125A.26 to
24 125A.48;

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

27 (v) transportation from one educational facility to another
28 within the district for resident pupils enrolled on a
29 shared-time basis in educational programs, and necessary
30 transportation required by sections 125A.18, and 125A.26 to
31 125A.48, for resident pupils with disabilities who are provided
32 special instruction and services on a shared-time basis or if
33 resident pupils are not transported, the costs of necessary
34 travel between public and private schools or neutral
35 instructional sites by essential personnel employed by the
36 district's program for children with a disability;

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

4 (vii) services described in clauses (i) to (vi), when
5 provided for pupils with disabilities in conjunction with a
6 summer instructional program that relates to the pupil's
7 individual education plan or in conjunction with a learning year
8 program established under section 124D.128.

9 For purposes of computing special education base revenue
10 under section 125A.76, subdivision 2, the cost of providing
11 transportation for children with disabilities includes (A) the
12 additional cost of transporting a homeless student from a
13 temporary nonshelter home in another district to the school of
14 origin, or a formerly homeless student from a permanent home in
15 another district to the school of origin but only through the
16 end of the academic year; and (B) depreciation on district-owned
17 school buses purchased after July 1, 2005, and used primarily
18 for transportation of pupils with disabilities, calculated
19 according to paragraph (a), clauses (ii) and (iii).

20 Depreciation costs included in the disabled transportation
21 category must be excluded in calculating the actual expenditure
22 per pupil transported in the regular and excess transportation
23 categories according to paragraph (a).

24 (5) "Nonpublic nonregular transportation" is:

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

30 (ii) transportation within district boundaries between a
31 nonpublic school and a public school or a neutral site for
32 nonpublic school pupils who are provided pupil support services
33 pursuant to section 123B.44; and

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

1 (c) "Mobile unit" means a vehicle or trailer designed to
2 provide facilities for educational programs and services,
3 including diagnostic testing, guidance and counseling services,
4 and health services. A mobile unit located off nonpublic school
5 premises is a neutral site as defined in section 123B.41,
6 subdivision 13.

7 Sec. 10. Minnesota Statutes 2004, section 123B.92,
8 subdivision 5, is amended to read:

9 Subd. 5. [DISTRICT REPORTS.] (a) Each district must report
10 data to the department as required by the department to account
11 for transportation expenditures.

12 (b) Salaries and fringe benefits of district employees
13 whose primary duties are other than transportation, including
14 central office administrators and staff, building administrators
15 and staff, teachers, social workers, school nurses, and
16 instructional aides, must not be included in a district's
17 transportation expenditures, except that a district may include
18 salaries and benefits according to paragraph (c) for (1) an
19 employee designated as the district transportation director, (2)
20 an employee providing direct support to the transportation
21 director, or (3) an employee providing direct transportation
22 services such as a bus driver or bus aide.

23 (c) Salaries and fringe benefits of other district
24 employees who work part-time in transportation and part-time in
25 other areas must not be included in a district's transportation
26 expenditures unless the district maintains documentation of the
27 employee's time spent on pupil transportation matters in the
28 form and manner prescribed by the department.

29 (d) Pupil transportation expenditures, excluding
30 expenditures for capital outlay, leased buses, student board and
31 lodging, crossing guards, and aides on buses, must be allocated
32 among transportation categories based on a cost per mile, cost
33 per student, cost per hour, or cost per route, regardless of
34 whether the transportation services are provided on
35 district-owned or contractor-owned school buses. Expenditures
36 for school bus driver salaries and fringe benefits may either be

1 directly charged to the appropriate transportation category or
 2 may be allocated among transportation categories on a cost per
 3 mile, cost per student basis, cost per hour, or cost per route.
 4 Expenditures by private contractors or individuals who provide
 5 transportation exclusively in one transportation category must
 6 be charged directly to the appropriate transportation category.
 7 Transportation services provided by contractor-owned school bus
 8 companies incorporated under different names but owned by the
 9 same individual or group of individuals must be treated as the
 10 same company for cost allocation purposes.

11 [EFFECTIVE DATE.] This section is effective for expenditure
 12 reporting for fiscal year 2006 and later.

13 Sec. 11. Minnesota Statutes 2004, section 123B.92,
 14 subdivision 9, is amended to read:

15 Subd. 9. [NONPUBLIC PUPIL TRANSPORTATION AID.] (a) A
 16 district's nonpublic pupil transportation aid for the-1996-1997
 17 and-later-school-years fiscal year 2006 and later for
 18 transportation services for nonpublic school pupils according to
 19 sections 123B.88, 123B.84 to 123B.86, and this section, equals
 20 the sum of the amounts computed in paragraphs (b) and (c). This
 21 aid does not limit the obligation to transport pupils under
 22 sections 123B.84 to 123B.87.

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

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

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

32 (3) ~~the ratio of the formula allowance pursuant to section~~
 33 ~~126C.10, subdivision 2, for the current school year to the~~
 34 ~~formula allowance pursuant to section 126C.10, subdivision 2,~~
 35 ~~for the second preceding school year~~ 1.02 for fiscal year 2006,
 36 1.0404 for fiscal year 2007, 1.02 for fiscal year 2008, and 1.0

1 for fiscal year 2009 and later.

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

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

8 ~~(2) the ratio of the formula allowance pursuant to section~~
9 ~~126C.107, subdivision 2, for the current school year to the~~
10 ~~formula allowance pursuant to section 126C.107, subdivision 2,~~
11 ~~for the second preceding school year~~ 1.02 for fiscal year 2006,
12 1.0404 for fiscal year 2007, 1.02 for fiscal year 2008, and 1.0
13 for fiscal year 2009 and later.

14 ~~(d) Notwithstanding the amount of the formula allowance for~~
15 ~~fiscal year 2004 in section 126C.107, subdivision 2, the~~
16 ~~commissioner shall use the amount of the formula allowance for~~
17 ~~the current year minus \$415 in determining the nonpublic pupil~~
18 ~~transportation revenue in paragraphs (b) and (c) for fiscal year~~
19 ~~2004.~~

20 Sec. 12. Minnesota Statutes 2004, section 124D.081,
21 subdivision 6, is amended to read:

22 Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school
23 district is eligible for first-grade preparedness revenue equal
24 ~~to the basic formula allowance for that year~~ \$2,537 times the
25 number of children five years of age or older enrolled in a
26 kindergarten program at the site on October 1 of the previous
27 year ~~times--53.~~

28 (b) This revenue must supplement and not replace
29 compensatory revenue that the district uses for the same or
30 similar purposes under chapters 120B, 123A, 123B, 124D, 126C,
31 and 127A.

32 (c) A pupil enrolled in the first grade preparedness
33 program at a qualifying school site is eligible for
34 transportation under section 123B.88, subdivision 1.

35 (d) First grade preparedness revenue paid to a charter
36 school for which a school district is providing transportation

1 according to section 124D.10, subdivision 16, shall be decreased
2 by an amount equal to the product of the formula allowance
3 according to section 126C.10, subdivision 2, times ~~0.0485~~ .0458
4 times the pupil units calculated according to paragraph (a).
5 This amount shall be paid to the school district for
6 transportation costs.

7 [EFFECTIVE DATE.] This section is effective for revenue for
8 fiscal year 2007.

9 Sec. 13. Minnesota Statutes 2004, section 125A.51, is
10 amended to read:

11 125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES;
12 EDUCATION AND TRANSPORTATION.]

13 The responsibility for providing instruction and
14 transportation for a pupil without a disability who has a
15 short-term or temporary physical or emotional illness or
16 disability, as determined by the standards of the commissioner,
17 and who is temporarily placed for care and treatment for that
18 illness or disability, must be determined as provided in this
19 section.

20 (a) The school district of residence of the pupil is the
21 district in which the pupil's parent or guardian resides.

22 (b) When parental rights have been terminated by court
23 order, the legal residence of a child placed in a residential or
24 foster facility for care and treatment is the district in which
25 the child resides.

26 (c) Before the placement of a pupil for care and treatment,
27 the district of residence must be notified and provided an
28 opportunity to participate in the placement decision. When an
29 immediate emergency placement is necessary and time does not
30 permit resident district participation in the placement
31 decision, the district in which the pupil is temporarily placed,
32 if different from the district of residence, must notify the
33 district of residence of the emergency placement within 15 days
34 of the placement.

35 (d) When a pupil without a disability is temporarily placed
36 for care and treatment in a day program and the pupil continues

1 to live within the district of residence during the care and
2 treatment, the district of residence must provide instruction
3 and necessary transportation to and from the treatment facility
4 for the pupil. Transportation shall only be provided by the
5 district during regular operating hours of the district. The
6 district may provide the instruction at a school within the
7 district of residence, at the pupil's residence, or in the case
8 of a placement outside of the resident district, in the district
9 in which the day treatment program is located by paying tuition
10 to that district. The district of placement may contract with a
11 facility to provide instruction by teachers licensed by the
12 state Board of Teaching.

13 (e) When a pupil without a disability is temporarily placed
14 in a residential program for care and treatment, the district in
15 which the pupil is placed must provide instruction for the pupil
16 and necessary transportation while the pupil is receiving
17 instruction, and in the case of a placement outside of the
18 district of residence, the nonresident district must bill the
19 district of residence for the actual cost of providing the
20 instruction for the regular school year and for summer school,
21 excluding transportation costs.

22 (f) Notwithstanding paragraph (e), if the pupil is homeless
23 and placed in a public or private homeless shelter, then the
24 district that enrolls the pupil under section 127A.47,
25 subdivision 2, shall provide the transportation, unless the
26 district that enrolls the pupil and the district in which the
27 pupil is temporarily placed agree that the district in which the
28 pupil is temporarily placed shall provide transportation. When
29 a pupil without a disability is temporarily placed in a
30 residential program outside the district of residence, the
31 administrator of the court placing the pupil must send timely
32 written notice of the placement to the district of residence.
33 The district of placement may contract with a residential
34 facility to provide instruction by teachers licensed by the
35 state Board of Teaching. For purposes of this section, the state
36 correctional facilities operated on a fee-for-service basis are

1 considered to be residential programs for care and treatment.

2 ~~(f)~~ (g) The district of residence must include the pupil in
3 its residence count of pupil units and pay tuition as provided
4 in section 123A.488 to the district providing the instruction.
5 Transportation costs must be paid by the district providing the
6 transportation and the state must pay transportation aid to that
7 district. For purposes of computing state transportation aid,
8 pupils governed by this subdivision must be included in the
9 disabled transportation category if the pupils cannot be
10 transported on a regular school bus route without special
11 accommodations.

12 Sec. 14. Minnesota Statutes 2004, section 126C.40,
13 subdivision 1, is amended to read:

14 Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When an
15 independent or a special school district or a group of
16 independent or special school districts finds it economically
17 advantageous to rent or lease a building or land for any
18 instructional purposes or for school storage or furniture
19 repair, and it determines that the operating capital revenue
20 authorized under section 126C.10, subdivision 13, is
21 insufficient for this purpose, it may apply to the commissioner
22 for permission to make an additional capital expenditure levy
23 for this purpose. An application for permission to levy under
24 this subdivision must contain financial justification for the
25 proposed levy, the terms and conditions of the proposed lease,
26 and a description of the space to be leased and its proposed use.

27 (b) The criteria for approval of applications to levy under
28 this subdivision must include: the reasonableness of the price,
29 the appropriateness of the space to the proposed activity, the
30 feasibility of transporting pupils to the leased building or
31 land, conformity of the lease to the laws and rules of the state
32 of Minnesota, and the appropriateness of the proposed lease to
33 the space needs and the financial condition of the district.

34 The commissioner must not authorize a levy under this
35 subdivision in an amount greater than 90 percent of the cost to
36 the district of renting or leasing a building or land for

1 approved purposes. The proceeds of this levy must not be used
2 for custodial or other maintenance services. A district may not
3 levy under this subdivision for the purpose of leasing or
4 renting a district-owned building or site to itself.

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

13 (d) Notwithstanding paragraph (b), a district may levy
14 under this subdivision for the purpose of leasing or renting a
15 district-owned building or site to itself only if the amount is
16 needed by the district to make payments required by a lease
17 purchase agreement, installment purchase agreement, or other
18 deferred payments agreement authorized by law, and the levy
19 meets the requirements of paragraph (c). A levy authorized for
20 a district by the commissioner under this paragraph may be in
21 the amount needed by the district to make payments required by a
22 lease purchase agreement, installment purchase agreement, or
23 other deferred payments agreement authorized by law, provided
24 that any agreement include a provision giving the school
25 districts the right to terminate the agreement annually without
26 penalty.

27 (e) The total levy under this subdivision for a district
28 for any year must not exceed ~~\$90~~ \$108 times the resident pupil
29 units for the fiscal year to which the levy is attributable.

30 (f) For agreements for which a review and comment have been
31 submitted to the Department of Education after April 1, 1998,
32 the term "instructional purpose" as used in this subdivision
33 excludes expenditures on stadiums.

34 (g) The commissioner of education may authorize a school
35 district to exceed the limit in paragraph (e) if the school
36 district petitions the commissioner for approval. The

1 commissioner shall grant approval to a school district to exceed
2 the limit in paragraph (e) for not more than five years if the
3 district meets the following criteria:

4 (1) the school district has been experiencing pupil
5 enrollment growth in the preceding five years;

6 (2) the purpose of the increased levy is in the long-term
7 public interest;

8 (3) the purpose of the increased levy promotes colocation
9 of government services; and

10 (4) the purpose of the increased levy is in the long-term
11 interest of the district by avoiding over construction of school
12 facilities.

13 (h) A school district that is a member of an intermediate
14 school district may include in its authority under this section
15 90 percent of the costs associated with leases of administrative
16 and classroom space for intermediate school district programs.
17 This authority must not exceed ~~\$22.50~~ \$27 times the adjusted
18 ~~marginal-cost~~ pupil units of the member districts. This
19 authority is in addition to any other authority authorized under
20 this section.

21 (i) In addition to the allowable capital levies in
22 paragraph (a), a district that is a member of the "Technology
23 and Information Education Systems" data processing joint board,
24 that finds it economically advantageous to enter into a lease
25 purchase agreement for a building for a group of school
26 districts or special school districts for staff development
27 purposes, may levy for its portion of lease costs attributed to
28 the district within the total levy limit in paragraph (e).

29 (j) For taxes payable in 2006 and later, no lease levy
30 shall be authorized under this subdivision unless the amount is
31 needed by the district to make payments required by a lease
32 purchase agreement, installment purchase agreement, or other
33 deferred payment agreement where ownership of the leased
34 property is being acquired by the lessee at the end of the lease
35 term, and the agreement was entered into prior to January 1,
36 2005.

1 Sec. 15. Minnesota Statutes 2004, section 126C.48, is
2 amended by adding a subdivision to read:

3 Subd. 9. [REVERSE REFERENDUM.] (a) At the time a district
4 certifies its proposed levy to the county auditor according to
5 section 275.065, subdivision 1, the school board must certify
6 the amount of discretionary revenue, special education levy
7 revenue, and deferred maintenance revenue per pupil unit that
8 the board intends to raise. If the board certifies an amount
9 for fiscal year 2007 greater than the sum of the district's
10 training and experience revenue for fiscal year 2006 plus the
11 district's levy limitation for taxes payable in 2005 for the
12 levies specified in subdivision 31, paragraph (b), clause
13 (1)(iii), plus \$76 times the district's fiscal year 2007
14 adjusted pupil units, the excess amount certified is subject to
15 reverse referendum under paragraphs (b) and (c). If the amount
16 certified for fiscal year 2008 and later exceeds the amount
17 certified for the previous fiscal year, the increase over the
18 amount certified for the previous fiscal year is subject to
19 reverse referendum under paragraphs (b) and (c).

20 (b) If a district certifies revenue under paragraph (a)
21 that is subject to reverse referendum, the district must publish
22 notice of the intended increase subject to reverse referendum by
23 September 30. The notice must include the amount of the revenue
24 increase per adjusted pupil unit and the property tax increase
25 in annual dollars for typical residential homesteads,
26 agricultural homesteads, apartments, and commercial-industrial
27 property within the district.

28 (c) Revenue tentatively authorized by the board under this
29 subdivision becomes authorized unless a petition signed by more
30 than 15 percent of the registered voters of the district is
31 filed with the school board within 30 days of the publication of
32 notice. The percentage is to be determined with reference to
33 the number of registered voters in the district on the last day
34 before the petition is filed with the board. The petition must
35 call for a referendum on the question of whether to increase the
36 revenue. The approval of 50 percent plus one of those voting on

1 the question is required to pass a referendum authorized by this
2 section. The referendum must be held on the last Tuesday in
3 January.

4 Sec. 16. Minnesota Statutes 2004, section 127A.49,
5 subdivision 2, is amended to read:

6 Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278,
7 sections 270.07, 375.192, or otherwise, the net tax capacity of
8 any district for any taxable year is changed after the taxes for
9 that year have been spread by the county auditor and the local
10 tax rate as determined by the county auditor based upon the
11 original net tax capacity is applied upon the changed net tax
12 capacities, the county auditor shall, prior to February 1 of
13 each year, certify to the commissioner of education the amount
14 of any resulting net revenue loss that accrued to the district
15 during the preceding year. Each year, the commissioner shall
16 pay an abatement adjustment to the district in an amount
17 calculated according to the provisions of this subdivision.
18 This amount shall be deducted from the amount of the levy
19 authorized by section 126C.46. The amount of the abatement
20 adjustment must be the product of:

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

23 (2) the ratio of:

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

26 (A) section 123B.57, if the district received health and
27 safety aid according to that section for the second preceding
28 year;

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

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

35 (D) section 126C.17, subdivision 6, if the district
36 received referendum equalization aid according to that section

1 for the second preceding year; to

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

5 Sec. 17. [SCHOOL BUS LEVY; CARPENTER SCHOOL BUSES.]

6 For taxes payable in 2006 through 2010, a school district
7 may levy an amount, not to exceed in the aggregate, \$30,000
8 times the number of Carpenter school buses in its fleet as of
9 January 1, 2004, that have been determined to have potentially
10 defective welds and are subject to limitations imposed by the
11 Minnesota Department of Public Safety.

12 [EFFECTIVE DATE.] This section is effective for taxes
13 payable in 2006.

14 Sec. 18. [APPROPRIATIONS.]

15 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
16 indicated in this section are appropriated from the general fund
17 to the Department of Education for the fiscal years designated.

18 Subd. 2. [ENROLLMENT OPTIONS TRANSPORTATION.] For
19 transportation of pupils attending postsecondary institutions
20 under Minnesota Statutes, section 124D.09, or for transportation
21 of pupils attending nonresident districts under Minnesota
22 Statutes, section 124D.03:

23 \$55,000 2006

24 \$55,000 2007

25 Subd. 3. [ABATEMENT REVENUE.] For abatement aid under
26 Minnesota Statutes, section 127A.49:

27 \$820,000 2006

28 \$870,000 2007

29 The 2006 appropriation includes \$216,000 for 2005 and
30 \$604,000 for 2006.

31 The 2007 apprcpriation includes \$133,000 for 2006 and
32 \$737,000 for 2007.

33 Subd. 4. [CONSOLIDATION TRANSITION.] For districts
34 consolidating under Minnesota Statutes, section 123A.485:

35 \$246,000 2007

36 The 2007 appropriation includes \$-0- for 2006 and \$246,000

1 for 2007.

2 Subd. 5. [NONPUBLIC PUPIL AID.] For nonpublic pupil
3 education aid under Minnesota Statutes, sections 123B.87 and
4 123B.40 to 123B.43:

5 \$15,797,000 2006

6 \$16,770,000 2007

7 The 2006 appropriation includes \$2,718,000 for 2005 and
8 \$13,079,000 for 2006.

9 The 2007 appropriation includes \$2,890,000 for 2006 and
10 \$13,880,000 for 2007.

11 Subd. 6. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic
12 pupil transportation aid under Minnesota Statutes, section
13 123B.92, subdivision 9:

14 \$22,098,000 2006

15 \$23,249,000 2007

16 The 2006 appropriation includes \$3,788,000 for 2005 and
17 \$18,310,000 for 2006.

18 The 2007 appropriation includes \$4,046,000 for 2006 and
19 \$19,203,000 for 2007.

20 Subd. 7. [FIRST GRADE PREPAREDNESS.] For first grade
21 preparedness grants under Minnesota Statutes, section 124D.081:

22 \$7,250,000 2006

23 \$7,250,000 2007

24 Subd. 8. [ONE ROOM SCHOOLHOUSE.] For a grant to
25 Independent School District No. 690, Warroad, to operate the
26 Angle Inlet School:

27 \$50,000 2006

28 \$50,000 2007

29 Subd. 9. [DECLINING PUPIL AID; ALBERT LEA.] For declining
30 pupil aid to Independent School District No. 241, Albert Lea:

31 \$75,000 2006

32 Subd. 10. [DECLINING PUPIL AID; MESABI EAST.] For
33 declining pupil aid to Independent School District No. 2711,
34 Mesabi East:

35 \$50,000 2006

36 Subd. 11. [DECLINING PUPIL AID; ROSEAU.] For declining

1 pupil aid to Independent School District No. 682, Roseau:

2 \$10,000 2006

3 Sec. 19. [REPEALER.]

4 Minnesota Statutes 2004, sections 123A.39, subdivision 3;
5 126C.41, subdivision 5; 126C.43, subdivisions 2 and 3; 126C.44;
6 126C.445; 126C.45; and 126C.455, are repealed effective for
7 taxes payable in 2006.

8 Laws 1996, chapter 412, article 5, section 28; Laws 1997,
9 First Special Session chapter 4, article 4, section 31; Laws
10 2001, First Special Session chapter 5, article 3, section 87;
11 and Laws 2001, First Special Session chapter 6, article 1,
12 section 53, as amended by Laws 2002, chapter 377, article 5,
13 section 5, are repealed effective for taxes payable in 2006.

14 ARTICLE 3

15 EDUCATION EXCELLENCE

16 Section 1. Minnesota Statutes 2004, section 13.321, is
17 amended by adding a subdivision to read:

18 Subd. 10. [TEACHER DATA FROM VALUE-ADDED ASSESSMENT
19 MODEL.] Data on individual teachers generated from a value-added
20 assessment model are governed under section 120B.362.

21 [EFFECTIVE DATE.] This section is effective the day
22 following final enactment.

23 Sec. 2. [120A.23] [SCHOOL ATTENDANCE REQUIREMENT; DRIVING
24 PRIVILEGES.]

25 Subdivision 1. [ATTENDANCE.] The school attendance
26 requirement for driving privileges is a tool available to school
27 districts to encourage students to regularly attend school. A
28 student meets the school attendance requirement when the student
29 provides verification that the student:

30 (1) has a high school diploma or general education
31 development certificate (GED);

32 (2) has withdrawn from school under section 120A.22,
33 subdivision 8;

34 (3) is enrolled and attending a public school, SAAP, or
35 charter school, or is receiving alternative educational services
36 during the pendency of a school expulsion, or is homeschooled or

1 attending a nonpublic school, and does not meet the definition
2 of a habitual truant under section 260C.007, subdivision 19; or
3 (4) has conformed to attendance laws, rules, and policies
4 of the student's school, school district, and the state.

5 Subd. 2. [CERTIFICATION OF ATTENDANCE.] Upon student
6 request, a school principal or other administrator at the
7 student's public school, SAAP, or charter school must sign a
8 written certificate form in a timely manner that verifies the
9 student does not meet the definition of a habitual truant as
10 defined in section 260C.007, subdivision 19, for the school's
11 last and current grading period, to the extent that data is
12 available. As set forth in section 171.056, the Department of
13 Public Safety shall develop a certificate form for the school
14 administrator to complete that includes the student's name, date
15 of birth, and address. For any data not included in the school
16 district, SAAP, or charter school definition of directory
17 information, the school district, SAAP, or charter school must
18 obtain the informed consent of the parent or guardian to release
19 data to the Department of Public Safety. The school, district,
20 SAAP, or charter school must include in the student attendance
21 policy it distributes to the parent or guardian and student that
22 it will request a parent or guardian to sign an informed consent
23 form to transfer directory information about the student to the
24 Department of Public Safety.

25 Subd. 3. [ONGOING REPORTING OF TRUANCY DATA TO DEPARTMENT
26 OF PUBLIC SAFETY.] A school district, SAAP, or charter school
27 may notify the Department of Public Safety electronically in a
28 manner and format prescribed by the Department of Public Safety
29 of students who meet the definition of habitual truancy for the
30 last grading period. The electronic notification must include
31 each student's name, date of birth, and address. For any data
32 not included in the school district, SAAP, or charter school
33 definition of directory information, the school district, SAAP,
34 or charter school must obtain the informed consent of the parent
35 or guardian to release the data to the Department of Public
36 Safety.

1 Subd. 4. [OPT OUT PROVISION.] A district school board,
2 board of a state approved alternative program (SAAP), or charter
3 school board of directors may, by majority vote, waive the
4 school attendance requirement for driving privileges under
5 section 171.056 for students enrolled in the district, SAAP, or
6 charter school. The school board, SAAP board, or board of
7 directors must vote to waive the requirement on or before
8 September 30 of the initial school year for which the waiver is
9 effective. If a school board, SAAP board, or board of directors
10 intends to rescind its waiver and require students to comply
11 with the school attendance requirement under section 171.056,
12 for a later school year or school years, the board must vote on
13 or before September 30 of the school year for which the waiver
14 is initially rescinded. For a school district, charter school,
15 or SAAP that opts out, the school board must send an annual
16 certificate to the Department of Public Safety verifying that it
17 is opting out of the attendance requirement for driving
18 privileges for its students. The Department of Public Safety
19 shall develop a certificate form for the school board to
20 complete if that school district has opted out of the attendance
21 requirement for driving privileges.

22 Subd. 5. [NOTICE.] School districts, SAAPs, and charter
23 schools that choose to participate in the school attendance
24 requirement for driving privileges must include that notice in
25 their district wide school attendance policy and include the
26 steps a student must take to obtain an initial certification of
27 attendance, the required steps to obtain certification of
28 attendance after a student has failed to obtain an initial
29 license or after a license is cancelled, the appeal provision,
30 and the frequency and method followed if it chooses to send
31 ongoing truancy reports to the Department of Public Safety
32 regarding students 15 years and older who are habitually truant
33 as defined in section 260C.007, subdivision 19.

34 Subd. 6. [HARDSHIP WAIVER.] (a) Pursuant to section
35 171.30, subdivision 1, a student may seek a limited license from
36 the Department of Public Safety based upon the hardship that

1 would occur by cancellation of a student's driver's license or
2 permit or by the student's inability to obtain an initial
3 provisional or driver's license. The school district
4 superintendent or the equivalent administrator of a SAAP or
5 charter school may consult with the Department of Public Safety
6 to assist in making the limited license determination.

7 (b) In addition, the school board, SAAP board, or charter
8 school board may choose to include in their attendance policy an
9 internal appeal process for students to utilize prior to
10 electronically submitting truancy data to the Department of
11 Public Safety or when a school administrator has not signed a
12 certificate of attendance. The student seeking review would
13 submit a request for a hardship waiver hearing to the school
14 district superintendent or the equivalent administrator of a
15 SAAP or charter school in a manner and on a form the school
16 administrator prescribes. The attendance policy would set forth
17 the time frame and process utilized by the district
18 superintendent or equivalent administrator to make its
19 determination. The student and the student's parent or guardian
20 would be able to submit documentary and oral evidence as part of
21 the appeal process. Upon completion of the appeal process, the
22 school district superintendent or the equivalent administrator
23 would submit its written decision to the student and the
24 student's parent or guardian within two business days after the
25 determination is made. The decision must include a provision
26 informing the student of the right to seek a limited license
27 under section 171.30 from the Department of Public Safety.

28 Subd. 7. [MODEL SCHOOL POLICY.] The commissioner of the
29 Department of Education will develop and make available to
30 districts a districtwide model school policy for attendance.

31 Subd. 8. [NONPUBLIC SCHOOLS.] Nonpublic schools may choose
32 to participate in the school attendance requirement for driving
33 privileges.

34 [EFFECTIVE DATE.] This section is effective September 1,
35 2005, and applies to all persons under 18 years of age
36 possessing or applying for a motorized bicycle permit, driver's

1 instruction permit, or provisional license on or after that date.

2 Sec. 3. Minnesota Statutes 2004, section 120A.22,
3 subdivision 12, is amended to read:

4 Subd. 12. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or
5 other person having control of a child may apply to a school
6 district to have the child excused from attendance for the whole
7 or any part of the time school is in session during any school
8 year. Application may be made to any member of the board, a
9 truant officer, a principal, or the superintendent. The school
10 district may include a provision in its attendance policy that
11 written documentation from the student's parent or legal
12 guardian may be requested to verify the reason for the school
13 absence. The board of the district in which the child resides
14 may approve the application upon the following being
15 demonstrated to the satisfaction of that board:

16 (1) that the child's bodily or mental condition is such as
17 to prevent attendance at school or application to study for the
18 period required; or, which shall include:

19 (i) student illness, medical, dental, orthodontic, or
20 counseling appointments;

21 (ii) family emergencies;

22 (iii) the death or serious illness or funeral of an
23 immediate family member; or

24 (iv) active duty in any military branch of the United
25 States;

26 (2) that ~~for-the-school-years-1988-1989-through-1999-2000~~
27 ~~the-child-has-already-completed-the-studies-ordinarily-required~~
28 ~~in-the-10th-grade-and-that-for-the-school-years-beginning-with~~
29 ~~the-2000-2001-school-year-the-child-has-already-completed-the~~
30 ~~studies-ordinarily-required-to-graduate~~ the child has already
31 completed the state and district standard requirements for
32 graduation from high school; or

33 (3) that it is the wish of the parent, guardian, or other
34 person having control of the child, that the child attend for a
35 period or periods not exceeding in the aggregate three hours in
36 any week, a school for religious instruction conducted and

1 maintained by some church, or association of churches, or any
2 Sunday school association incorporated under the laws of this
3 state, or any auxiliary thereof. This school for religious
4 instruction must be conducted and maintained in a place other
5 than a public school building, and it must not, in whole or in
6 part, be conducted and maintained at public expense. However, a
7 child may be absent from school on such days as the child
8 attends upon instruction according to the ordinances of some
9 church.

10 Sec. 4. Minnesota Statutes 2004, section 120B.02, is
11 amended to read:

12 120B.02 [EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S
13 STUDENTS.]

14 (a) The legislature is committed to establishing rigorous
15 academic standards for Minnesota's public school students. To
16 that end, the commissioner shall adopt in rule statewide
17 academic standards. The commissioner shall not prescribe in
18 rule or otherwise the delivery system, classroom assessments, or
19 form of instruction that school sites must use. For purposes of
20 this chapter, a school site is a separate facility, or a
21 separate program within a facility that a local school board
22 recognizes as a school site for funding purposes.

23 (b) All commissioner actions regarding the rule must be
24 premised on the following:

25 (1) the rule is intended to raise academic expectations for
26 students, teachers, and schools;

27 (2) any state action regarding the rule must evidence
28 consideration of school district autonomy; and

29 (3) the Department of Education, with the assistance of
30 school districts, must make available information about all
31 state initiatives related to the rule to students and parents,
32 teachers, and the general public in a timely format that is
33 appropriate, comprehensive, and readily understandable.

34 (c) When fully implemented, the requirements for high
35 school graduation in Minnesota must require students to ~~pass-the~~
36 ~~basic-skills-test-requirements-and~~ satisfactorily complete, as

1 determined by the school district, the course credit
2 requirements under section 120B.024 and:

3 (1) for students enrolled in grade 8 before the 2005-2006
4 school year, to pass the basic skills test requirements; or

5 (2) for students enrolled in grade 8 in the 2005-2006
6 school year and later, to pass the Minnesota Comprehensive
7 Assessments Second Edition (MCA-IIIs).

8 (d) The commissioner shall periodically review and report
9 on the state's assessment process.

10 (e) School districts are not required to adopt specific
11 provisions of ~~the Goals-2000~~ and the federal School-to-Work
12 programs.

13 Sec. 5. [120B.128] [EDUCATIONAL PLANNING AND ASSESSMENT
14 SYSTEM (EPAS) PROGRAM.]

15 (a) School districts and charter schools may elect to
16 participate in the Educational Planning and Assessment System
17 (EPAS) program offered by ACT, Inc. to provide a longitudinal,
18 systematic approach to student educational and career planning,
19 assessment, instructional support, and evaluation. The EPAS
20 achievement tests include English, reading, mathematics,
21 science, and components on planning for high school and
22 postsecondary education, interest inventory, needs assessments,
23 and student education plans. These tests are linked to the ACT
24 assessment for college admission and allow students, parents,
25 teachers, and schools to determine the student's college
26 readiness before grades 11 and 12.

27 (b) The commissioner of education shall provide ACT Explore
28 tests for students in grade 8 and the ACT Plan test for students
29 in grade 10 to assess individual student academic strengths and
30 weaknesses, academic achievement and progress, higher order
31 thinking skills, and college readiness. The state shall pay the
32 test costs for school districts and charter schools that choose
33 to participate in the EPAS program. The commissioner shall
34 establish an application procedure and a process for state
35 payment of costs.

36 Sec. 6. Minnesota Statutes 2004, section 120B.13,

1 subdivision 1, is amended to read:

2 Subdivision 1. [PROGRAM STRUCTURE; TRAINING PROGRAMS FOR
3 TEACHERS.] (a) The advanced placement and international
4 baccalaureate programs are well-established academic programs
5 for mature, academically directed high school students. These
6 programs, in addition to providing academic rigor, offer sound
7 curricular design, accountability, comprehensive external
8 assessment, feedback to students and teachers, and the
9 opportunity for high school students to compete academically on
10 a global level. Advanced placement and international
11 baccalaureate programs allow students to leave high school with
12 the academic skills and self-confidence to succeed in college
13 and beyond. The advanced placement and international
14 baccalaureate programs help provide Minnesota students with
15 world-class educational opportunity.

16 (b) Critical to schools' educational success is ongoing
17 advanced placement/international baccalaureate-approved teacher
18 training. A secondary teacher assigned by a ~~district~~ public or
19 nonpublic school to teach an advanced placement or international
20 baccalaureate course or other interested educator may
21 participate in a training program offered by The College Board
22 or International Baccalaureate North America, Inc. The state
23 may pay a portion of the tuition, room, and board, and
24 out-of-state travel costs a teacher or other interested educator
25 incurs in participating in a training program. The commissioner
26 shall determine application procedures and deadlines, and select
27 teachers and other interested educators to participate in the
28 training program, and determine the payment process and amount
29 of the subsidy. The procedures determined by the commissioner
30 shall, to the extent possible, ensure that advanced placement
31 and international baccalaureate courses become available in all
32 parts of the state and that a variety of course offerings are
33 available in school districts. This subdivision does not
34 prevent teacher or other interested educator participation in
35 training programs offered by The College Board or International
36 Baccalaureate North America, Inc., when tuition is paid by a

1 source other than the state.

2 Sec. 7. Minnesota Statutes 2004, section 120B.13,
3 subdivision 3, is amended to read:

4 Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] The state may pay
5 all or part of the fee for advanced placement or international
6 baccalaureate examinations ~~for pupils of low-income families in~~
7 ~~public and nonpublic schools.~~ The commissioner shall ~~adopt a~~
8 ~~schedule for fee subsidies that may allow payment of the entire~~
9 fee for pay all examination fees for all public and nonpublic
10 students of low-income families, as defined by the commissioner,
11 and to the limit of the available appropriation, shall also pay
12 a portion or all of the examination fees for other public and
13 nonpublic students sitting for an advanced placement
14 examination, international baccalaureate examination, or both.
15 The commissioner shall determine procedures for state payments
16 of fees.

17 Sec. 8. Minnesota Statutes 2004, section 120B.13, is
18 amended by adding a subdivision to read:

19 Subd. 3a. [TEACHER STIPENDS.] A teacher who teaches an
20 advanced placement or international baccalaureate course shall
21 receive a stipend for each student in the teacher's course who
22 receives a three or higher on the advanced placement examination
23 or the international baccalaureate examination that covers the
24 subject matter of the course. The commissioner shall determine
25 the payment process and the amount of teacher stipends.

26 Sec. 9. Minnesota Statutes 2004, section 120B.13, is
27 amended by adding a subdivision to read:

28 Subd. 3b. [COLLEGE CREDIT.] The colleges and universities
29 of the Minnesota State Colleges and Universities system must
30 award, and the University of Minnesota and private postsecondary
31 institutions are encouraged to award, college credit to high
32 school students who receive a score of three or higher on an
33 advanced placement or International Baccalaureate program
34 examination.

35 Sec. 10. [120B.131] [COLLEGE-LEVEL EXAMINATION PROGRAM
36 (CLEP).]

1 Subdivision 1. [PROGRAM STRUCTURE.] The College-Level
2 Examination Program (CLEP) offered by The College Board provides
3 students with the opportunity to demonstrate college-level
4 achievement and receive college credit or advanced standing
5 through a program of examinations in undergraduate college
6 courses. Schools must provide information about CLEP and the
7 opportunity to receive college credit from a Minnesota
8 postsecondary institution to students successfully completing a
9 college-level course.

10 Subd. 2. [REIMBURSEMENT FOR EXAMINATION FEES.] The state
11 may reimburse CLEP examination fees for a Minnesota public high
12 school student who has successfully completed one or more
13 college-level courses in high school and earned a satisfactory
14 score on one or more CLEP examinations in the following subjects:
15 composition and literature, mathematics and science, social
16 sciences and history, foreign languages, and business and
17 humanities. The state may reimburse each successful student
18 for up to six examination fees. The commissioner shall
19 establish application procedures and a process and schedule for
20 fee reimbursements. The commissioner must give priority to
21 reimburse the CLEP examination fees of students of low-income
22 families.

23 Subd. 3. [COLLEGE CREDIT.] The colleges and universities
24 of the Minnesota State Colleges and Universities system must
25 award, and the University of Minnesota and private postsecondary
26 institutions are encouraged to award, college credit to high
27 school students who receive a satisfactory score on a CLEP
28 examination under this section. The commissioner, in
29 consultation with the Minnesota State Colleges and Universities,
30 shall set a passing score for college credits.

31 Sec. 11. Minnesota Statutes 2004, section 120B.30,
32 subdivision 1, is amended to read:

33 Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner,
34 with advice from experts with appropriate technical
35 qualifications and experience and stakeholders, consistent with
36 subdivision 1a, shall include in the comprehensive assessment

1 system, for each grade level to be tested, state-constructed
2 tests developed from and aligned with the state's required
3 academic standards under section 120B.021 and administered
4 annually to all students in grades 3 through 8 and at the high
5 school level. A state-developed test in a subject other than
6 writing, developed after the 2002-2003 school year, must include
7 both multiple choice and constructed response questions. The
8 commissioner shall establish one or more months during which
9 schools shall administer the tests to students each school
10 year. For students enrolled in grade 8 before the 2005-2006
11 school year, only Minnesota basic skills tests in reading,
12 mathematics, and writing shall fulfill students' basic skills
13 testing requirements for a passing state notation. The passing
14 scores of the state tests in reading and mathematics are the
15 equivalent of:

16 (1) 70 percent correct for students entering grade 9 in
17 1996; and

18 (2) 75 percent correct for students entering grade 9 in
19 1997 and thereafter, as based on the first uniform test
20 administration of February 1998.

21 For students enrolled in grade 8 in the 2005-2006 school
22 year and later, only the Minnesota Comprehensive Assessments
23 Second Edition (MCA-IIIs) in reading, mathematics, and writing
24 shall fulfill students' academic standard requirements.

25 (b) The third through 8th grade and high school level test
26 results shall be available to districts for diagnostic purposes
27 affecting student learning and district instruction and
28 curriculum, and for establishing educational accountability.
29 The commissioner must disseminate to the public the test results
30 upon receiving those results.

31 (c) State tests must be constructed and aligned with state
32 academic standards. The testing process and the order of
33 administration shall be determined by the commissioner. The
34 statewide results shall be aggregated at the site and district
35 level, consistent with subdivision 1a.

36 (d) In addition to the testing and reporting requirements

1 under this section, the commissioner shall include the following
2 components in the statewide public reporting system:

3 (1) uniform statewide testing of all students in grades 3
4 through 8 and at the high school level that provides exemptions,
5 only with parent or guardian approval, for those very few
6 students for whom the student's individual education plan team
7 under sections 125A.05 and 125A.06, determines that the student
8 is incapable of taking a statewide test, or for a limited
9 English proficiency student under section 124D.59, subdivision
10 2, if the student has been in the United States for fewer than
11 three years;

12 (2) educational indicators that can be aggregated and
13 compared across school districts and across time on a statewide
14 basis, including average daily attendance, high school
15 graduation rates, and high school drop-out rates by age and
16 grade level;

17 (3) students' scores on the American College Test; and

18 (4) state results from participation in the National
19 Assessment of Educational Progress so that the state can
20 benchmark its performance against the nation and other states,
21 and, where possible, against other countries, and contribute to
22 the national effort to monitor achievement.

23 (e) Districts must report exemptions under paragraph (d),
24 clause (1), to the commissioner consistent with a format
25 provided by the commissioner.

26 Sec. 12. Minnesota Statutes 2004, section 120B.30,
27 subdivision 1a, is amended to read:

28 Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a)
29 The commissioner must develop ~~language-arts~~ reading,
30 mathematics, and science assessments aligned with state academic
31 standards that districts and sites must use to monitor student
32 growth toward achieving those standards. The commissioner must
33 not develop statewide assessments for academic standards in
34 social studies and the arts. The commissioner must require:

35 (1) annual ~~language-arts~~ reading and mathematics
36 assessments in grades 3 through 8 and at the high school level

1 for the 2005-2006 school year and later; and

2 (2) annual science assessments in one grade in the grades 3
3 through 5 span, the grades 6 through 9 span, and a life sciences
4 assessment in the grades 10 through 12 span for the 2007-2008
5 school year and later.

6 (b) The commissioner must ensure that all statewide tests
7 administered to elementary and secondary students measure
8 students' academic knowledge and skills and not students'
9 values, attitudes, and beliefs.

10 (c) Reporting of assessment results must:

11 (1) provide timely, useful, and understandable information
12 on the performance of individual students, schools, school
13 districts, and the state;

14 (2) include, by the 2006-2007 school year, a value-added
15 component to measure student achievement growth over time; and

16 (3) for students enrolled in grade 8 before the 2005-2006
17 school year, determine whether students have met the state's
18 basic skills requirements; or

19 (4) for students enrolled in grade 8 in the 2005-2006
20 school year and later, determine whether students have met the
21 state's academic standards.

22 (d) Consistent with applicable federal law and subdivision
23 1, paragraph (d), clause (1), the commissioner must include
24 alternative assessments for the very few students with
25 disabilities for whom statewide assessments are inappropriate
26 and for students with limited English proficiency.

27 (e) A school, school district, and charter school must
28 administer statewide assessments under this section, as the
29 assessments become available, to evaluate student progress in
30 achieving the academic standards. If a state assessment is not
31 available, a school, school district, and charter school must
32 determine locally if a student has met the required academic
33 standards. A school, school district, or charter school may use
34 a student's performance on a statewide assessment as one of
35 multiple criteria to determine grade promotion or retention. A
36 school, school district, or charter school may use a high school

1 student's performance on a statewide assessment as a percentage
2 of the student's final grade in a course, or place a student's
3 assessment score on the student's transcript.

4 Sec. 13. [120B.362] [VALUE-ADDED ASSESSMENT PROGRAM.]

5 (a) The commissioner of education must implement a
6 value-added assessment program to assist school districts,
7 public schools, and charter schools in assessing and reporting
8 students' growth in academic achievement under section 120B.30,
9 subdivision 1a. The program must use assessments of students'
10 academic achievement to make longitudinal comparisons of each
11 student's academic growth over time. School districts, public
12 schools, and charter schools may apply to the commissioner to
13 participate in the initial trial program using a form and in the
14 manner the commissioner prescribes. The commissioner must
15 select program participants from urban, suburban, and rural
16 areas throughout the state.

17 (b) The commissioner may issue a request for a proposal to
18 contract with an organization that provides a value-added
19 assessment model that reliably estimates school and school
20 district effects on students' academic achievement over time.
21 The model the commissioner selects must accommodate diverse data
22 and must use each student's test data across grades.

23 (c) The contract under paragraph (b) must be consistent
24 with the definition of "best value" under section 16C.02,
25 subdivision 4.

26 [EFFECTIVE DATE.] This section is effective the day
27 following final enactment.

28 Sec. 14. Minnesota Statutes 2004, section 122A.12,
29 subdivision 2, is amended to read:

30 Subd. 2. [TERMS; COMPENSATION; REMOVAL; ADMINISTRATION;
31 REIMBURSEMENT.] (a) Membership terms, removal of members, and
32 the filling of membership vacancies are as provided in section
33 214.09. The terms of the initial board members must be
34 determined by lot as follows:

35 (1) three members must be appointed for terms that expire
36 August 1, 2002;

1 (2) three members must be appointed for terms that expire
2 August 1, 2003; and

3 (3) four members must be appointed for terms that expire
4 August 1, 2004.

5 Members shall not receive the daily payment under section
6 214.09, subdivision 3. The public employer of a member shall
7 not reduce the member's compensation or benefits for the
8 member's absence from employment when engaging in the business
9 of the board. The provision of staff, administrative services,
10 and office space; the review and processing of complaints; the
11 setting of fees; the selection and duties of an executive
12 secretary to serve the board; and other provisions relating to
13 board operations are as provided in chapter 214. Fiscal year
14 and reporting requirements are as provided in sections 214.07
15 and 214.08.

16 (b) The board may reimburse local school districts for the
17 cost of a substitute teacher employed when a regular teacher is
18 providing professional assistance to the state by serving on the
19 board or on a committee or task force appointed by the board.

20 Sec. 15. [122A.245] [TEACHER TRAINING PROGRAM FOR
21 QUALIFIED PROFESSIONALS.]

22 Subdivision 1. [SCOPE AND REQUIREMENTS.] (a) As an
23 alternative to postsecondary teacher preparation programs and
24 alternative preparation licensing for teachers under section
25 122A.24, a teacher training program is established for qualified
26 professionals to acquire an entrance license. Providers,
27 approved by the commissioner under subdivision 3, may offer the
28 program in the instructional fields of science, mathematics,
29 world languages, English as a second language, and special
30 education.

31 (b) To participate in the teacher training program, the
32 applicant must:

33 (1) have, at a minimum, a bachelor's degree from an
34 accredited four-year postsecondary institution;

35 (2) have an undergraduate major or postbaccalaureate degree
36 in the subject to be taught or in an equivalent or related

1 subject area in which the applicant is seeking licensure;

2 (3) pass an examination of skills in reading, writing, and
3 mathematics as required by section 122A.18;

4 (4) pass Praxis II Subject Assessment for each subject area
5 to be taught;

6 (5) have a cumulative grade point average requirement of
7 2.75 or higher on a 4.0 scale for a bachelor's degree;

8 (6) have evidence of employment related to the subject to
9 be taught; and

10 (7) have evidence of being hired as a teacher on condition
11 of participating in an approved program described in subdivision
12 2.

13 Subd. 2. [PROGRAM.] A teacher training program provided
14 under this section is one year in duration and must include:

15 (1) a nine-credit summer or preinduction preparation
16 program that includes classroom management techniques and
17 on-site classroom observation that must be completed before the
18 candidate is employed in the classroom;

19 (2) 200 clock hours of instruction in essential skills and
20 knowledge including curriculum, instruction, and classroom
21 management presented after school, Saturdays, or both throughout
22 the year. The completed 200 clock hours shall lead to a
23 teaching license and may provide up to 15 graduate credits
24 toward a master's degree in education;

25 (3) on-the-job mentoring, supervision, and evaluation
26 arranged by the local district of employment. Mentoring must be
27 provided by an experienced teacher with licensure in the subject
28 taught by applicant. Three evaluations, including at least
29 three classroom observations, must be conducted by the
30 evaluation team and a written report of each evaluation
31 prepared. The third evaluation contains the team's
32 recommendation for licensure. The evaluation team must include
33 the mentor, the principal, and a member of the approved teacher
34 training program; and

35 (4) a one-week intensive workshop that includes analysis
36 and reflection of the first year of teaching at the completion

1 of the school year. These hours may be counted as part of 200
2 clock hours required in clause (2).

3 Subd. 3. [PROGRAM APPROVAL.] Program proposals submitted
4 to the commissioner of education for approval must be developed
5 and submitted by a Minnesota public or private postsecondary
6 institution. Notwithstanding any law to the contrary, the
7 commissioner must approve teacher training programs under this
8 section based on criteria developed by an advisory group
9 appointed by the commissioner. The advisory group shall
10 include, at a minimum, a representative of the Board of
11 Teaching, school superintendents, principals, teachers, the
12 Department of Education, and postsecondary institutions,
13 including those offering degrees in teaching preparation.

14 Subd. 4. [ELIGIBILITY LICENSE.] Notwithstanding any law to
15 the contrary, an applicant who successfully meets the criteria
16 established under subdivision 1, paragraph (b), shall receive a
17 one-year eligibility license to teach at the place of employment
18 identified under subdivision 1, paragraph (b), clause (7).
19 During the one-year eligibility period, a mentor must be
20 assigned under subdivision 2, clause (3). The applicant teacher
21 and teacher mentor must meet to confer on classroom and
22 instructional issues a minimum of once every week throughout the
23 full school year.

24 The hiring district may deduct the cost of providing the
25 mentor for the teacher training program participant from the
26 participant's salary for the year of training.

27 Subd. 5. [STANDARD ENTRANCE LICENSE.] Notwithstanding any
28 law to the contrary, the Board of Teaching must issue a standard
29 entrance license to a training program licensee who successfully
30 completes the program under subdivision 2, successfully teaches
31 in a classroom for one complete school year, and receives a
32 positive recommendation from the applicant's evaluation team.

33 Subd. 6. [QUALIFIED TEACHER.] A person with a valid
34 eligibility license under subdivision 5 is a qualified teacher
35 under section 122A.16.

36 Sec. 16. [122A.601] [STAFF DEVELOPMENT PROGRAM.]

1 Subdivision 1. [REQUIREMENT.] Each school district must
2 implement a staff development program that improves the quality
3 of teaching and increases the achievement of all students.
4 Staff development must be a part of each district and site
5 improvement plan and must be aligned with state and federal
6 requirements. A school board must use the revenue authorized in
7 section 122A.61 for staff development that addresses areas
8 identified for improvement by the district advisory committee
9 and site teams, or for violence prevention training authorized
10 in section 120B.22, subdivision 2.

11 Subd. 2. [DISTRICT STAFF DEVELOPMENT ADVISORY
12 COMMITTEE.] (a) The school board must appoint a district staff
13 development advisory committee. A majority of the advisory
14 committee must be teachers representing various grade levels,
15 subject areas, and special education. The district committee
16 must also include personnel who work with federal programs,
17 nonteaching staff, parents, paraprofessionals, and
18 administrators including the superintendent or superintendent's
19 designee.

20 (b) The district staff development advisory committee shall:

21 (1) analyze student achievement and other kinds of
22 district-related data;

23 (2) establish districtwide staff development goals and
24 learning outcomes based on the analysis of data, including the
25 goal of eliminating achievement gaps among students;

26 (3) review the site team staff development plans for
27 alignment with district goals;

28 (4) review the site team staff development plans for
29 alignment with applications for federal funding;

30 (5) approve the site team plans or consult with site teams
31 as needed to align with district goals and applications for
32 federal funding;

33 (6) forward the approved site team plans and district staff
34 development goals and learning outcomes to the superintendent
35 and to the school board for approval prior to implementation.

36 Subd. 3. [STAFF DEVELOPMENT SCHOOL SITE TEAM.] (a) Each

1 school site in a district must establish a staff development
2 school site team that must include the principal. A majority of
3 the site team must be teachers representing various grade
4 levels, subject areas, and special education. The site team may
5 also include nonteaching staff, personnel who work with federal
6 programs, parents, and paraprofessionals. Kindergarten through
7 grade 12 sites may function with a single committee that serves
8 as both the site team and the district advisory committee.

9 (b) The staff development site team shall create a staff
10 development plan for the site that improves instruction and
11 student achievement. The plan shall:

12 (1) analyze student achievement and other kinds of
13 site-related data;

14 (2) establish staff development goals and learning outcomes
15 for the site based on the analysis of data, including the goal
16 of eliminating achievement gaps among groups of students;

17 (3) identify procedures at each site for annually assessing
18 and evaluating progress toward meeting the goals and outcomes;

19 (4) specify the staff development activities needed to
20 increase the content knowledge and instructional skills of
21 staff; and

22 (5) specify the staff development activities needed to
23 enhance the leadership skills of principals to support
24 instruction.

25 Subd. 4. [EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.] Staff
26 development activities must:

27 (1) focus on the school classroom and research-based
28 strategies that improve student learning;

29 (2) provide opportunities for teachers to practice and
30 improve their skills over time;

31 (3) provide opportunities for teachers to use data to
32 increase student achievement as part of their daily work;

33 (4) enhance teacher content knowledge and instructional
34 skills;

35 (5) align with state and local academic standards; and

36 (6) provide opportunities to build professional

1 relationships, foster collaboration among principals and staff
2 who provide instruction, and provide opportunities for
3 teacher-to-teacher mentoring.
4 Staff development activities may include curriculum development
5 and curriculum training programs, and activities that provide
6 teachers and other members of site-based teams training to
7 enhance team performance. In addition, the school district may
8 implement other staff development activities as required by law
9 and those associated with alternative teacher compensation
10 models. Release time provided for teachers to supervise
11 students on field trips and school activities, or independent
12 tasks not associated with enhancing the teacher's knowledge and
13 skills, such as preparing report cards, calculating grades, or
14 organizing classroom materials, may not be counted as staff
15 development time that is financed with staff development
16 reserved revenue under section 122A.61.

17 Subd. 5. [STAFF DEVELOPMENT REPORT.] (a) By October 15 of
18 each year, the district and site staff development committees
19 shall write and submit a report of staff development activities
20 and expenditures for the previous year, in the form and manner
21 determined by the commissioner. The report must include
22 assessment and evaluation data indicating progress toward
23 district and site staff development goals based on teaching and
24 learning outcomes, including the percentage of teachers
25 participating in effective staff development activities under
26 subdivision 4.

27 (b) The report must provide a breakdown of expenditures for:
28 (1) curriculum development and curriculum training
29 programs; and
30 (2) staff development training models, workshops, and
31 conferences, and the cost of releasing teachers or providing
32 substitute teachers for staff development purposes.

33 The report must also include whether the expenditures were
34 incurred at the district level or the school site level, and
35 whether the school site expenditures were made possible by
36 grants to school sites that demonstrate exemplary use of

1 allocated staff development revenue. These expenditures must be
2 reported using the Uniform Financial and Accounting and
3 Reporting Standards.

4 (c) The commissioner shall report the staff development
5 progress and expenditure data to the house of representatives
6 and senate committees having jurisdiction over education by
7 February 15 each year.

8 Sec. 17. Minnesota Statutes 2004, section 122A.61,
9 subdivision 1, is amended to read:

10 Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is
11 required to reserve an amount equal to at least two percent of
12 the basic revenue under section 126C.10, subdivision 2, for
13 ~~in-service~~ staff development education for programs under
14 section 120B.22, subdivision 2, for district and site staff
15 ~~development plans, including plans for challenging instructional~~
16 ~~activities and experiences under~~ planning and implementation of
17 staff development activities consistent with section
18 ~~122A.60, and for curriculum development and programs, other~~
19 ~~in-service education, teachers' workshops, teacher conferences,~~
20 the cost of substitute teachers for staff development purposes,
21 preservice and in-service education for special education
22 professionals and paraprofessionals, other staff in the district
23 plan, and other related costs for staff development efforts as
24 specified in the district plan. The school district must use
25 staff development revenue for activities under section 122A.60.
26 A district may reduce the amount reserved for the current year
27 by the amount expended for these purposes in the current fiscal
28 year from its reserved for staff development fund balance.
29 Prior to the end of the reporting school year, a district
30 may annually waive the annual requirement to reserve their two
31 percent of its basic revenue or some portion for the next school
32 year, under this section ~~if~~ by a majority vote of the licensed
33 teachers in the district and a majority vote of the school board
34 ~~agree to a resolution to waive the requirement.~~ A district in
35 statutory operating debt is exempt from reserving basic revenue
36 according to this section, but must develop district plans, site

1 plans, and the annual report under section 122A.60. Districts
 2 may expend an additional amount of unreserved revenue for staff
 3 development based on their needs. With the exception of amounts
 4 reserved for staff development from revenues allocated directly
 5 to school sites, the board must initially allocate 50 percent of
 6 the reserved revenue to each school site sites in the district
 7 ~~on-a-per-teacher-basis, which must be retained by the school~~
 8 ~~site until used~~ with a proportionate amount per site based on
 9 the number of teachers. The board may retain 25 up to 50
 10 percent to be used for district wide staff development efforts,
 11 for grants to sites for staff development, or both. The
 12 ~~remaining 25 percent of the revenue must be used to make grants~~
 13 ~~to school sites for best practices methods. A grant may be used~~
 14 ~~for any purpose authorized under section 120B.22, subdivision 2,~~
 15 ~~122A.60, or for the costs of curriculum development and~~
 16 ~~programs, other in-service education, teachers' workshops,~~
 17 ~~teacher conferences, substitute teachers for staff development~~
 18 ~~purposes, and other staff development efforts, and determined by~~
 19 ~~the site professional development team. The site professional~~
 20 ~~development team must demonstrate to the school board the extent~~
 21 ~~to which staff at the site have met the outcomes of the~~
 22 program. The board may withhold a portion of initial allocation
 23 of revenue if the staff development goals are not being
 24 addressed or if the learning outcomes are not being met.

25 Sec. 18. Minnesota Statutes 2004, section 123B.09,
 26 subdivision 8, is amended to read:

27 Subd. 8. [DUTIES.] The board must superintend and manage
 28 the schools of the district; adopt rules for their organization,
 29 government, and instruction; keep registers; and prescribe
 30 textbooks and courses of study. The board may enter into an
 31 agreement with a postsecondary institution for secondary or
 32 postsecondary nonsectarian courses to be taught at a secondary
 33 school, nonsectarian postsecondary institution, or another
 34 location. The board must not enter into an agreement which
 35 limits a district superintendent's duty to assign and reassign
 36 teachers or administrators to the schools in which the teachers

1 will teach or the administrators will administer.

2 [EFFECTIVE DATE.] This section is effective for agreements
3 entered into on or after July 1, 2005.

4 Sec. 19. Minnesota Statutes 2004, section 123B.143,
5 subdivision 1, is amended to read:

6 Subdivision 1. [CONTRACT; DUTIES.] All districts
7 maintaining a classified secondary school must employ a
8 superintendent who shall be an ex officio nonvoting member of
9 the school board. The authority for selection and employment of
10 a superintendent must be vested in the board in all cases. An
11 individual employed by a board as a superintendent shall have an
12 initial employment contract for a period of time no longer than
13 three years from the date of employment. Any subsequent
14 employment contract must not exceed a period of three years. A
15 board, at its discretion, may or may not renew an employment
16 contract. A board must not, by action or inaction, extend the
17 duration of an existing employment contract. Beginning 365 days
18 prior to the expiration date of an existing employment contract,
19 a board may negotiate and enter into a subsequent employment
20 contract to take effect upon the expiration of the existing
21 contract. A subsequent contract must be contingent upon the
22 employee completing the terms of an existing contract. If a
23 contract between a board and a superintendent is terminated
24 prior to the date specified in the contract, the board may not
25 enter into another superintendent contract with that same
26 individual that has a term that extends beyond the date
27 specified in the terminated contract. A board may terminate a
28 superintendent during the term of an employment contract for any
29 of the grounds specified in section 122A.40, subdivision 9 or 13.
30 A superintendent shall not rely upon an employment contract with
31 a board to assert any other continuing contract rights in the
32 position of superintendent under section 122A.40.
33 Notwithstanding the provisions of sections 122A.40, subdivision
34 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no
35 individual shall have a right to employment as a superintendent
36 based on order of employment in any district. If two or more

1 districts enter into an agreement for the purchase or sharing of
2 the services of a superintendent, the contracting districts have
3 the absolute right to select one of the individuals employed to
4 serve as superintendent in one of the contracting districts and
5 no individual has a right to employment as the superintendent to
6 provide all or part of the services based on order of employment
7 in a contracting district. The superintendent of a district
8 shall perform the following:

9 (1) visit and supervise the schools in the district, report
10 and make recommendations about their condition when advisable or
11 on request by the board;

12 (2) recommend to the board employment and dismissal of
13 teachers;

14 (3) before the start of the school year, and at other times
15 as needed, superintend the assignment of teachers or
16 administrators to schools to best meet student and school needs
17 as determined by the superintendent;

18 (4) superintend school grading practices and examinations
19 for promotions;

20 ~~(4)~~ (5) make reports required by the commissioner;

21 ~~(5)~~ (6) by January 10, submit an annual report to the
22 commissioner in a manner prescribed by the commissioner, in
23 consultation with school districts, identifying the expenditures
24 that the district requires to ensure an 80 percent student
25 passage rate on the basic standards test taken in the eighth
26 grade, identifying the highest student passage rate the district
27 expects it will be able to attain on the basic standards test by
28 grade 12, the amount of expenditures that the district requires
29 to attain the targeted student passage rate, and how much the
30 district is cross-subsidizing programs with special education,
31 basic skills, and general education revenue; and

32 ~~(6)~~ (7) perform other duties prescribed by the board.

33 [EFFECTIVE DATE.] This section is effective July 1, 2005.

34 Sec. 20. Minnesota Statutes 2004, section 124D.11,
35 subdivision 1, is amended to read:

36 Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General

1 education revenue must be paid to a charter school as though it
2 were a district. For fiscal years 2004 and 2005, the general
3 education revenue for each adjusted marginal cost pupil unit is
4 the state average general education revenue per pupil unit, plus
5 the referendum equalization aid allowance in the pupil's
6 district of residence, minus an amount equal to the product of
7 the formula allowance according to section 126C.10, subdivision
8 2, times 0.0485, calculated without basic skills
9 revenue, extended time revenue, transition revenue, and
10 transportation sparsity revenue, plus basic skills revenue and
11 transition revenue as though the school were a school district.
12 For fiscal year 2006, the general education revenue for each
13 adjusted marginal cost pupil unit is the state average general
14 education revenue per pupil unit, plus the referendum
15 equalization aid allowance in the pupil's district of residence,
16 minus an amount equal to the product of the formula allowance
17 according to section 126C.10, subdivision 2, times 0.0485,
18 calculated without basic skills revenue, extended time revenue,
19 alternative compensation revenue, transition revenue, and
20 transportation sparsity revenue, plus basic skills revenue and
21 transition revenue as though the school were a school district,
22 plus the basic alternative compensation aid according to section
23 126C.10, subdivision 34. For fiscal year 2007 and later, the
24 general education revenue for each adjusted pupil unit is the
25 state average general education revenue per pupil unit, plus the
26 referendum equalization aid allowance in the pupil's district of
27 residence, minus an amount equal to the product of the formula
28 allowance according to section 126C.10, subdivision 2, times
29 0.0458, calculated without basic skills revenue, extended time
30 revenue, secondary education revenue, declining enrollment
31 revenue, alternative compensation revenue, transition revenue,
32 and transportation sparsity revenue, plus secondary education
33 revenue, declining enrollment revenue, basic skills revenue, and
34 transition revenue as though the school were a school district
35 plus the basic alternative compensation aid according to section
36 126C.10, subdivision 34. For fiscal year 2006, the general

1 education revenue for each extended time marginal cost pupil
 2 unit equals \$4,465. For fiscal year 2007 and later, the general
 3 education revenue for each extended time pupil unit equals
 4 \$5,535. Notwithstanding section 126C.10, the general education
 5 aid for a charter school for general education revenue
 6 categories that require a levy equals the school's revenue for
 7 those categories.

8 (b) Notwithstanding paragraph (a), for charter schools in
 9 the first year of operation, general education revenue for
 10 fiscal year 2006 shall be computed using the number of adjusted
 11 pupil units in the current fiscal year.

12 Sec. 21. Minnesota Statutes 2004, section 124D.11,
 13 subdivision 2, is amended to read:

14 Subd. 2. [TRANSPORTATION REVENUE.] Transportation revenue
 15 must be paid to a charter school that provides transportation
 16 services according to section 124D.10, subdivision 16, according
 17 to this subdivision. Transportation aid shall equal
 18 transportation revenue.

19 In addition to the revenue under subdivision 1, for fiscal
 20 year 2006, a charter school providing transportation services
 21 must receive general education aid ~~for each pupil unit~~ equal to
 22 the sum of the product of (i) an amount equal to the product of
 23 the formula allowance according to section 126C.10, subdivision
 24 2, times ~~0.0485~~ 0.0485, plus the transportation sparsity
 25 allowance for the school district in which the charter school is
 26 located times (ii) the adjusted marginal cost pupil units, plus
 27 the product of \$228 times the extended time marginal cost pupil
 28 units.

29 In addition to the revenue under subdivision 1, for fiscal
 30 year 2007 and later, a charter school providing transportation
 31 services must receive general education aid equal to the sum of
 32 the product of (i) the formula allowance according to section
 33 126C.10, subdivision 2, times 0.0458, plus the transportation
 34 sparsity allowance for the school district in which the charter
 35 school is located times (ii) the adjusted pupil units, plus the
 36 product of \$266 times the extended time pupil units.

1 Sec. 22. Minnesota Statutes 2004, section 124D.11,
2 subdivision 4, is amended to read:

3 Subd. 4. [BUILDING LEASE AID.] (a) When a charter school
4 finds it economically advantageous to rent or lease a building
5 or land for any instructional purposes and it determines that
6 the total operating capital revenue under section 126C.10,
7 subdivision 13, is insufficient for this purpose, it may apply
8 to the commissioner for building lease aid for this purpose.
9 The commissioner must review and either approve or deny a lease
10 aid application using the following criteria:

11 (1) the reasonableness of the price based on current market
12 values;

13 (2) the extent to which the lease conforms to applicable
14 state laws and rules; and

15 (3) the appropriateness of the proposed lease in the
16 context of the space needs and financial circumstances of the
17 charter school.

18 A charter school must not use the building lease aid it receives
19 for custodial, maintenance service, utility, or other operating
20 costs.

21 (b) For fiscal year 2006, the amount of building lease aid
22 per pupil unit served for a charter school for-any-year shall
23 not exceed the lesser of (a) 90 percent of the approved cost or
24 (b) the product of the pupil units served for the current school
25 year times the greater of the charter school's building lease
26 aid per pupil unit served for fiscal year 2003, excluding the
27 adjustment under Laws 2002, chapter 392, article 6, section 4,
28 or \$1,200. For fiscal year 2007 and later, the amount of
29 building lease aid for a charter school shall not exceed the
30 lesser of (1) 90 percent of the approved cost or (2) the greater
31 of (i) the sum of the elementary pupil units served for the
32 current school year times \$1,316 plus the secondary pupil units
33 served for the current school year times \$1,552 or (ii) the
34 product of the charter school's building lease aid per pupil
35 unit served for fiscal year 2003 as adjusted according to
36 section 126C.05, subdivision 14, excluding the adjustment under

1 Laws 2002, chapter 392, article 6, section 4, times the pupil
2 units served for the current school year.

3 Sec. 23. Minnesota Statutes 2004, section 124D.11,
4 subdivision 8, is amended to read:

5 Subd. 8. [START-UP COSTS.] (a) During the first two years
6 of a charter school's operation, the charter school is eligible
7 for aid to pay for start-up costs and additional operating costs.
8 For fiscal year 2006, start-up cost aid equals the greater of:

9 (1) \$50,000 per charter school; or
10 (2) \$500 times the charter school's pupil units served for
11 that year.

12 (b) For fiscal year 2007 and later, start-up cost aid
13 equals the greater of:

14 (1) \$50,000 per charter school; or
15 (2) the sum of \$550 times the charter school's pupil units
16 served in prekindergarten through grade 6 for that year plus
17 \$648 times the charter school's pupil units served in grades 7
18 through 12.

19 Sec. 24. [124D.4531] [CAREER AND TECHNICAL LEVY.]

20 Subdivision 1. [CAREER AND TECHNICAL LEVY.] (a) A district
21 with a career and technical program approved under this section
22 for the fiscal year in which the levy is certified may levy an
23 amount equal to the lesser of:

24 (1) \$80 times the district's average daily membership in
25 grades 10 through 12 for the fiscal year in which the levy is
26 certified; or

27 (2) 25 percent of approved expenditures in the fiscal year
28 in which the levy is certified for the following:

29 (i) salaries paid to essential, licensed personnel
30 providing direct instructional services to students in that
31 fiscal year for services rendered in the district's approved
32 career and technical education programs;

33 (ii) contracted services provided by a public or private
34 agency other than a Minnesota school district or cooperative
35 center under subdivision 7;

36 (iii) necessary travel between instructional sites by

1 licensed career and technical education personnel;

2 (iv) necessary travel by licensed career and technical
3 education personnel for vocational student organization

4 activities held within the state for instructional purposes;

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

7 (vi) necessary travel by licensed career and technical
8 education personnel for noncollegiate credit-bearing

9 professional development; and

10 (vii) specialized vocational instructional supplies.

11 (b) Up to ten percent of a district's career and technical
12 levy may be spent on equipment purchases. Districts using the
13 career and technical levy for equipment purchases must report to
14 the department on the improved learning opportunities for
15 students that result from the investment in equipment.

16 (c) The district must recognize the full amount of this
17 levy as revenue for the fiscal year in which it is certified.

18 Subd. 2. [ALLOCATION FROM COOPERATIVE CENTERS AND
19 INTERMEDIATE DISTRICTS.] For purposes of this section, a
20 cooperative center or an intermediate district must allocate its
21 approved expenditures for career and technical education
22 programs among participating districts.

23 Subd. 3. [LEVY GUARANTEE.] Notwithstanding subdivision 1,
24 the career and technical education levy for a district is not
25 less than the lesser of:

26 (1) the district's career and technical education levy
27 authority for the previous fiscal year; or

28 (2) 100 percent of the approved expenditures for career and
29 technical programs included in subdivision 1, paragraph (b), for
30 the fiscal year in which the levy is certified.

31 Subd. 4. [COMPLIANCE WITH RULES.] (a) Levy authority must
32 be granted under this section only for services rendered or for
33 costs incurred in career and technical education programs
34 approved by the commissioner and operated in accordance with
35 rules adopted by the commissioner. The rules must not require
36 any minimum number of administrative staff, any minimum period

1 of coordination time or extended employment for career and
2 technical education personnel, or the availability of vocational
3 student activities or organizations for a career and technical
4 education program to qualify for this levy. Levy authority
5 shall be granted only for services rendered and for costs
6 incurred by essential, licensed personnel, or approved
7 paraprofessionals who meet the requirements for licensure
8 pursuant to the rules of the Minnesota Board of Teaching.

9 For the purposes of this paragraph, "licensed personnel"
10 means persons holding a valid career and technical license
11 issued by the commissioner. If an average of five or fewer
12 secondary full-time equivalent students are enrolled per teacher
13 in an approved postsecondary program at Intermediate District
14 No. 287, 916, or 917, "licensed personnel" means persons holding
15 a valid vocational license issued by the commissioner or the
16 Board of Trustees of the Minnesota State Colleges and
17 Universities.

18 (b) Notwithstanding section 127A.42, the commissioner may
19 modify or withdraw the program or levy authority under this
20 section without proceeding under section 127A.42, at any time.
21 To do so, the commissioner must determine that the program does
22 not comply with rules of the Department of Education or that any
23 facts concerning the program or its budget differ from the facts
24 in the district's approved application.

25 Subd. 5. [LIMIT.] The commissioner may reduce the levy
26 under this section for a career and technical education program
27 that receives funds from any other source. A district or center
28 must not receive a total amount of levy authority pursuant to
29 this section which, when added to funds from other sources, will
30 provide the program an amount for salaries and travel which
31 exceeds 100 percent of the amount of its expenditures for
32 salaries and travel in the program.

33 Subd. 6. [LEVY FOR CONTRACTED SERVICES.] In addition to
34 the provisions of subdivisions 4 and 5, a school district or
35 cooperative center may contract with a public or private agency
36 other than a Minnesota school district or cooperative center for

1 the provision of career and technical education services. The
2 commissioner must adopt rules relating to program approval
3 procedures and criteria for these contracts and levy authority
4 must be granted only for contracts approved by the
5 commissioner. The district or cooperative center contracting
6 for these services must be construed to be providing the
7 services.

8 Subd. 7. [DISTRICT REPORTS.] Each district or cooperative
9 center must report data to the department for all career and
10 technical education programs as required by the department to
11 implement the career and technical levy formula.

12 [EFFECTIVE DATE.] This section is effective for taxes
13 payable in 2008.

14 Sec. 25. Minnesota Statutes 2004, section 124D.66,
15 subdivision 3, is amended to read:

16 Subd. 3. [ELIGIBLE SERVICES.] (a) Assurance of mastery
17 programs may provide direct instructional services to an
18 eligible pupil, or a group of eligible pupils, under the
19 following conditions in paragraphs (b) to (d).

20 (b) Instruction may be provided at one or more grade levels
21 from kindergarten to grade 8 and for students in grades 9
22 through 12 who were enrolled in grade 8 before the 2005-2006
23 school year and have failed the basic skills tests, or were
24 enrolled in grade 8 in the 2005-2006 school year and later and
25 who have failed the Minnesota Comprehensive Assessments
26 (MCA-IIs) in reading, mathematics, or writing as required for
27 high school graduation under section 120B.02. If an assessment
28 of pupils' needs within a district demonstrates that the
29 eligible pupils in grades kindergarten to grade 8 are being
30 appropriately served, a district may serve eligible pupils in
31 grades 9 to 12.

32 (c) Instruction must be provided under the supervision of
33 the eligible pupil's regular classroom teacher. Instruction may
34 be provided by the eligible pupil's classroom teacher, by
35 another teacher, by a team of teachers, or by an education
36 assistant or aide. A special education teacher may provide

1 instruction, but instruction that is provided under this section
2 is not eligible for aid under section 125A.76.

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

8 (1) at a different rate or in a different sequence than it
9 was initially presented;

10 (2) using different teaching methods or techniques than
11 were used initially; or

12 (3) using different instructional materials than were used
13 initially.

14 Sec. 26. Minnesota Statutes 2004, section 124D.83,
15 subdivision 2, is amended to read:

16 Subd. 2. [REVENUE AMOUNT.] An American Indian-controlled
17 tribal contract or grant school that is located on a reservation
18 within the state and that complies with the requirements in
19 subdivision 1 is eligible to receive tribal contract or grant
20 school aid. The amount of aid is derived by:

21 (1) multiplying ~~the formula allowance under section~~
22 ~~126C.107, subdivision 2, less \$170,~~ \$5,425 times the difference
23 between (i) the resident pupil units as defined in section
24 126C.05, subdivision 6, in average daily membership, excluding
25 section 126C.05, subdivision 13, and (ii) the number of pupils
26 for the current school year, weighted according to section
27 126C.05, subdivision 1, receiving benefits under section 123B.42
28 or 123B.44 or for which the school is receiving reimbursement
29 under section 124D.69;

30 (2) adding to the result in clause (1) an amount equal to
31 the product of ~~the formula allowance under section 126C.107,~~
32 ~~subdivision 2, less \$300~~ \$4,475 times the tribal contract
33 compensation revenue pupil units;

34 (3) subtracting from the result in clause (2) the amount of
35 money allotted to the school by the federal government through
36 Indian School Equalization Program of the Bureau of Indian

1 Affairs, according to Code of Federal Regulations, title 25,
 2 part 39, subparts A to E, for the basic program as defined by
 3 section 39.11, paragraph (b), for the base rate as applied to
 4 kindergarten through twelfth grade, excluding small school
 5 adjustments and additional weighting, but not money allotted
 6 through subparts F to L for contingency funds, school board
 7 training, student training, interim maintenance and minor
 8 repair, interim administration cost, prekindergarten, and
 9 operation and maintenance, and the amount of money that is
 10 received according to section 124D.69;

11 (4) dividing the result in clause (3) by the sum of the
 12 resident pupil units in average daily membership, excluding
 13 section 126C.05, subdivision 13, plus the tribal contract
 14 compensation revenue pupil units; and

15 (5) multiplying the sum of the resident pupil units,
 16 including section 126C.05, subdivision 13, in average daily
 17 membership plus the tribal contract compensation revenue pupil
 18 units by the lesser of ~~\$17,500~~ \$1,676 or the result in clause (4).

19 [EFFECTIVE DATE.] This section is effective for revenue for
 20 fiscal year 2007.

21 Sec. 27. Minnesota Statutes 2004, section 124D.86,
 22 subdivision 3, is amended to read:

23 Subd. 3. [INTEGRATION REVENUE.] Integration revenue equals
 24 the following amounts:

25 (1) for Independent School District No. 709, Duluth, \$206
 26 times the adjusted pupil units for ~~the-school-year~~ fiscal year
 27 2006 and \$249 times the adjusted pupil units for fiscal year
 28 2007 and later;

29 (2) for Independent School District No. 625, St. Paul, \$445
 30 times the adjusted pupil units for ~~the-school-year~~ fiscal year
 31 2006 and \$534 times the adjusted pupil units for fiscal year
 32 2007 and later;

33 (3) for Special School District No. 1, Minneapolis, the sum
 34 of \$445 times the adjusted pupil units ~~for-the-school-year~~ and
 35 an additional \$35 times the adjusted pupil units ~~for-the-school~~
 36 year that is provided entirely through a local levy for fiscal

1 year 2006, and the sum of \$534 times the adjusted pupil units
 2 and an additional \$43 times the adjusted pupil units that is
 3 provided entirely through a local levy for fiscal year 2007 and
 4 later;

5 (4) for a district not listed in clause (1), (2), or (3),
 6 that must implement a plan under Minnesota Rules, parts
 7 3535.0100 to 3535.0180, where the district's enrollment of
 8 protected students, as defined under Minnesota Rules, part
 9 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost
 10 of implementing the plan during the fiscal year minus the aid
 11 received under subdivision 6, or (ii) \$129 times the adjusted
 12 pupil units for ~~the-school-year~~ fiscal year 2006 and \$156 times
 13 the adjusted pupil units for fiscal year 2007 and later;

14 (5) for a district not listed in clause (1), (2), (3), or
 15 (4), that is required to implement a plan according to the
 16 requirements of Minnesota Rules, parts 3535.0100 to 3535.0180,
 17 the lesser of

18 (i) the actual cost of implementing the plan during the
 19 fiscal year minus the aid received under subdivision 6, or

20 (ii) \$92 times the adjusted pupil units for ~~the-school-year~~
 21 fiscal year 2006 and \$111 times the adjusted pupil units for
 22 fiscal year 2007 and later.

23 Any money received by districts in clauses (1) to (3) which
 24 exceeds the amount received in fiscal year 2000 shall be subject
 25 to the budget requirements in subdivision 1a; and

26 (6) for a member district of a multidistrict integration
 27 collaborative that files a plan with the commissioner, but is
 28 not contiguous to a racially isolated district, integration
 29 revenue equals the amount defined in clause (5).

30 Sec. 28. Minnesota Statutes 2004, section 124D.88,
 31 subdivision 4, is amended to read:

32 Subd. 4. [START-UP COSTS.] During the first two years of a
 33 metropolitan magnet school's operation, the school is eligible
 34 for aid to pay for start-up costs and additional operating
 35 costs. For fiscal year 2006, start-up cost aid equals \$500
 36 times the magnet school's pupil units served for that year. For

1 fiscal year 2007 and later, start-up cost aid equals \$569 times
2 the magnet school's pupil units served for that year.

3 Sec. 29. [124D.98] [SCHOLARSHIP GRANTING ORGANIZATIONS.]

4 Subdivision 1. [DEFINITIONS.] (a) For the purposes of this
5 section the following terms have the meanings given.

6 (b) "Federal poverty guidelines" mean the poverty
7 guidelines for the 48 contiguous states used by the United
8 States Department of Health and Human Services as most recently
9 published in the Federal Register.

10 (c) "Liability for tax" means the tax imposed under chapter
11 290 for the taxable year reduced by the sum of the nonrefundable
12 credits allowed under chapter 290.

13 (d) "Qualified school" means an elementary or secondary
14 nonpublic school, not including home schools, wherein a resident
15 of this state may legally fulfill the state's compulsory
16 attendance laws, which is accredited by an education accrediting
17 agency recognized by the Minnesota Nonpublic Education Council
18 under section 123B.445, paragraph (a), which is not operated for
19 profit, and which adheres to the provisions of the Civil Rights
20 Act of 1964 and chapter 363A.

21 (e) "Scholarship granting organization" or "SGO" means a
22 charitable organization that is exempt from federal taxation
23 under section 501(c)(3) of the Internal Revenue Code, is
24 registered with the attorney general's office, and is certified
25 by the commissioner of education as meeting the criteria of this
26 section.

27 Subd. 2. [COMMISSIONER DUTIES.] The commissioner of
28 education:

29 (1) must maintain a list of SGOs;

30 (2) must make the list available on the Department of
31 Education's Web site and by other means;

32 (3) must develop an application process for SGOs to be
33 certified by the Department of Education under this section;

34 (4) may remove an organization from the list of qualifying
35 SGOs, after notifying the organization and providing an
36 opportunity for a public hearing, if the organization has a

1 history of financial mismanagement or repeated violations of the
2 law;

3 (5) must develop a process for SGOs to annually report to
4 the department as described under this section; and

5 (6) may audit the scholarship funds of an SGO.

6 Subd. 3. [QUALIFICATIONS OF AN SGO.] To qualify as a
7 scholarship granting organization, the charitable organization:

8 (1) must allocate at least 80 percent of its annual revenue
9 from contributions claimed for credit under section 290.0676,
10 subdivision 1, for education scholarship grants to children to
11 allow them to attend any qualified school of their parents'
12 choice;

13 (2) may only award scholarship grants funded by
14 contributions claimed for credit under section 290.0676,
15 subdivision 1, to students who are residents of Minnesota and
16 are from families with incomes equal to or less than 200 percent
17 of the federal poverty guidelines;

18 (3) must not restrict the availability of scholarships to
19 students of one school;

20 (4) may not charge a fee of any kind to students under
21 consideration for a scholarship;

22 (5) may only award scholarship grants funded by
23 contributions claimed for the tax credit to students who are not
24 enrolled in a nonpublic school during the school year in which
25 the students first apply for scholarship grants from an SGO;

26 (6) must require parents of a child awarded a scholarship
27 grant funded by contributions under the tax credit program to
28 sign a written notification authorizing their child's school to
29 release data about their child's performance on state
30 assessments, other standardized tests, or both to the SGO and
31 the department. The SGO and department would be required to
32 protect the privacy of individual student data and to report
33 academic achievement data for scholarship recipients to the
34 public only in the aggregate;

35 (7) must require a private school receiving payment of
36 tuition through a scholarship grant funded by contributions

1 under the tax credit program and awarded by an SGO to an
2 enrolled student of the school to sign an agreement that it:
3 (i) will provide data about the student's performance on
4 state assessments, other standardized tests, or both to the SGO
5 and department once it has received written authorization from
6 the student's parents; and
7 (ii) will not use different admissions standards for a
8 student with a scholarship grant from an SGO;
9 (8) must agree to annually report to the department:
10 (i) the number of students awarded scholarship grants
11 funded by contributions under the tax credit program;
12 (ii) the total amount of scholarship grant dollars awarded
13 from contributions under the tax credit program;
14 (iii) the total number of schools attended by scholarship
15 grant recipients;
16 (iv) the total amount of contributions received under the
17 tax credit program; and
18 (v) the percentage of contributions received under the tax
19 credit program that was provided as scholarship grants to
20 families;
21 (9) must provide the department with the same annual report
22 that the organization is required to provide the attorney
23 general's office under section 309.53;
24 (10) may only award scholarship grants funded by
25 contributions claimed for the tax credit to students entering
26 grades 3 through 11 who meet the criteria for being academically
27 at risk as defined in 124D.68, subdivision 2, paragraph (a),
28 clause (1) or (2) during the school year in which they first
29 apply for a scholarship grant from an SGO. A student entering
30 grade 12 may receive a scholarship grant if the student received
31 a scholarship grant in grade 11; and
32 (11) may only award scholarship grants funded by
33 contributions claimed for the tax credit that will equal 100
34 percent of the tuition and fees charged by a qualified school.
35 The maximum scholarship grant that may be awarded by an SGO is
36 \$5,000 for students entering grades 3 through 8, and \$10,000 for

1 students entering grades 9 through 12.

2 Subd. 4. [APPLICATION FOR CREDIT CERTIFICATE.] The
3 corporation shall apply to the Department of Education for a tax
4 credit certificate. A corporation shall receive a tax credit
5 certificate under section 290.0676 if the scholarship granting
6 organization (SGO) appears on the list of qualifying SGOs
7 maintained by the Department of Education. Tax credit
8 certificates under this section shall be made available by the
9 Department of Education on a first-come, first-served basis
10 until the maximum statewide credit amount has been reached. The
11 statewide credit maximum amount is \$0 in fiscal year 2006 and
12 \$3,500,000 in fiscal year 2007. A contribution by a corporation
13 to a SGO shall be made no later than 60 days following written
14 notification of the approval of an application. The
15 commissioner of education shall issue the tax credit certificate
16 in the amount of one-half of the amount contributed to the SGO
17 after the corporation has made the contribution to the SGO. The
18 commissioner of education shall not issue a tax credit
19 certificate for an amount greater than \$100,000.

20 [EFFECTIVE DATE.] This section is effective for taxable
21 years beginning after December 31, 2005.

22 Sec. 30. Minnesota Statutes 2004, section 126C.457, is
23 amended to read:

24 126C.457 [CAREER AND TECHNICAL LEVY.]

25 For taxes payable in 2006 and 2007, a school district may
26 levy an amount equal to the greater of (1) \$10,000, or (2) the
27 district's fiscal year 2001 entitlement for career and technical
28 aid under Minnesota Statutes 2000, section 124D.453. The
29 district must recognize the full amount of this levy as revenue
30 for the fiscal year in which it is certified. Revenue received
31 under this section must be reserved and used only for career and
32 technical programs.

33 Sec. 31. Minnesota Statutes 2004, section 127A.47,
34 subdivision 8, is amended to read:

35 Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid
36 for districts must be adjusted for each pupil attending a

1 charter school under section 124D.10. The adjustments must be
2 made according to this subdivision.

3 (b) For fiscal year 2006, general education aid paid to a
4 district in which a charter school not providing transportation
5 according to section 124D.10, subdivision 16, is located must be
6 increased by an amount equal to the sum of:

7 (1) the product of: ~~(1)~~ (i) the sum of an amount equal to
8 the product of the formula allowance according to section
9 126C.10, subdivision 2, times .0485, plus the transportation
10 sparsity allowance for the district; times ~~(2)~~ (ii) the adjusted
11 marginal cost pupil units attributable to the pupil; plus

12 (2) the product of \$228 times the extended time marginal
13 cost pupil units attributable to the pupil.

14 (c) For fiscal year 2007 and later, general education aid
15 paid to a district in which a charter school not providing
16 transportation according to section 124D.10, subdivision 16, is
17 located must be increased by an amount equal to the sum of:

18 (1) the product of: (i) the sum of an amount equal to the
19 product of the transportation allowance according to section
20 126C.10, subdivision 17, times .0458, plus the transportation
21 sparsity allowance for the district; times (ii) the adjusted
22 pupil units attributable to the pupil; plus

23 (2) the product of \$266 times the extended time pupil units
24 attributable to the pupil.

25 Sec. 32. Minnesota Statutes 2004, section 171.04,
26 subdivision 1, is amended to read:

27 Subdivision 1. [PERSONS NOT ELIGIBLE.] The department
28 shall not issue a driver's license:

29 (1) to any person under 18 years unless:

30 (i) the applicant is 16 or 17 years of age and has a
31 previously issued valid license from another state or country or
32 the applicant has, for the 12 consecutive months preceding
33 application, held a provisional license and during that time has
34 incurred (A) no conviction for a violation of section 169A.20,
35 169A.33, 169A.35, or sections 169A.50 to 169A.53, (B) no
36 conviction for a crash-related moving violation, and (C) not

1 more than one conviction for a moving violation that is not
2 crash related. "Moving violation" means a violation of a
3 traffic regulation but does not include a parking violation,
4 vehicle equipment violation, or warning citation;

5 (ii) the application for a license is approved by (A)
6 either parent when both reside in the same household as the
7 minor applicant or, if otherwise, then (B) the parent or spouse
8 of the parent having custody or, in the event there is no court
9 order for custody, then (C) the parent or spouse of the parent
10 with whom the minor is living or, if subitems (A) to (C) do not
11 apply, then (D) the guardian having custody of the minor or, in
12 the event a person under the age of 18 has no living father,
13 mother, or guardian, or is married or otherwise legally
14 emancipated, then (E) the minor's adult spouse, adult close
15 family member, or adult employer; provided, that the approval
16 required by this item contains a verification of the age of the
17 applicant and the identity of the parent, guardian, adult
18 spouse, adult close family member, or adult employer; and

19 (iii) the applicant presents a certification by the person
20 who approves the application under item (ii), stating that the
21 applicant has driven a motor vehicle accompanied by and under
22 supervision of a licensed driver at least 21 years of age for at
23 least ten hours during the period of provisional licensure; and

24 (iv) the applicant presents a certificate of school
25 attendance under section 171.056, or the school board, SAAP
26 board, or charter school board has submitted a certificate that
27 it has waived the attendance requirement for the driving
28 privilege for its students in accordance with section 120A.23;

29 (2) to any person who is 18 years of age or younger, unless
30 the person has applied for, been issued, and possessed the
31 appropriate instruction permit for a minimum of six months, and,
32 with respect to a person under 18 years of age, a provisional
33 license for a minimum of 12 months;

34 (3) to any person who is 19 years of age or older, unless
35 that person has applied for, been issued, and possessed the
36 appropriate instruction permit for a minimum of three months;

1 (4) to any person whose license has been suspended during
2 the period of suspension except that a suspended license may be
3 reinstated during the period of suspension upon the licensee
4 furnishing proof of financial responsibility in the same manner
5 as provided in the Minnesota No-Fault Automobile Insurance Act;

6 (5) to any person whose license has been revoked except
7 upon furnishing proof of financial responsibility in the same
8 manner as provided in the Minnesota No-Fault Automobile
9 Insurance Act and if otherwise qualified;

10 (6) to any drug-dependent person, as defined in section
11 254A.02, subdivision 5;

12 (7) to any person who has been adjudged legally incompetent
13 by reason of mental illness, mental deficiency, or inebriation,
14 and has not been restored to capacity, unless the department is
15 satisfied that the person is competent to operate a motor
16 vehicle with safety to persons or property;

17 (8) to any person who is required by this chapter to take a
18 vision, knowledge, or road examination, unless the person has
19 successfully passed the examination. An applicant who fails
20 four road tests must complete a minimum of six hours of
21 behind-the-wheel instruction with an approved instructor before
22 taking the road test again;

23 (9) to any person who is required under the Minnesota
24 No-Fault Automobile Insurance Act to deposit proof of financial
25 responsibility and who has not deposited the proof;

26 (10) to any person when the commissioner has good cause to
27 believe that the operation of a motor vehicle on the highways by
28 the person would be inimical to public safety or welfare;

29 (11) to any person when, in the opinion of the
30 commissioner, the person is afflicted with or suffering from a
31 physical or mental disability or disease that will affect the
32 person in a manner as to prevent the person from exercising
33 reasonable and ordinary control over a motor vehicle while
34 operating it upon the highways;

35 (12) to a person who is unable to read and understand
36 official signs regulating, warning, and directing traffic;

1 (13) to a child for whom a court has ordered denial of
2 driving privileges under section 260C.201, subdivision 1, or
3 260B.235, subdivision 5, until the period of denial is
4 completed; or

5 (14) to any person whose license has been canceled, during
6 the period of cancellation.

7 [EFFECTIVE DATE.] This section is effective October 1,
8 2005, and applies to all students under 18 years of age
9 possessing or applying for a driver's instruction permit or
10 provisional license on or after that date.

11 Sec. 33. Minnesota Statutes 2004, section 171.05,
12 subdivision 2, is amended to read:

13 Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a)
14 Notwithstanding any provision in subdivision 1 to the contrary,
15 the department may issue an instruction permit to an applicant
16 who is 15, 16, or 17 years of age and who:

17 (1) has completed a course of driver education in another
18 state, has a previously issued valid license from another state,
19 or is enrolled in either:

20 (i) a public, private, or commercial driver education
21 program that is approved by the commissioner of public safety
22 and that includes classroom and behind-the-wheel training; or

23 (ii) an approved behind-the-wheel driver education program
24 when the student is receiving full-time instruction in a home
25 school within the meaning of sections 120A.22 and 120A.24, the
26 student is working toward a homeschool diploma, the student's
27 status as a homeschool student has been certified by the
28 superintendent of the school district in which the student
29 resides, and the student is taking home-classroom driver
30 training with classroom materials approved by the commissioner
31 of public safety;

32 (2) has completed the classroom phase of instruction in the
33 driver education program;

34 (3) has passed a test of the applicant's eyesight;

35 (4) has passed a department-administered test of the
36 applicant's knowledge of traffic laws;

1 (5) has completed the required application, which must be
2 approved by (i) either parent when both reside in the same
3 household as the minor applicant or, if otherwise, then (ii) the
4 parent or spouse of the parent having custody or, in the event
5 there is no court order for custody, then (iii) the parent or
6 spouse of the parent with whom the minor is living or, if items
7 (i) to (iii) do not apply, then (iv) the guardian having custody
8 of the minor or, in the event a person under the age of 18 has
9 no living father, mother, or guardian, or is married or
10 otherwise legally emancipated, then (v) the applicant's adult
11 spouse, adult close family member, or adult employer; provided,
12 that the approval required by this clause contains a
13 verification of the age of the applicant and the identity of the
14 parent, guardian, adult spouse, adult close family member, or
15 adult employer; and

16 (6) presents a certificate of school attendance under
17 section 171.056, or the school board, SAAP board, or charter
18 school board has submitted a certificate that it has waived the
19 attendance requirement for the driving privilege for its
20 students in accordance with section 120A.23; and

21 (7) has paid the fee required in section 171.06,
22 subdivision 2.

23 (b) The instruction permit is valid for one year from the
24 date of application and may be renewed upon payment of a fee
25 equal to the fee for issuance of an instruction permit under
26 section 171.06, subdivision 2.

27 [EFFECTIVE DATE.] This section is effective October 1,
28 2005, and applies to all students under 18 years of age
29 possessing or applying for a driver's instruction permit on or
30 after that date.

31 Sec. 34. Minnesota Statutes 2004, section 171.05,
32 subdivision 2b, is amended to read:

33 Subd. 2b. [INSTRUCTION PERMIT USE BY PERSON UNDER AGE 18.]

34 (a) This subdivision applies to persons who have applied for and
35 received an instruction permit under subdivision 2.

36 (b) The permit holder may, with the permit in possession,

1 operate a motor vehicle, but must be accompanied by and be under
2 the supervision of a certified driver education instructor, the
3 permit holder's parent or guardian, or another licensed driver
4 age 21 or older. The supervisor must occupy the seat beside the
5 permit holder.

6 (c) The permit holder may operate a motor vehicle only when
7 every occupant under the age of 18 has a seat belt or child
8 passenger restraint system properly fastened. A person who
9 violates this paragraph is subject to a fine of \$25. A peace
10 officer may not issue a citation for a violation of this
11 paragraph unless the officer lawfully stopped or detained the
12 driver of the motor vehicle for a moving violation as defined in
13 section 171.04, subdivision 1. The commissioner shall not
14 record a violation of this paragraph on a person's driving
15 record.

16 (d) The permit holder must maintain a driving record free
17 of convictions for moving violations, as defined in section
18 171.04, subdivision 1, and free of convictions for violation of
19 section 169A.20, 169A.33, 169A.35, or sections 169A.50 to
20 169A.53. If the permit holder drives a motor vehicle in
21 violation of the law, the commissioner shall suspend, cancel, or
22 revoke the permit in accordance with the statutory section
23 violated.

24 (e) The permit holder must comply with the school
25 attendance requirement under section 171.056, except when the
26 attendance requirement is waived under section 120A.23. If the
27 permit holder does not attend school as required, the
28 commissioner shall cancel the permit according to section
29 171.056.

30 [EFFECTIVE DATE.] This section is effective October 1,
31 2005, and applies to all students under 18 years of age
32 possessing or applying for a driver's instruction permit on or
33 after that date.

34 Sec. 35. Minnesota Statutes 2004, section 171.05,
35 subdivision 3, is amended to read:

36 Subd. 3. [MOTORIZED BICYCLE.] Notwithstanding any

1 provision in subdivision 1 to the contrary, the department, upon
2 application and payment of the fee prescribed in section 171.02,
3 subdivision 3, may issue a motorized bicycle instruction permit
4 to an applicant who is 15 years of age and who has successfully
5 completed the written portion of the examination prescribed by
6 the commissioner. The holder of this instruction permit who has
7 the permit in possession may operate a motorized bicycle within
8 one mile of the holder's residence for the purpose of practicing
9 to take the operator portion of the examination prescribed by
10 the commissioner, and who presents a school attendance
11 certificate under section 171.056, or the school board, SAAP
12 board, or charter school board has submitted a certificate that
13 it has waived the attendance requirement for the driving
14 privilege for its students in accordance with section 120A.23.

15 [EFFECTIVE DATE.] This section is effective October 1,
16 2005, and applies to all students under 18 years of age
17 possessing or applying for a motorized bicycle instruction
18 permit on or after that date.

19 Sec. 36. [171.056] [SCHOOL ATTENDANCE REQUIREMENT FOR
20 DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, AND
21 PROVISIONAL LICENSE.]

22 Subdivision 1. [ISSUANCE OR RENEWAL OF DRIVER'S
23 INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, OR PROVISIONAL
24 LICENSE.] (a) Notwithstanding any law to the contrary, except
25 when the attendance requirement is waived under section 120A.23,
26 school attendance is a requirement for the issuance of a new
27 driver's instruction permit, motorized bicycle permit, or
28 provisional license or the renewal of a permit to a student
29 under 18 years of age. The student meets the school attendance
30 requirement when the student:

31 (1) has a high school diploma or general education
32 development certificate (GED);

33 (2) has withdrawn from school under section 120A.22,
34 subdivision 8; or

35 (3)(i) is enrolled and attending a public school, SAAP, or
36 charter school; is not truant under section 260C.007,

1 subdivision 19; or is receiving alternative educational services
2 during the pendency of a school expulsion, or is homeschooled or
3 attending a nonpublic school; and

4 (ii) has conformed to attendance laws, rules, and policies
5 of the student's school, school district, and the state.

6 (b) A student under 18 years of age who applies for a
7 motorized bicycle permit, instruction permit, or provisional
8 license must submit information in the manner and format
9 prescribed by the Department of Public Safety certifying that
10 the student has met the requirement for the permit or license
11 under paragraph (a).

12 (c) As set forth in section 120A.23, a school principal or
13 other administrator at the student's school must sign a written
14 certificate form that verifies the student does not meet the
15 definition of a habitual truant as defined in section 260C.007,
16 subdivision 19, for the last grading period and the student's
17 current grading period. The Department of Public Safety shall
18 develop a certificate form for the school administrator to
19 complete that includes the student's name, date of birth, and
20 address. For any data not included in the school district,
21 SAAP, or charter school definition of directory information, the
22 school district, SAAP, or charter school must obtain the
23 informed consent of the parent or guardian to release data to
24 the Department of Public Safety. The school district, SAAP, or
25 charter school must include in the student attendance policy it
26 distributes to the parent or guardian and student that it will
27 request a parent or guardian to sign an informed consent form to
28 transfer directory information about the student to the
29 department. The Department of Public Safety shall develop a
30 certificate form for the school administrator to complete if
31 that school district has opted out of the attendance requirement
32 for driving privileges.

33 Subd. 2. [CANCELLATION OF PERMIT OR LICENSE.] (a)
34 Notwithstanding any law to the contrary, the Department of
35 Public Safety shall cancel the motorized bicycle permit,
36 instruction permit, or provisional license of a student under 18

1 years of age when a school administrator notifies the department
2 in writing that the student:

3 (1) meets the definition of a habitual truant under section
4 260C.007, subdivision 19, has not withdrawn from school under
5 section 120A.22, subdivision 8, is not being homeschooled or
6 attending a nonpublic school, and has not obtained a high school
7 diploma or general education development certificate (GED); or

8 (2) has been expelled from a public or charter school, is
9 not enrolled and attending school at another public or nonpublic
10 school, including being homeschooled, and has refused to
11 participate in the alternative educational services offered by
12 the district, as required by section 121A.55, during the
13 pendency of the expulsion. The school district, SAAP, or
14 charter school must obtain the informed consent of the parent or
15 guardian to release this data to the department.

16 (b) Notwithstanding section 171.14, or other law to the
17 contrary, the Department of Public Safety shall cancel the
18 permit or license of a student under 18 years of age until the
19 earliest of:

20 (1) the student becomes 18 years of age;

21 (2) the student withdraws from school under section
22 120A.22;

23 (3) the student obtained a high school diploma or general
24 education development certificate (GED);

25 (4) the student has withdrawn from the student's prior
26 public school and is now being homeschooled or attending a
27 nonpublic school; or

28 (5) a school administrator notifies the department to
29 reinstate the student's permit or license because the student
30 attended school or participated in alternative educational
31 services for 30 consecutive school days without an unexcused
32 absence immediately following the date the department issued its
33 cancellation notice.

34 (c) If a school district, SAAP, or charter school chooses
35 to send truancy data to the Department of Public Safety each
36 grading period, it shall notify:

1 (1) the Department of Public Safety electronically in a
2 manner and format prescribed by the department that includes the
3 student's name, date of birth, and address. For any data not
4 included in the school district, SAAP, or charter school
5 definition of directory information, the school district, SAAP,
6 or charter school must obtain the informed consent of the parent
7 or guardian to release the data to the department; and

8 (2) the student and the student's parent or legal guardian,
9 by first class mail or other reasonable means, that the
10 student's motorized bicycle permit, instruction permit, or
11 provisional license may be canceled and the student may request
12 a hardship waiver from the Department of Public Safety. The
13 Department of Public Safety may consult with the student's
14 school to obtain relevant information prior to issuing its
15 hardship waiver determination, based upon the provisions in
16 section 171.30.

17 The Department of Public Safety shall notify the student
18 and the student's parent or guardian in writing that the
19 student's permit or license has been canceled under section
20 171.14, except that the cancellation shall begin ten calendar
21 days from the date the written notice is issued. The notice
22 shall provide notification to the student and the student's
23 parent or guardian of the student's right to seek a hardship
24 waiver and the procedure and timelines involved for that
25 proceeding.

26 (d) When a student satisfies a requirement for reinstating
27 driving privileges under paragraph (b), a school administrator
28 must electronically certify to the department, in the manner and
29 format the department prescribes, that the student has satisfied
30 a requirement under paragraph (b). The school district, SAAP,
31 or charter school must obtain the informed consent of the parent
32 or guardian to release this data to the department.

33 Subd. 3. [EXPUNGEMENT OF DRIVER'S LICENSE RECORD.] Once
34 the student turns 18 years of age, the student may submit a
35 request to have the student's truancy data and any record of a
36 refusal to issue or cancellation of a provisional or driver's

1 license based upon a student's truancy expunged from the
2 Department of Public Safety motor vehicle records. Upon proof
3 of the student's age, the department must expunge the student's
4 record.

5 Sec. 37. Minnesota Statutes 2004, section 171.30,
6 subdivision 1, is amended to read:

7 Subdivision 1. [CONDITIONS OF ISSUANCE.] (a) In any case
8 where a person's license has been suspended under section
9 171.056, 171.18, 171.173, or 171.186, or revoked under section
10 169.792, 169.797, 169A.52, 169A.54, 171.17, or 171.172, the
11 commissioner may issue a limited license to the driver including
12 under the following conditions:

13 (1) if the driver's livelihood or attendance at a chemical
14 dependency treatment or counseling program depends upon the use
15 of the driver's license;

16 (2) if the use of a driver's license by a homemaker is
17 necessary to prevent the substantial disruption of the
18 education, medical, or nutritional needs of the family of the
19 homemaker; or

20 (3) if attendance at a postsecondary institution of
21 education, or attendance at a public school by an enrolled
22 student of that institution or public school depends upon the
23 use of the driver's license; or

24 (4) if the use of a driver's license by a minor is
25 necessary for the employment of the minor or the minor's family,
26 or to prevent the substantial disruption of the educational,
27 nutritional, or medical needs of the minor or the minor's family.

28 (b) The commissioner in issuing a limited license may
29 impose such conditions and limitations as in the commissioner's
30 judgment are necessary to the interests of the public safety and
31 welfare including reexamination as to the driver's
32 qualifications. The license may be limited to the operation of
33 particular vehicles, to particular classes and times of
34 operation, and to particular conditions of traffic. The
35 commissioner may require that an applicant for a limited license
36 affirmatively demonstrate that use of public transportation or

1 carpooling as an alternative to a limited license would be a
2 significant hardship.

3 (c) For purposes of this subdivision⁷:

4 (1) "homemaker" refers to the person primarily performing
5 the domestic tasks in a household of residents consisting of at
6 least the person and the person's dependent child or other
7 dependents; and

8 (2) "minor" refers to a student under the age of 18 who has
9 not withdrawn from public school.

10 (d) The limited license issued by the commissioner shall
11 clearly indicate the limitations imposed and the driver
12 operating under the limited license shall have the license in
13 possession at all times when operating as a driver.

14 (e) In determining whether to issue a limited license, the
15 commissioner shall consider the number and the seriousness of
16 prior convictions and the entire driving record of the driver
17 and shall consider the number of miles driven by the driver
18 annually.

19 (f) If the person's driver's license or permit to drive has
20 been revoked under section 169.792 or 169.797, the commissioner
21 may only issue a limited license to the person after the person
22 has presented an insurance identification card, policy, or
23 written statement indicating that the driver or owner has
24 insurance coverage satisfactory to the commissioner of public
25 safety. The commissioner of public safety may require the
26 insurance identification card provided to satisfy this
27 subdivision be certified by the insurance company to be
28 noncancelable for a period not to exceed 12 months.

29 (g) The limited license issued by the commissioner to a
30 person under section 171.186, subdivision 4, must expire 90 days
31 after the date it is issued. The commissioner must not issue a
32 limited license to a person who previously has been issued a
33 limited license under section 171.186, subdivision 4.

34 [EFFECTIVE DATE.] This section is effective October 1, 2005.

35 Sec. 38. Minnesota Statutes 2004, section 260A.03, is
36 amended to read:

1 260A.03 [NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A
2 CONTINUING TRUANT.]

3 Upon a child's initial classification as a continuing
4 truant, the school attendance officer or other designated school
5 official shall notify the child's parent or legal guardian, by
6 first-class mail or other reasonable means, of the following:

7 (1) that the child is truant;

8 (2) that the parent or guardian should notify the school if
9 there is a valid excuse for the child's absences;

10 (3) that the parent or guardian is obligated to compel the
11 attendance of the child at school pursuant to section 120A.22
12 and parents or guardians who fail to meet this obligation may be
13 subject to prosecution under section 120A.34;

14 (4) that this notification serves as the notification
15 required by section 120A.34;

16 (5) that alternative educational programs and services may
17 be available in the district;

18 (6) that the parent or guardian has the right to meet with
19 appropriate school personnel to discuss solutions to the child's
20 truancy;

21 (7) that if a student meets the habitual truant definition
22 under section 260C.007, subdivision 19, the student may not be
23 able to obtain a driver's license or permit, or an existing
24 license or permit, may be canceled, unless the school waived the
25 attendance requirement under section 120A.23. The school
26 district, SAAP, or charter school must obtain the informed
27 consent of the parent or guardian to release this data to the
28 Department of Public Safety;

29 (8) that if the child continues to be truant, the parent
30 and child may be subject to juvenile court proceedings under
31 chapter 260C;

32 ~~(8)~~ (9) that if the child is subject to juvenile court
33 proceedings, the child may be subject to suspension,
34 restriction, or delay of the child's driving privilege pursuant
35 to section 260C.201; and

36 ~~(9)~~ (10) that it is recommended that the parent or guardian

1 accompany the child to school and attend classes with the child
2 for one day.

3 [EFFECTIVE DATE.] This section is effective September 1,
4 2005.

5 Sec. 39. Minnesota Statutes 2004, section 290.01,
6 subdivision 19c, is amended to read:

7 Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE
8 INCOME.] For corporations, there shall be added to federal
9 taxable income:

10 (1) the amount of any deduction taken for federal income
11 tax purposes for income, excise, or franchise taxes based on net
12 income or related minimum taxes, including but not limited to
13 the tax imposed under section 290.0922, paid by the corporation
14 to Minnesota, another state, a political subdivision of another
15 state, the District of Columbia, or any foreign country or
16 possession of the United States;

17 (2) interest not subject to federal tax upon obligations
18 of: the United States, its possessions, its agencies, or its
19 instrumentalities; the state of Minnesota or any other state,
20 any of its political or governmental subdivisions, any of its
21 municipalities, or any of its governmental agencies or
22 instrumentalities; the District of Columbia; or Indian tribal
23 governments;

24 (3) exempt-interest dividends received as defined in
25 section 852(b)(5) of the Internal Revenue Code;

26 (4) the amount of any net operating loss deduction taken
27 for federal income tax purposes under section 172 or 832(c)(10)
28 of the Internal Revenue Code or operations loss deduction under
29 section 810 of the Internal Revenue Code;

30 (5) the amount of any special deductions taken for federal
31 income tax purposes under sections 241 to 247 of the Internal
32 Revenue Code;

33 (6) losses from the business of mining, as defined in
34 section 290.05, subdivision 1, clause (a), that are not subject
35 to Minnesota income tax;

36 (7) the amount of any capital losses deducted for federal

1 income tax purposes under sections 1211 and 1212 of the Internal
2 Revenue Code;

3 (8) the exempt foreign trade income of a foreign sales
4 corporation under sections 921(a) and 291 of the Internal
5 Revenue Code;

6 (9) the amount of percentage depletion deducted under
7 sections 611 through 614 and 291 of the Internal Revenue Code;

8 (10) for certified pollution control facilities placed in
9 service in a taxable year beginning before December 31, 1986,
10 and for which amortization deductions were elected under section
11 169 of the Internal Revenue Code of 1954, as amended through
12 December 31, 1985, the amount of the amortization deduction
13 allowed in computing federal taxable income for those
14 facilities;

15 (11) the amount of any deemed dividend from a foreign
16 operating corporation determined pursuant to section 290.17,
17 subdivision 4, paragraph (g);

18 (12) the amount of any environmental tax paid under section
19 59(a) of the Internal Revenue Code;

20 (13) the amount of a partner's pro rata share of net income
21 which does not flow through to the partner because the
22 partnership elected to pay the tax on the income under section
23 6242(a)(2) of the Internal Revenue Code;

24 (14) the amount of net income excluded under section 114 of
25 the Internal Revenue Code;

26 (15) any increase in subpart F income, as defined in
27 section 952(a) of the Internal Revenue Code, for the taxable
28 year when subpart F income is calculated without regard to the
29 provisions of section 614 of Public Law 107-147; and

30 (16) 80 percent of the depreciation deduction allowed under
31 section 168(k) of the Internal Revenue Code. For purposes of
32 this clause, if the taxpayer has an activity that in the taxable
33 year generates a deduction for depreciation under section 168(k)
34 and the activity generates a loss for the taxable year that the
35 taxpayer is not allowed to claim for the taxable year, "the
36 depreciation allowed under section 168(k)" for the taxable year

1 is limited to excess of the depreciation claimed by the activity
2 under section 168(k) over the amount of the loss from the
3 activity that is not allowed in the taxable year. In succeeding
4 taxable years when the losses not allowed in the taxable year
5 are allowed, the depreciation under section 168(k) is allowed;
6 and

7 (17) the amount deducted under section 170 of the Internal
8 Revenue Code that represents contributions to a scholarship
9 granting organization for which a credit is claimed under
10 section 290.0676.

11 Sec. 40. [290.0676] [CREDIT FOR CONTRIBUTIONS TO
12 SCHOLARSHIP GRANTING ORGANIZATIONS.]

13 A corporation is allowed a credit against the corporate
14 franchise tax due under this chapter equal to 50 percent of the
15 amount contributed to a scholarship granting organization under
16 section 124D.98. The maximum credit allowed in a taxable year
17 is \$100,000. The credit may not be claimed for contributions
18 designated for the use of a specific student. The credit for
19 the taxable year may not exceed the corporation's liability for
20 tax. The commissioner of revenue shall prescribe the manner in
21 which the credit may be claimed. This may include allowing the
22 credit only as a separately processed claim for refund.

23 [EFFECTIVE DATE.] This section is effective for taxable
24 years beginning after December 31, 2005.

25 Sec. 41. [BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING
26 AUTHORITY.]

27 On or before June 30, 2007, the Board of School
28 Administrators may adopt rules to revise and clarify Minnesota
29 Rules, chapter 3512.

30 Sec. 42. [CAREER AND TECHNICAL EDUCATION PROGRAM RULES.]

31 By January 1, 2007, the commissioner of education must
32 adopt rules for approval of career and technical education
33 programs consistent with Minnesota Statutes, section 124D.4531,
34 subdivisions 4 and 6, that emphasize emerging workforce skills.
35 Program approval for fiscal year 2008 and later must be based on
36 the rules.

1 Sec. 43. [MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.]

2 The commissioner of education shall adopt rules on or
3 before January 1, 2005, to implement the Minnesota Comprehensive
4 Assessments Second Edition (MCA-IIs) in reading, mathematics,
5 and writing.

6 Sec. 44. [APPROPRIATIONS.]

7 Subdivision 1. [DEPARTMENT.] The sums indicated in this
8 section are appropriated from the general fund to the Department
9 of Education for the fiscal years designated.

10 Subd. 2. [EXAMINATION FEES; TEACHER TRAINING AND SUPPORT
11 PROGRAMS; TEACHER STIPENDS.] For student examination fees,
12 training and related costs for teachers and other interested
13 educators, and teacher stipends under Minnesota Statutes,
14 section 120B.13:

15 \$2,000,000 2006

16 \$2,000,000 2007

17 The advanced placement program shall receive 75 percent of
18 the appropriation each year and the international baccalaureate
19 program shall receive 25 percent of the appropriation each
20 year. The department, in consultation with representatives of
21 the advanced placement and international baccalaureate programs
22 selected by the Advanced Placement Advisory Council and IBMN,
23 respectively, shall determine the amounts of the expenditures
24 each year for examination fees, training and support programs,
25 and teacher stipends for each program.

26 Any balance in the first year does not cancel but is
27 available in the second year.

28 Subd. 3. [CHARTER SCHOOL BUILDING LEASE AID.] For building
29 lease aid under Minnesota Statutes, section 124D.11, subdivision
30 4:

31 \$25,401,000 2006

32 \$30,791,000 2007

33 The 2006 appropriation includes \$3,894,000 for 2005 and
34 \$21,507,000 for 2006.

35 The 2007 appropriation includes \$4,752,000 for 2006 and
36 \$26,039,000 for 2007.

1 Subd. 4. [CHARTER SCHOOL STARTUP AID.] For charter school
2 startup cost aid under Minnesota Statutes, section 124D.11:

3 \$1,353,000 2006

4 \$3,141,000 2007

5 The 2006 appropriation includes \$-0- for 2005 and
6 \$1,353,000 for 2006.

7 The 2007 appropriation includes \$299,000 for 2006 and
8 \$2,842,000 for 2007.

9 Subd. 5. [INTEGRATION AID.] For integration aid under
10 Minnesota Statutes, section 124D.86, subdivision 5:

11 \$57,513,000 2006

12 \$57,310,000 2007

13 The 2006 appropriation includes \$9,820,000 for 2005 and
14 \$47,693,000 for 2006.

15 The 2007 appropriation includes \$10,539,000 for 2006 and
16 \$46,771,000 for 2007.

17 Subd. 6. [MAGNET SCHOOL GRANTS.] For magnet school and
18 program grants:

19 \$ 750,000 2006

20 \$ 750,000 2007

21 These amounts may be used for magnet school programs under
22 Minnesota Statutes, section 124D.88.

23 Subd. 7. [MAGNET SCHOOL STARTUP AID.] For magnet school
24 startup aid under Minnesota Statutes, section 124D.88:

25 \$ 221,000 2007

26 The 2007 appropriation includes \$-0- for 2006 and \$221,000
27 for 2007.

28 Subd. 8. [INTERDISTRICT DESEGREGATION OR INTEGRATION
29 TRANSPORTATION GRANTS.] For interdistrict desegregation or
30 integration transportation grants under Minnesota Statutes,
31 section 124D.87:

32 \$7,714,000 2006

33 \$9,851,000 2007

34 Subd. 9. [SUCCESS FOR THE FUTURE.] For American Indian
35 success for the future grants under Minnesota Statutes, section
36 124D.81:

1 \$2,137,000 2006

2 \$2,137,000 2007

3 The 2006 appropriation includes \$386,000 for 2005 and
4 \$1,751,000 for 2006.

5 The 2007 appropriation includes \$386,000 for 2006 and
6 \$1,751,000 for 2007.

7 Subd. 10. [AMERICAN INDIAN SCHOLARSHIPS.] For American
8 Indian scholarships under Minnesota Statutes, section 124D.84:

9 \$1,875,000 2006

10 \$1,875,000 2007

11 Subd. 11. [AMERICAN INDIAN TEACHER PREPARATION
12 GRANTS.] For joint grants to assist American Indian people to
13 become teachers under Minnesota Statutes, section 122A.63:

14 \$ 190,000 2006

15 \$ 190,000 2007

16 Subd. 12. [TRIBAL CONTRACT SCHOOLS.] For tribal contract
17 school aid under Minnesota Statutes, section 124D.83:

18 \$2,169,000 2006

19 \$2,362,000 2007

20 The 2006 appropriation includes \$363,000 for 2005 and
21 \$1,806,000 for 2006.

22 The 2007 appropriation includes \$398,000 for 2006 and
23 \$1,964,000 for 2007.

24 Subd. 13. [EARLY CHILDHOOD PROGRAMS AT TRIBAL
25 SCHOOLS.] For early childhood family education programs at
26 tribal contract schools under Minnesota Statutes, section
27 124D.83, subdivision 4:

28 \$ 68,000 2006

29 \$ 68,000 2007

30 Subd. 14. [YOUTHWORKS PROGRAM.] For funding youthworks
31 programs under Minnesota Statutes, sections 124D.37 to 124D.45:

32 \$ 900,000 2006

33 \$ 900,000 2007

34 A grantee organization may provide health and child care
35 coverage to the dependents of each participant enrolled in a
36 full-time youth works program to the extent such coverage is not

1 otherwise available.

2 Subd. 15. [STUDENT ORGANIZATIONS.] For student
3 organizations:

4 \$ 625,000 2006
5 \$ 625,000 2007

6 Subd. 16. [ONLINE LEARNING AID.] For online learning aid
7 under Minnesota Statutes, section 124D.096:

8 \$2,250,000 2006
9 \$3,250,000 2007

10 Subd. 17. [EDUCATION PLANNING AND ASSESSMENT PROGRAM.] For
11 the Educational Planning and Assessment (EPAS) program under
12 Minnesota Statutes, section 120B.128:

13 \$ 829,000 2006
14 \$ 829,000 2007

15 Subd. 18. [COLLEGE LEVEL EXAMINATION PROGRAM (CLEP).] For
16 the College Level Examination program (CLEP) under Minnesota
17 Statutes, section 120B.131:

18 \$ 825,000 2006
19 \$1,650,000 2007

20 This is a onetime appropriation.

21 Subd. 19. [COLLABORATIVE URBAN EDUCATOR.] For the
22 collaborative urban educator program:

23 \$ 528,000 2006
24 \$ 528,000 2007

25 Subd. 20. [CAREER AND TECHNICAL EDUCATION GRANTS.] For
26 career and technical education grants:

27 \$1,000,000 2006
28 \$1,000,000 2007

29 Sec. 45. [REPEALER.]

30 Minnesota Statutes 2004, section 122A.60, is repealed.

31 **ARTICLE 4**

32 **SPECIAL PROGRAMS**

33 **Section 1. Minnesota Statutes 2004, section 124D.11,**
34 **subdivision 5, is amended to read:**

35 **Subd. 5. [SPECIAL EDUCATION AID.] (a) Except as provided**
36 **in subdivision 2, special education aid must be paid to a**

1 charter school according to section 125A.76, as though it were a
2 school district.

3 (b) For fiscal year 2006, the charter school may charge
4 tuition to the district of residence as follows:

5 (1) if the charter school does not receive general
6 education revenue on behalf of the student according to
7 subdivision 1, tuition shall be charged as provided in section
8 125A.11; or

9 (2) if the charter school receives general education
10 revenue on behalf of the student according to subdivision 1,
11 tuition shall be charged as provided in section 127A.47,
12 subdivision 7, paragraph (d).

13 (c) For fiscal year 2007 and later, the special education
14 aid paid to the charter school shall be adjusted as follows:

15 (1) if the charter school does not receive general
16 education revenue on behalf of the student according to
17 subdivision 1, the aid shall be adjusted as provided in section
18 125A.11; or

19 (2) if the charter school receives general education
20 revenue on behalf of the student according to subdivision 1, the
21 aid shall be adjusted as provided in section 127A.47,
22 subdivision 7, paragraph (d).

23 Sec. 2. Minnesota Statutes 2004, section 125A.11,
24 subdivision 1, is amended to read:

25 Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.]

26 (a) For fiscal year 2006, when a school district provides
27 instruction and services outside the district of residence,
28 board and lodging, and any tuition to be paid, shall be paid by
29 the district of residence. The tuition rate to be charged for
30 any child with a disability, excluding a pupil for whom tuition
31 is calculated according to section 127A.47, subdivision 7,
32 paragraph (d), must be the sum of (1) the actual cost of
33 providing special instruction and services to the child
34 including a-proportionate-amount-for-capital-outlay-and-debt
35 service-but-not-including-any-amount-for special transportation,
36 plus (2) the amount of general education revenue and referendum

1 aid excluding portions attributable to district and school
2 administration, district support services, operations and
3 maintenance, capital expenditures, and pupil transportation
4 attributable to that pupil for the portion of time the pupil
5 receives instruction in the regular classroom, plus (3) the
6 portion of general education revenue and referendum aid
7 attributable to district and school administration, district
8 support services, operations and maintenance, capital
9 expenditures, and pupil transportation attributable to that
10 pupil, minus (4) the amount of special education aid for
11 children with a disability received on behalf of that child. If
12 the boards involved do not agree upon the tuition rate, either
13 board may apply to the commissioner to fix the rate. Without
14 regard to chapter 14, the commissioner must then set a date for
15 a hearing or request a written statement from each board, giving
16 each board at least ten days' notice, and after the hearing or
17 review of the written statements the commissioner must make an
18 order fixing the tuition rate, which is binding on both school
19 districts. General education revenue and referendum aid
20 attributable to a pupil must be calculated using the resident
21 district's average general education and referendum revenue per
22 adjusted average daily membership.

23 (b) For fiscal year 2007 and later, when a school district
24 provides special instruction and services for a pupil with a
25 disability as defined in section 125A.02 outside the district of
26 residence, excluding a pupil for whom an adjustment to special
27 education aid is calculated according to section 127A.47,
28 subdivision 7, paragraph (e), special education aid paid to the
29 resident district must be reduced by an amount equal to (1) the
30 actual cost of providing special instruction and services
31 including special transportation to the pupil, plus (2) the
32 amount of general education revenue and referendum aid excluding
33 portions attributable to district and school administration,
34 district support services, operations and maintenance, capital
35 expenditures, and pupil transportation attributable to that
36 pupil for the portion of time the pupil receives instruction in

1 the regular classroom, plus (3) the portion of general education
2 revenue and referendum aid attributable to district and school
3 administration, district support services, operations and
4 maintenance, capital expenditures, and pupil transportation
5 attributable to that pupil, minus (4) the amount of special
6 education aid received on behalf of that child. General
7 education revenue and referendum aid attributable to a pupil
8 must be calculated using the resident district's average general
9 education and referendum revenue per adjusted average daily
10 membership. If the resident district's special education aid is
11 insufficient to make the full adjustment, the remaining
12 adjustment shall be made to other state aid due to the district.

13 Sec. 3. Minnesota Statutes 2004, section 125A.76,
14 subdivision 1, is amended to read:

15 Subdivision 1. [DEFINITIONS.] For the purposes of this
16 section, the definitions in this subdivision apply.

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

20 (b) "Basic revenue" has the meaning given it in section
21 126C.10, subdivision 2. For the purposes of computing basic
22 revenue pursuant to this section, each child with a disability
23 shall be counted as prescribed in section 126C.05, subdivision 1.

24 (c) "Essential personnel" means teachers, cultural
25 liaisons, related services, and support services staff providing
26 direct services to students. Essential personnel may also
27 include special education paraprofessionals or clericals
28 providing support to teachers and students by preparing
29 paperwork and making arrangements related to special education
30 compliance requirements, including parent meetings and
31 individual education plans.

32 (d) "Average daily membership" has the meaning given it in
33 section 126C.05.

34 (e) "Program growth factor" means ~~1.046~~ 1.04 for fiscal
35 ~~year-2003~~ years 2007 and 2008, and 1.0 for fiscal year ~~2004~~ 2009
36 and later.

1 Sec. 4. Minnesota Statutes 2004, section 125A.76,
2 subdivision 4, is amended to read:

3 Subd. 4. [~~STATE TOTAL SPECIAL EDUCATION AID.~~] ~~The-state~~
4 ~~total-special-education-aid-for-fiscal-year-2004>equals~~
5 ~~\$530,642,000.~~ The state total special education aid for fiscal
6 year 2005 equals \$529,164,000. The state total special
7 education aid for later fiscal years equals:

8 (1) the state total special education aid for the preceding
9 fiscal year; times

10 (2) ~~the-program-growth-factor;-times~~

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

14 Sec. 5. Minnesota Statutes 2004, section 125A.76, is
15 amended by adding a subdivision to read:

16 Subd. 5a. [SPECIAL EDUCATION LEVY REVENUE.] (a) For fiscal
17 year 2007, the state total special education revenue equals the
18 state total special education aid times the program growth
19 factor. For fiscal year 2008 and later, the state total special
20 education revenue equals:

21 (1) the state total special education revenue for the
22 preceding fiscal year, times

23 (2) the program growth factor, times

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

27 (b) For fiscal year 2007 and later, the state total special
28 education levy revenue equals the difference between the state
29 total special education revenue and the state total special
30 education aid.

31 (c) For fiscal year 2007 and later, the special education
32 levy revenue for a school district, charter school, or state
33 academy equals the product of the state total special education
34 levy revenue times the ratio of the school district, charter
35 school, or state academy's special education aid to the state
36 total special education aid.

1 (d) Special education levy equalization revenue is subject
2 to reverse referendum according to section 126C.48, subdivision
3 9.

4 Sec. 6. Minnesota Statutes 2004, section 125A.76, is
5 amended by adding a subdivision to read:

6 Subd. 5b. [SPECIAL EDUCATION LEVY.] To obtain special
7 education levy revenue for fiscal year 2007 and later, a
8 district may levy an amount not more than the product of its
9 special education levy revenue for the fiscal year times the
10 lesser of one or the ratio of its adjusted net tax capacity per
11 adjusted pupil unit to \$6,900.

12 Sec. 7. Minnesota Statutes 2004, section 125A.76, is
13 amended by adding a subdivision to read:

14 Subd. 5c. [SPECIAL EDUCATION LEVY EQUALIZATION AID.] (a)
15 For fiscal year 2007 and later, a school district's special
16 education levy equalization aid equals its special education
17 levy equalization revenue minus its special education levy times
18 the ratio of the actual amount levied to the permitted levy.

19 (b) The special education levy equalization aid for a
20 charter school or a state academy equals the charter school or
21 state academy's special education levy revenue.

22 Sec. 8. Minnesota Statutes 2004, section 125A.79,
23 subdivision 1, is amended to read:

24 Subdivision 1. [DEFINITIONS.] For the purposes of this
25 section, the definitions in this subdivision apply.

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

28 (1) expenditures for teachers' salaries, contracted
29 services, supplies, equipment, and transportation services
30 eligible for revenue under section 125A.76; plus

31 (2) expenditures for tuition bills received under sections
32 125A.03 to 125A.24 and 125A.65 for services eligible for revenue
33 under section 125A.76, subdivision 2; minus

34 (3) revenue for teachers' salaries, contracted services,
35 supplies, and equipment under section 125A.76; minus

36 (4) tuition receipts under sections 125A.03 to 125A.24 and

1 125A.65 for services eligible for revenue under section 125A.76,
2 subdivision 2.

3 (b) ~~"General revenue" means for fiscal year 1996, the sum~~
4 ~~of the general education revenue according to section 126C.10,~~
5 ~~subdivision 1, as adjusted according to section 127A.47,~~
6 ~~subdivision 7, plus the total referendum revenue according to~~
7 ~~section 126C.17, subdivision 4. For fiscal years 1997 and~~
8 ~~later, "General revenue" means the sum of the general education~~
9 revenue according to section 126C.10, subdivision 1, as adjusted
10 according to section 127A.47, subdivisions 7 and 8, plus the
11 total referendum revenue minus transportation sparsity revenue
12 minus total operating capital revenue.

13 (c) "Average daily membership" has the meaning given it in
14 section 126C.05.

15 (d) "Program growth factor" means 1.02 for fiscal year
16 2003, and 1.0 for fiscal year 2004 and later.

17 Sec. 9. Minnesota Statutes 2004, section 125A.79,
18 subdivision 5, is amended to read:

19 Subd. 5. [INITIAL EXCESS COST AID; FISCAL YEARS 2004 and
20 2005.] For fiscal years ~~2002~~ 2004 and later 2005, a district's
21 initial excess cost aid equals the greatest of:

22 (1) 75 percent of the difference between (i) the district's
23 unreimbursed special education cost and (ii) 4.36 percent of the
24 district's general revenue;

25 (2) 70 percent of the difference between (i) the increase
26 in the district's unreimbursed special education cost between
27 the base year as defined in section 125A.76, subdivision 1, and
28 the current year and (ii) 1.6 percent of the district's general
29 revenue; or

30 (3) zero.

31 Sec. 10. Minnesota Statutes 2004, section 125A.79, is
32 amended by adding a subdivision to read:

33 Subd. 5a. [INITIAL EXCESS COST AID.] For fiscal years 2006
34 and later, a district's initial excess cost aid equals the
35 greater of:

36 (1) 75 percent of the difference between (i) the district's

1 unreimbursed special education cost for the previous fiscal
 2 year, and (ii) 4.36 percent of the district's general revenue
 3 for the previous fiscal year; or

4 (2) zero.

5 Sec. 11. Minnesota Statutes 2004, section 125A.79, is
 6 amended by adding a subdivision to read:

7 Subd. 5b. [SUPPLEMENTAL EXCESS COST AID.] (a) For fiscal
 8 years 2006 and later, a district's supplemental excess cost aid
 9 equals the greater of:

10 (1) 75 percent of the difference between (i) the increase
 11 in the district's unreimbursed special education excess cost
 12 between the previous fiscal year and the current fiscal year,
 13 and (ii) \$80 times the district's adjusted marginal cost pupil
 14 units for the current fiscal year; or

15 (2) zero.

16 (b) The state total supplemental excess cost aid for any
 17 fiscal year must not exceed \$2,000,000. If the state total
 18 supplemental excess cost aid according to paragraph (a) exceeds
 19 \$2,000,000, the supplemental excess cost aid for each district
 20 shall be reduced proportionately so that the state total equals
 21 \$2,000,000.

22 Sec. 12. Minnesota Statutes 2004, section 125A.79,
 23 subdivision 7, is amended to read:

24 Subd. 7. [DISTRICT SPECIAL EDUCATION EXCESS COST AID.] (a)
 25 A district's special education excess cost aid for fiscal year
 26 ~~2002-and-later~~ years 2004 and 2005 equals the state total
 27 special education excess cost aid times the ratio of the
 28 district's initial excess cost aid to the state total initial
 29 excess cost aid.

30 (b) A district's special education excess cost aid for
 31 fiscal year 2006 and later equals the sum of:

32 (1) the product of the difference between the state total
 33 special education excess cost aid and the state total
 34 supplemental excess cost aid times the ratio of the district's
 35 initial excess cost aid to the state total initial excess cost
 36 aid; and

1 (2) the district's supplemental excess cost aid according
2 to subdivision 5b.

3 Sec. 13. Minnesota Statutes 2004, section 127A.47,
4 subdivision 7, is amended to read:

5 Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general
6 education aid and special education aid for districts must be
7 adjusted for each pupil attending a nonresident district under
8 sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and
9 124D.68. The adjustments must be made according to this
10 subdivision.

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

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

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

23 (d) For fiscal year 2006, the district of residence must
24 pay tuition to a district or an area learning center, operated
25 according to paragraph ~~(e)~~ (f), providing special instruction
26 and services to a pupil with a disability, as defined in section
27 125A.02, or a pupil, as defined in section 125A.51, who is
28 enrolled in a program listed in this subdivision. The tuition
29 must be equal to (1) the actual cost of providing special
30 instruction and services to the pupil, including ~~a-proportionate~~
31 ~~amount-for-debt-service-and-for-capital-expenditure-facilities~~
32 ~~and-equipment,-and-debt-service-but-not-including-any-amount-for~~
33 special transportation, minus (2) the amount of general
34 education revenue and referendum aid attributable to that pupil
35 for the portion of time the pupil receives special instruction
36 and services outside of the regular classroom, excluding

1 portions attributable to district and school administration,
2 district support services, operations and maintenance, capital
3 expenditures, and pupil transportation, minus (3) special
4 education aid but-not-including-any-amount-for-transportation,
5 attributable to that pupil, that is received by the district
6 providing special instruction and services. For purposes of
7 this paragraph, general education revenue and referendum aid
8 attributable to a pupil must be calculated using the serving
9 district's average general education revenue and referendum aid
10 per adjusted average daily membership.

11 (e) For fiscal year 2007 and later, special education aid
12 paid to a resident district must be reduced by an amount equal
13 to (1) the actual cost of providing special instruction and
14 services, including special transportation, for a pupil with a
15 disability, as defined in section 125A.02, or a pupil, as
16 defined in section 125A.51, who is enrolled in a program listed
17 in this subdivision, minus (2) the amount of general education
18 revenue and referendum aid attributable to that pupil for the
19 portion of time the pupil receives special instruction and
20 services outside of the regular classroom, excluding portions
21 attributable to district and school administration, district
22 support services, operations and maintenance, capital
23 expenditures, and pupil transportation, minus (3) special
24 education aid attributable to that pupil, that is received by
25 the district providing special instruction and services. For
26 purposes of this paragraph, general education revenue and
27 referendum aid attributable to a pupil must be calculated using
28 the serving district's average general education revenue and
29 referendum aid per adjusted average daily membership. Special
30 education aid paid to the district providing special instruction
31 and services for the pupil, or to the fiscal agent district for
32 a cooperative, must be increased by the amount of the reduction
33 in the aid paid to the resident district. If the resident
34 district's special education aid is insufficient to make the
35 full adjustment, the remaining adjustment shall be made to other
36 state aids due to the district.

1 (f) An area learning center operated by a service
 2 cooperative, intermediate district, education district, or a
 3 joint powers cooperative may elect through the action of the
 4 constituent boards to charge the resident district tuition for
 5 pupils rather than to have the general education revenue paid to
 6 a fiscal agent school district. Except as provided in paragraph
 7 (d) or (e), the district of residence must pay tuition equal to
 8 at least 90 percent of the district average general education
 9 revenue per pupil unit minus an amount equal to the product of
 10 the formula allowance according to section 126C.10, subdivision
 11 2, times .0485 for fiscal year 2006, and .0458 for fiscal year
 12 2007 and later fiscal years, calculated without basic skills
 13 revenue and transportation sparsity revenue, times the number of
 14 pupil units for pupils attending the area learning center, plus
 15 the amount of compensatory revenue generated by pupils attending
 16 the area learning center.

17 Sec. 14. [APPROPRIATIONS.]

18 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 19 indicated in this section are appropriated from the general fund
 20 to the Department of Education for the fiscal years designated.

21 Subd. 2. [SPECIAL EDUCATION; REGULAR.] For special
 22 education aid under Minnesota Statutes, section 125A.75:

23 \$527,768,000 2006

24 \$526,102,000 2007

25 The 2006 appropriation includes \$95,778,000 for 2005 and
 26 \$431,990,000 for 2006.

27 The 2007 appropriation includes \$95,471,000 for 2006 and
 28 \$430,631,000 for 2007.

29 Subd. 3. [SPECIAL EDUCATION REGULAR EQUALIZATION AID.] For
 30 special education regular equalization aid:

31 \$2,030,000 2007

32 Subd. 4. [AID FOR CHILDREN WITH DISABILITIES.] For aid
 33 under Minnesota Statutes, section 125A.75, subdivision 3, for
 34 children with disabilities placed in residential facilities
 35 within the district boundaries for whom no district of residence
 36 can be determined:

1 \$3,351,000 2006

2 \$3,942,000 2007

3 If the appropriation for either year is insufficient, the
4 appropriation for the other year is available.

5 Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for
6 teacher travel for home-based services under Minnesota Statutes,
7 section 125A.75, subdivision 1:

8 \$ 186,000 2006

9 \$ 192,000 2007

10 The 2006 appropriation includes \$32,000 for 2005 and
11 \$154,000 for 2006.

12 The 2007 appropriation includes \$33,000 for 2006 and
13 \$159,000 for 2007.

14 Subd. 6. [SPECIAL EDUCATION; EXCESS COSTS.] For excess
15 cost aid under Minnesota Statutes, section 125A.79, subdivision
16 7:

17 \$91,786,000 2006

18 \$91,360,000 2007

19 The 2006 appropriation includes \$39,003,000 for 2005 and
20 \$52,783,000 for 2006.

21 The 2007 appropriation includes \$38,724,000 for 2006 and
22 \$52,636,000 for 2007.

23 Subd. 7. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For
24 paying the costs a district incurs under Minnesota Statutes,
25 section 125A.75, subdivision 8:

26 \$ 17,000 2006

27 \$ 17,000 2007

28 Subd. 8. [TRANSITION FOR DISABLED STUDENTS.] For aid for
29 transition programs for children with disabilities under
30 Minnesota Statutes, section 124D.454:

31 \$8,774,000 2006

32 \$8,748,000 2007

33 The 2006 appropriation includes \$1,591,000 for 2005 and
34 \$7,183,000 for 2006.

35 The 2007 appropriation includes \$1,587,000 for 2006 and
36 \$7,161,000 for 2007.

1 Subd. 9. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For
2 reimbursing serving school districts for unreimbursed eligible
3 expenditures attributable to children placed in the serving
4 school district by court action under Minnesota Statutes,
5 section 125A.79, subdivision 4:

6 \$ 65,000 2006

7 \$ 70,000 2007

8 Subd. 10. [OUT-OF-STATE TUITION SPECIAL EDUCATION.] For
9 special education out-of-state tuition according to Minnesota
10 Statutes, section 125A.79, subdivision 8:

11 \$ 250,000 2006

12 \$ 250,000 2007

13 ARTICLE 5

14 FACILITIES AND TECHNOLOGY

15 Section 1. Minnesota Statutes 2004, section 123B.53,
16 subdivision 5, is amended to read:

17 Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] (a) The equalized
18 debt service levy of a district equals the sum of the first tier
19 equalized debt service levy and the second tier equalized debt
20 service levy.

21 (b) A district's first tier equalized debt service levy
22 equals the district's first tier debt service equalization
23 revenue times the lesser of one or the ratio of:

24 (1) the quotient derived by dividing the adjusted net tax
25 capacity of the district for the year before the year the levy
26 is certified by the adjusted pupil units in the district for the
27 school year ending in the year prior to the year the levy is
28 certified; to

29 (2) ~~\$37,200~~ \$3,832.

30 (c) A district's second tier equalized debt service levy
31 equals the district's second tier debt service equalization
32 revenue times the lesser of one or the ratio of:

33 (1) the quotient derived by dividing the adjusted net tax
34 capacity of the district for the year before the year the levy
35 is certified by the adjusted pupil units in the district for the
36 school year ending in the year prior to the year the levy is

1 certified; to

2 (2) ~~\$87,000~~ \$9,546.

3 Sec. 2. Minnesota Statutes 2004, section 123B.54, is
4 amended to read:

5 123B.54 [DEBT SERVICE APPROPRIATION.]

6 (a) ~~\$28,367,000~~ \$19,167,000 in fiscal year ~~2006~~ 2008 and
7 ~~\$25,560,000~~ \$16,403,000 in fiscal year ~~2007~~ 2009 and later are
8 appropriated from the general fund to the commissioner of
9 education for payment of debt service equalization aid under
10 section 123B.53.

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

14 Sec. 3. Minnesota Statutes 2004, section 123B.57,
15 subdivision 4, is amended to read:

16 Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and
17 safety revenue, a district may levy an amount equal to the
18 district's health and safety revenue as defined in subdivision 3
19 multiplied by the lesser of one, or the ratio of the quotient
20 derived by dividing the adjusted net tax capacity of the
21 district for the year preceding the year the levy is certified
22 by the adjusted marginal cost pupil units in the district for
23 the school year to which the levy is attributable,
24 to ~~\$2,935~~ \$3,535.

25 Sec. 4. [123B.591] [DEFERRED MAINTENANCE REVENUE.]

26 Subdivision 1. [ELIGIBILITY.] (a) An independent or
27 special school district that does not qualify to participate in
28 the alternative facilities bonding and levy under section
29 123B.59, subdivision 1, paragraph (a), is eligible to receive
30 deferred maintenance revenue.

31 (b) Deferred maintenance revenue is subject to reverse
32 referendum according to section 126C.48, subdivision 9.

33 Subd. 2. [DEFERRED MAINTENANCE REVENUE.] The deferred
34 maintenance revenue for an eligible school district equals the
35 product of \$50 times the adjusted pupil units for the school
36 year times the lesser of one or the ratio of the district's

1 average age of building space to 35 years.

2 Subd. 3. [DEFERRED MAINTENANCE LEVY.] To obtain deferred
3 maintenance revenue for fiscal year 2007 and later, a district
4 may levy an amount not more than the product of its deferred
5 maintenance revenue for the fiscal year times the lesser of one
6 or the ratio of its adjusted net tax capacity per adjusted pupil
7 unit to \$6,900.

8 Subd. 4. [DEFERRED MAINTENANCE AID.] For fiscal year 2007
9 and later, a district's deferred maintenance aid equals its
10 deferred maintenance revenue minus its deferred maintenance levy
11 times the ratio of the actual amount levied to the permitted
12 levy.

13 Subd. 5. [RESERVE ACCOUNT.] Deferred maintenance revenue
14 must be maintained in a reserve account within the general fund.
15 Deferred maintenance revenue may be used only for expenditures
16 that would be eligible for alternative facilities bonding and
17 levy revenue under section 123B.59, subdivision 2, paragraph
18 (a), if the district qualified for that revenue under section
19 123B.59, subdivision 1, paragraph (a).

20 [EFFECTIVE DATE.] This section is effective for revenue for
21 fiscal year 2007.

22 Sec. 5. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS
23 EQUITY AID.]

24 Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or
25 charter school shall submit its actual
26 telecommunications/Internet access costs for the previous fiscal
27 year, adjusted for any e-rate revenue received, to the
28 department by August 15 of each year as prescribed by the
29 commissioner. Costs eligible for reimbursement under this
30 program are limited to the following:

31 (1) ongoing or recurring telecommunications/Internet access
32 costs associated with Internet access, data lines, and video
33 links providing:

34 (i) the equivalent of one data line, video link, or
35 integrated data/video link that relies on a transport medium
36 that operates at a minimum speed of 1.544 megabytes per second

1 (T1) for each elementary school, middle school, or high school
2 under section 120A.05, subdivisions 9, 11, and 13, including the
3 recurring telecommunications line lease costs and ongoing
4 Internet access service fees; or

5 (ii) the equivalent of one data line or video circuit, or
6 integrated data/video link that relies on a transport medium
7 that operates at a minimum speed of 1.544 megabytes per second

8 (T1) for each district, including recurring telecommunications
9 line lease costs and ongoing Internet access service fees;

10 (2) recurring costs of contractual or vendor-provided
11 maintenance on the school district's wide area network to the
12 point of presence at the school building up to the router,
13 codec, or other service delivery equipment located at the point
14 of presence termination at the school or school district;

15 (3) recurring costs of cooperative, shared arrangements for
16 regional delivery of telecommunications/Internet access between
17 school districts, postsecondary institutions, and public
18 libraries including network gateways, peering points, regional
19 network infrastructure, Internet2 access, and network support,
20 maintenance, and coordination; and

21 (4) service provider installation fees for installation of
22 new telecommunications lines or increased bandwidth.

23 (b) Costs not eligible for reimbursement under this program
24 include:

25 (1) recurring costs of school district staff providing
26 network infrastructure support;

27 (2) recurring costs associated with voice and standard
28 telephone service;

29 (3) costs associated with purchase of network hardware,
30 telephones, computers, or other peripheral equipment needed to
31 deliver telecommunications access to the school or school
32 district;

33 (4) costs associated with laying fiber for
34 telecommunications access;

35 (5) costs associated with wiring school or school district
36 buildings;

1 (6) costs associated with purchase, installation, or
2 purchase and installation of Internet filtering; and
3 (7) costs associated with digital content, including
4 on-line learning or distance learning programming, and
5 information databases.

6 Subd. 2. [E-RATES.] To be eligible for aid under this
7 section, a district or charter school is required to file an
8 e-rate application either separately or through its
9 telecommunications access cluster and have a current technology
10 plan on file with the department. Discounts received on
11 telecommunications expenditures shall be reflected in the costs
12 submitted to the department for aid under this section.

13 Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall
14 develop criteria for approving costs submitted by school
15 districts and charter schools under subdivision 1.

16 Subd. 4. [DISTRICT AID.] For fiscal year 2006, a district
17 or charter school's Internet access equity aid equals 90 percent
18 of the district or charter school's approved cost for the
19 previous fiscal year according to subdivision 1 exceeding \$15
20 times the district's adjusted marginal cost pupil units for the
21 previous fiscal year. For fiscal year 2007 and later, a
22 district or a district or charter school's Internet access
23 equity aid equals 90 percent of the district or charter school's
24 approved cost for the previous fiscal year according to
25 subdivision 1 exceeding \$18 times the district's adjusted pupil
26 units for the previous fiscal year, as adjusted under section
27 126C.05, subdivision 14.

28 Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR
29 NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon
30 formal request by or on behalf of a nonpublic school, not
31 including home schools, located in that district or area,
32 ongoing or recurring telecommunications access services to the
33 nonpublic school either through existing district providers or
34 through separate providers.

35 (b) The amount of district aid for telecommunications
36 access services for each nonpublic school under this subdivision

1 equals the lesser of:

2 (1) 90 percent of the nonpublic school's approved cost for
3 the previous fiscal year according to subdivision 1 exceeding
4 \$10 for fiscal year 2006 and \$13 for fiscal year 2007 and later
5 times the number of weighted pupils enrolled at the nonpublic
6 school as of October 1 of the previous school year; or

7 (2) the product of the district's aid per pupil unit
8 according to subdivision 4 times the number of weighted pupils
9 enrolled at the nonpublic school as of October 1 of the previous
10 school year.

11 (c) For purposes of this subdivision, nonpublic school
12 pupils shall be weighted by grade level using the weighting
13 factors defined in section 126C.05, subdivision 1.

14 (d) Each year, a district providing services under
15 paragraph (a) may claim up to five percent of the aid determined
16 in paragraph (b) for costs of administering this subdivision.
17 No district may expend an amount for these telecommunications
18 access services which exceeds the amount allocated under this
19 subdivision. The nonpublic school is responsible for the
20 Internet access costs not covered by this section.

21 (e) At the request of a nonpublic school, districts may
22 allocate the amount determined in paragraph (b) directly to the
23 nonpublic school to pay for or offset the nonpublic school's
24 costs for telecommunications access services, however, the
25 amount allocated directly to the nonpublic school may not exceed
26 the actual amount of the school's ongoing or recurring
27 telecommunications access costs.

28 Subd. 6. [SEVERABILITY.] If any portion of this section is
29 found by a court to be unconstitutional, the remaining portions
30 of the section shall remain in effect.

31 [EFFECTIVE DATE.] This section is effective for revenue for
32 fiscal year 2006.

33 Sec. 6. Minnesota Statutes 2004, section 126C.63,
34 subdivision 5, is amended to read:

35 Subd. 5. [LEVY.] "Levy" means a district's net debt
36 service levy after the reduction of debt service equalization

1 aid under section 123B.53, subdivision 6. For taxes payable in
2 2003 and later, each district's maximum effort debt service levy
3 for purposes of subdivision 8, must be reduced by an equal
4 number of percentage points if the commissioner of finance
5 determines that the levy reduction will not result in a payment
6 from the general fund in the state treasury according to section
7 16A.641, as would be required under section 126C.72, subdivision
8 3. A district's levy that is adjusted under this section must
9 not be reduced below ~~30~~ 25 percent of the district's adjusted
10 net tax capacity.

11 Sec. 7. Minnesota Statutes 2004, section 126C.63,
12 subdivision 8, is amended to read:

13 Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] (a) "Maximum
14 effort debt service levy" means the lesser of:

15 (1) a levy in whichever of the following amounts is
16 applicable:

17 (i) in any district receiving a debt service loan for a
18 debt service levy payable in 2002 and thereafter, or granted a
19 capital loan after January 1, 2002, a levy in total dollar
20 amount computed at a rate of ~~40~~ 32 percent of adjusted net tax
21 capacity for taxes payable in 2002 and thereafter;

22 (ii) in any district receiving a debt service loan for a
23 debt service levy payable in 2001 or earlier, or granted a
24 capital loan before January 2, ~~2001~~ 2002, a levy in a total
25 dollar amount computed at a rate of ~~32~~ 28 percent of adjusted
26 net tax capacity for taxes payable in 2002 and thereafter; or

27 (2) a levy in any district for which a capital loan was
28 approved prior to August 1, 1981, a levy in a total dollar
29 amount equal to the sum of the amount of the required debt
30 service levy and an amount which when levied annually will in
31 the opinion of the commissioner be sufficient to retire the
32 remaining interest and principal on any outstanding loans from
33 the state within 30 years of the original date when the capital
34 loan was granted.

35 (b) The board in any district affected by the provisions of
36 paragraph (a), clause (2), may elect instead to determine the

1 amount of its levy according to the provisions of paragraph (a),
 2 clause (1). If a district's capital loan is not paid within 30
 3 years because it elects to determine the amount of its levy
 4 according to the provisions of paragraph (a), clause (2), the
 5 liability of the district for the amount of the difference
 6 between the amount it levied under paragraph (a), clause (2),
 7 and the amount it would have levied under paragraph (a), clause
 8 (1), and for interest on the amount of that difference, must not
 9 be satisfied and discharged pursuant to Minnesota Statutes 1988,
 10 or an earlier edition of Minnesota Statutes if applicable,
 11 section 124.43, subdivision 4.

12 Sec. 8. [APPROPRIATIONS.]

13 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 14 indicated in this section are appropriated from the general fund
 15 to the Department of Education for the fiscal years designated.

16 Subd. 2. [HEALTH AND SAFETY REVENUE.] For health and
 17 safety aid according to Minnesota Statutes, section 123B.57,
 18 subdivision 5:

19 \$ 818,000 2006

20 \$ 575,000 2007

21 The 2006 appropriation includes \$244,000 for 2005 and
 22 \$574,000 for 2006.

23 The 2007 appropriation includes \$126,000 for 2006 and
 24 \$449,000 for 2007.

25 Subd. 3. [DEBT SERVICE EQUALIZATION.] For debt service aid
 26 according to Minnesota Statutes, section 123B.53, subdivision 6:

27 \$ 25,882,000 2006

28 \$ 21,769,000 2007

29 The 2006 appropriation includes \$5,365,000 for 2005 and
 30 \$20,517,000 for 2006.

31 The 2007 appropriation includes \$4,534,000 for 2006 and
 32 \$17,235,000 for 2007.

33 Subd. 4. [ALTERNATIVE FACILITIES BONDING AID.] For
 34 alternative facilities bonding aid, according to Minnesota
 35 Statutes, section 123B.59, subdivision 1:

36 \$ 19,287,000 2006

1 \$19,287,000 2007

2 The 2006 appropriation includes \$3,490,000 for 2005 and
3 \$15,797,000 for 2006.

4 The 2007 appropriation includes \$3,490,000 for 2006 and
5 \$15,797,000 for 2007.

6 Subd. 5. [EQUITY IN TELECOMMUNICATIONS ACCESS.] For equity
7 in telecommunications access:

8 \$4,500,000 2006

9 \$4,600,000 2007

10 Subd. 6. [DEFERRED MAINTENANCE AID.] For deferred
11 maintenance aid under Minnesota Statutes, section 123B.591:

12 \$2,383,000 2007

13 ARTICLE 6

14 NUTRITION

15 Section 1. [APPROPRIATIONS.]

16 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
17 indicated in this section are appropriated from the general fund
18 to the Department of Education for the fiscal years designated.

19 Subd. 2. [SCHOOL LUNCH.] For school lunch aid according to
20 Minnesota Statutes, section 124D.111, and Code of Federal
21 Regulations, title 7, section 210.17:

22 \$7,765,000 2006

23 \$7,880,000 2007

24 Subd. 3. [TRADITIONAL SCHOOL BREAKFAST.] For traditional
25 school breakfast aid under Minnesota Statutes, section 124D.116:

26 \$4,655,000 2006

27 \$4,745,000 2007

28 Subd. 4. [SUMMER SCHOOL SERVICE REPLACEMENT AID.] For
29 summer food service replacement aid under Minnesota Statutes,
30 section 124D.119:

31 \$ 150,000 2006

32 \$ 150,000 2007

33 ARTICLE 7

34 LIBRARIES

35 Section 1. [APPROPRIATIONS.]

36 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums

1 indicated in this section are appropriated from the general fund
 2 to the Department of Education for the fiscal years designated.

3 Subd. 2. [BASIC SUPPORT.] For basic support grants
 4 according to Minnesota Statutes, sections 134.32 to 134.35:

5 \$8,570,000 2006

6 \$8,570,000 2007

7 The 2006 appropriation includes \$1,551,000 for 2005 and
 8 \$7,019,000 for 2006.

9 The 2007 appropriation includes \$1,551,000 for 2006 and
 10 \$7,019,000 for 2007.

11 Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For
 12 grants according to Minnesota Statutes, sections 134.353 and
 13 134.354, to multicounty, multitype library systems:

14 \$ 903,000 2006

15 \$ 903,000 2007

16 The 2006 appropriation includes \$163,000 for 2005 and
 17 \$740,000 for 2006.

18 The 2007 appropriation includes \$163,000 for 2006 and
 19 \$740,000 for 2007.

20 Subd. 4. [ELECTRONIC LIBRARY FOR MINNESOTA.] For statewide
 21 licenses to on-line databases selected in cooperation with the
 22 Higher Education Services Office for school media centers,
 23 public libraries, and state government agency libraries, and
 24 public, private, or university libraries:

25 \$1,039,000 2006

26 \$1,091,000 2007

27 Subd. 5. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For
 28 regional library telecommunications aid under Minnesota
 29 Statutes, section 134.355:

30 \$1,200,000 2006

31 \$1,200,000 2007

32 Of the 2006 appropriation, \$217,000 is for 2005 and
 33 \$983,000 is for 2006.

34 Of the 2007 appropriation, \$217,000 is for 2006 and
 35 \$983,000 is for 2007.

36

ARTICLE 8

1 EARLY CHILDHOOD FAMILY SUPPORT

2 Section 1. Minnesota Statutes 2004, section 121A.17,
3 subdivision 1, is amended to read:

4 Subdivision 1. [EARLY CHILDHOOD DEVELOPMENTAL SCREENING.]
5 Every school board must provide for a mandatory program of early
6 childhood developmental screening for children once before
7 school entrance, targeting children who are between 3-~~1~~/2 three
8 and four years old. This screening program must be established
9 either by one board, by two or more boards acting in
10 cooperation, by service cooperatives, by early childhood family
11 education programs, or by other existing programs. This
12 screening examination is a mandatory requirement for a student
13 to continue attending kindergarten or first grade in a public
14 school. A child need not submit to developmental screening
15 provided by a board if the child's health records indicate to
16 the board that the child has received comparable developmental
17 screening from a public or private health care organization or
18 individual health care provider. A student identification
19 number, as defined by the commissioner of education, shall be
20 assigned at the time of early childhood developmental screening
21 or at the time of the provision of health records indicating a
22 comparable screening. Each school district must provide the
23 essential data in accordance with section 125B.07, subdivision
24 6, to the Department of Education. Districts are encouraged to
25 reduce the costs of preschool developmental screening programs
26 by utilizing volunteers in implementing the program.

27 Sec. 2. Minnesota Statutes 2004, section 121A.19, is
28 amended to read:

29 121A.19 [DEVELOPMENTAL SCREENING AID.]

30 Each school year, the state must pay a district ~~\$40~~ \$50 for
31 each three-year-old child screened; \$40 for each four-year-old
32 child screened; and \$30 for each five-year-old child screened
33 prior to kindergarten according to the requirements of section
34 121A.17. If this amount of aid is insufficient, the district
35 may permanently transfer from the general fund an amount that,
36 when added to the aid, is sufficient.

1 Sec. 3. Minnesota Statutes 2004, section 124D.15,
2 subdivision 1, is amended to read:

3 Subdivision 1. [~~ESTABLISHMENT; PURPOSE.~~] A district or a
4 group of districts may establish a school readiness program
5 for eligible children age three to kindergarten entrance. The
6 purpose of a school readiness program is to ~~provide-all-eligible~~
7 ~~children-adequate-opportunities-to-participate-in-child~~
8 ~~development-programs-that-enable-the-children-to-enter-school~~
9 ~~with-the-necessary-skills-and-behavior-and-family-stability-and~~
10 ~~support-to-progress-and-flourish~~ prepare children to enter
11 kindergarten.

12 Sec. 4. Minnesota Statutes 2004, section 124D.15,
13 subdivision 3, is amended to read:

14 Subd. 3. [~~PROGRAM ELIGIBILITY REQUIREMENTS.~~] A school
15 readiness program must ~~include-the-following~~:

16 (1) ~~a-comprehensive-plan-to-anticipate-and-meet-the-needs~~
17 ~~of-participating-families-by-coordinating-existing-social~~
18 ~~services-programs-and-by-fostering-collaboration-among-agencies~~
19 ~~or-other-community-based-organizations-and-programs-that-provide~~
20 ~~a-full-range-of-flexible,-family-focused-services-to-families~~
21 ~~with-young-children~~ Conduct a child development assessment on
22 each child to guide intentional curriculum planning and promote
23 kindergarten readiness. This assessment must be conducted on
24 each child at entrance into the program and once prior to exit
25 of the program and be maintained as part of a child's cumulative
26 record;

27 (2) ~~a-development-and-learning-component-to-help-children~~
28 ~~develop-appropriate-social,-cognitive,-and-physical-skills,-and~~
29 ~~emotional-well-being~~ adopt and implement department early
30 learning standards;

31 (3) ~~health-referral-services-to-address-children's-medical,-~~
32 ~~dental,-mental-health,-and-nutritional-needs~~ demonstrate use of
33 comprehensive curriculum based on early childhood research and
34 professional practice that prepares children for kindergarten;

35 (4) ~~a-nutrition-component-to-meet-children's-daily~~
36 ~~nutritional-needs~~ arrange for early childhood screening and

1 appropriate referral;

2 (5) ~~parents'-involvement-in-meeting-children's-educational,~~
3 ~~health,-social-service,-and-other-needs~~ involve parents in
4 program planning and decision making;

5 (6) ~~community-outreach-to-ensure-participation-by-families~~
6 ~~who-represent-the-racial,-cultural,-and-economic-diversity-of~~
7 ~~the-community;~~ coordinate with relevant community-based
8 services; and

9 (7) ~~community-based-staff-and-program-resources,-including~~
10 ~~interpreters,-that-reflect-the-racial-and-ethnic-characteristics~~
11 ~~of-the-children-participating-in-the-program;-and~~

12 (8) ~~a-literacy-component-to-ensure-that-the-literacy-needs~~
13 ~~of-parents-are-addressed-through-referral-to-and-cooperation~~
14 cooperate with adult basic education programs and other adult
15 literacy programs.

16 Sec. 5. Minnesota Statutes 2004, section 124D.15, is
17 amended by adding a subdivision to read:

18 Subd. 3a. [APPLICATION AND REPORTING REQUIREMENTS.] (a) A
19 school readiness program must submit a biennial plan to the
20 commissioner for approval to receive aid under section 124D.16.
21 The plan must document that the program will meet the program
22 requirements under subdivision 3. A school district shall
23 submit the biennial plan by April 1 to the commissioner on a
24 form prescribed by the commissioner. One-half of the districts
25 shall first submit the plan by April 1, 2006, and one-half of
26 the districts by April 1, 2007.

27 (b) Programs receiving school readiness funds must submit
28 an annual report to the department.

29 Sec. 6. Minnesota Statutes 2004, section 124D.15,
30 subdivision 5, is amended to read:

31 Subd. 5. [SERVICES WITH NEW OR EXISTING PROVIDERS.] A
32 district ~~is-encouraged-to~~ may contract with a public charter
33 school or nonprofit community-based organization to provide
34 eligible children developmentally appropriate services that meet
35 the program requirements in subdivision 3. In the alternative,
36 a district may pay tuition or fees to place an eligible child in

1 an existing program. A district may establish a new program
 2 where no existing, reasonably accessible program meets the
 3 program requirements in subdivision 3. A copy of each contract
 4 must be submitted to the commissioner with the biennial plan.
 5 Services may be provided in a site-based program or in the home
 6 of the child or a combination of both. The district may not
 7 restrict participation to district residents.

8 Sec. 7. Minnesota Statutes 2004, section 124D.15,
 9 subdivision 10, is amended to read:

10 Subd. 10. [SUPERVISION.] A program provided by a board
 11 must be supervised by a licensed early childhood teacher, a
 12 certified early childhood educator, or a licensed parent
 13 educator. ~~A program provided according to a contract between a~~
 14 ~~district and a nonprofit organization or another private~~
 15 ~~organization must be supervised and staffed according to the~~
 16 ~~terms of the contract.~~

17 Sec. 8. Minnesota Statutes 2004, section 124D.15,
 18 subdivision 12, is amended to read:

19 Subd. 12. [PROGRAM FEES.] A district may must adopt a
 20 sliding fee schedule based on a family's income but must waive a
 21 fee for a participant unable to pay. ~~The fees charged must be~~
 22 ~~designed to enable eligible children of all socioeconomic levels~~
 23 ~~to participate in the program.~~

24 Sec. 9. Minnesota Statutes 2004, section 124D.15, is
 25 amended by adding a subdivision to read:

26 Subd. 14. [ASSISTANCE.] The department must provide
 27 assistance to districts with programs described in this section.

28 Sec. 10. Minnesota Statutes 2004, section 124D.16,
 29 subdivision 2, is amended to read:

30 Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to
 31 receive school readiness aid for eligible prekindergarten pupils
 32 enrolled in a school readiness program under section 124D.15 if
 33 the program biennial plan required by ~~subdivision 1~~ section
 34 124D.15, subdivision 3a, has been approved by the commissioner.

35 (b) For fiscal year 2002 and thereafter, a district must
 36 receive school readiness aid equal to:

1 (1) the number of eligible four-year-old children in the
 2 district on October 1 for the previous school year times the
 3 ratio of 50 percent of the total school readiness aid for that
 4 year to the total number of eligible four-year-old children
 5 reported to the commissioner for the previous school year; plus

6 (2) the number of pupils enrolled in the school district
 7 from families eligible for the free or reduced school lunch
 8 program for the second previous school year times the ratio of
 9 50 percent of the total school readiness aid for that year to
 10 the total number of pupils in the state from families eligible
 11 for the free or reduced school lunch program for the second
 12 previous school year.

13 Sec. 11. Minnesota Statutes 2004, section 124D.16,
 14 subdivision 3, is amended to read:

15 Subd. 3. [USE OF AID.] School readiness aid shall be used
 16 only to provide a school readiness program and may be used to
 17 provide transportation. Not more than five percent of the
 18 aid program revenue, as defined in subdivision 5, may be used
 19 for the cost of administering the program. Aid must be used to
 20 supplement and not supplant local, state, and federal funding.
 21 Aid may not be used for instruction and services required under
 22 sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to
 23 purchase land or construct buildings, but may be used to lease
 24 or renovate existing buildings.

25 Sec. 12. [APPROPRIATIONS.]

26 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 27 indicated in this section are appropriated from the general fund
 28 to the Department of Education for the fiscal years designated.

29 Subd. 2. [SCHOOL READINESS.] For revenue for school
 30 readiness programs under Minnesota Statutes, sections 124D.15
 31 and 124D.16:

32	<u>\$8,893,000</u>	<u>.....</u>	<u>2006</u>
33	<u>\$8,888,000</u>	<u>.....</u>	<u>2007</u>

34 The 2006 appropriation includes \$1,638,000 for 2005 and
 35 \$7,255,000 for 2006.

36 The 2007 appropriation includes \$1,603,000 for 2006 and

1 \$7,285,000 for 2007.

2 Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early
3 childhood family education aid under Minnesota Statutes, section
4 124D.135:

5 \$12,187,000 2006

6 \$12,558,000 2007

7 The 2006 appropriation includes \$2,150,000 for 2005 and
8 \$10,037,000 for 2006.

9 The 2007 appropriation includes \$2,217,000 for 2006 and
10 \$10,341,000 for 2007.

11 Subd. 4. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For
12 health and developmental screening aid under Minnesota Statutes,
13 sections 121A.17 and 121A.19:

14 \$2,984,000 2006

15 \$3,413,000 2007

16 The 2006 appropriation includes \$481,000 for 2005 and
17 \$2,503,000 for 2006.

18 The 2007 appropriation includes \$552,000 for 2006 and
19 \$2,861,000 for 2007.

20 Subd. 5. [HEAD START PROGRAM.] For Head Start programs
21 under Minnesota Statutes, section 119A.52:

22 \$17,100,000 2006

23 \$17,100,000 2007

24 Sec. 13. [REPEALER.]

25 (a) Minnesota Statutes 2004, sections 124D.15, subdivisions
26 2, 4, 6, 7, 8, 9, 11, and 13; and 124D.16, subdivision 4, are
27 repealed.

28 (b) Minnesota Statutes 2004, section 124D.16, subdivision
29 1, is repealed effective July 1, 2006.

30 ARTICLE 9

31 COMMUNITY EDUCATION AND PREVENTION

32 Section 1. Minnesota Statutes 2004, section 124D.22,
33 subdivision 3, is amended to read:

34 Subd. 3. [SCHOOL-AGE CARE LEVY.] To obtain school-age care
35 revenue, a school district may levy an amount equal to the
36 district's school-age care revenue as defined in subdivision 2

1 multiplied by the lesser of one, or the ratio of the quotient
2 derived by dividing the adjusted net tax capacity of the
3 district for the year before the year the levy is certified by
4 the resident pupil units in the district for the school year to
5 which the levy is attributable, to ~~\$2,433~~ \$2,925.

6 [EFFECTIVE DATE.] This section is effective for revenue for
7 fiscal year 2007.

8 Sec. 2. [APPROPRIATIONS.]

9 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
10 indicated in this section are appropriated from the general fund
11 to the Department of Education for the fiscal years designated.

12 Subd. 2. [COMMUNITY EDUCATION AID.] For community
13 education aid under Minnesota Statutes, section 124D.20:

14 \$1,958,000 2006

15 \$1,250,000 2007

16 The 2006 appropriation includes \$459,000 for 2005 and
17 \$1,499,000 for 2006.

18 The 2007 appropriation includes \$331,000 for 2006 and
19 \$919,000 for 2007.

20 Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For
21 adults with disabilities programs under Minnesota Statutes,
22 section 124D.56:

23 \$ 710,000 2006

24 \$ 710,000 2007

25 The 2006 appropriation includes \$128,000 for 2005 and
26 \$582,000 for 2006.

27 The 2007 appropriation includes \$128,000 for 2006 and
28 \$582,000 for 2007.

29 Subd. 4. [HEARING-IMPAIRED ADULTS.] For programs for
30 hearing-impaired adults under Minnesota Statutes, section
31 124D.57:

32 \$ 70,000 2006

33 \$ 70,000 2007

34 Subd. 5. [SCHOOL-AGE CARE REVENUE.] For extended day aid
35 under Minnesota Statutes, section 124D.22:

36 \$ 15,000 2006

1 \$ 5,000 2007

2 The 2006 appropriation includes \$4,000 for 2005 and \$11,000
3 for 2006.

4 The 2007 appropriation includes \$2,000 for 2006 and \$3,000
5 for 2007.

6 ARTICLE 10

7 SELF-SUFFICIENCY AND LIFELONG LEARNING

8 Section 1. Minnesota Statutes 2004, section 124D.531,
9 subdivision 1, is amended to read:

10 Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.]

11 (a) The state total adult basic education aid for fiscal year
12 ~~2004 equals \$34,388,000. The state total adult basic education~~
13 ~~aid for fiscal year 2005 and later~~ is \$36,509,000. The state
14 total adult basic education aid for fiscal year 2006 and later
15 is \$36,509,000 plus any amount that is not paid for during the
16 previous fiscal year, as a result of adjustments under
17 subdivision 4, paragraph (a), or section 124D.52, subdivision
18 3. Beginning in fiscal year 2002, two percent of the state
19 total adult basic education aid must be set aside for adult
20 basic education supplemental service grants under section
21 124D.522.

22 (b) The state total adult basic education aid, excluding
23 basic population aid, equals the difference between the amount
24 computed in paragraph (a), and the state total basic population
25 aid under subdivision 2.

26 [EFFECTIVE DATE.] This section is effective the day
27 following final enactment and applies to revenue distributions
28 for fiscal year 2006.

29 Sec. 2. Minnesota Statutes 2004, section 124D.531,
30 subdivision 4, is amended to read:

31 Subd. 4. [ADULT BASIC EDUCATION PROGRAM AID LIMIT.] (a)
32 Notwithstanding subdivisions 2 and 3, the total adult basic
33 education aid for a program per prior year contact hour must not
34 exceed \$21 per prior year contact hour computed under
35 subdivision 3, clause (2).

36 (b) For fiscal year 2004, the aid for a program under

1 subdivision 3, clause (2), adjusted for changes in program
2 membership, must not exceed the aid for that program under
3 subdivision 3, clause (2), for fiscal year 2003 by more than the
4 greater of eight percent or \$10,000.

5 (c) For fiscal year 2005, the aid for a program under
6 subdivision 3, clause (2), adjusted for changes in program
7 membership, must not exceed the sum of the aid for that program
8 under subdivision 3, clause (2), and Laws 2003, First Special
9 Session chapter 9, article 9, section 8, paragraph (a), for the
10 preceding fiscal year by more than the greater of eight percent
11 or \$10,000.

12 (d) For fiscal year 2006 and later, the aid for a program
13 under subdivision 3, clause (2), adjusted for changes in program
14 membership, must not exceed the aid for that program under
15 subdivision 3, clause (2), for the first preceding fiscal year
16 by more than the greater of eight percent or \$10,000.

17 (e) Adult basic education aid is payable to a program for
18 unreimbursed costs occurring in the program year as defined in
19 section 124D.52, subdivision 3.

20 (f) Any adult basic education aid that is not paid to a
21 program because of the program aid limitation under paragraph
22 (a) must be added to the state total adult basic education aid
23 for the next fiscal year under subdivision 1. Any adult basic
24 education aid that is not paid to a program because of the
25 program aid limitations under paragraph (b), (c), or (d), must
26 be reallocated among programs by adjusting the rate per contact
27 hour under subdivision 3, clause (2).

28 [EFFECTIVE DATE.] This section is effective the day
29 following final enactment and applies to revenue distributions
30 for fiscal year 2006.

31 Sec. 3. [GRANTS FOR INTENSIVE ENGLISH INSTRUCTION FOR NEW
32 ADULT REFUGEES.]

33 The commissioner of education shall establish a
34 reimbursement grant program to fund intensive English as a
35 second language (ESL) programs for adult refugees. Intensive ESL
36 programming must provide intensive instruction for adult

1 refugees who are making inadequate literacy progress as measured
2 by a standard assessment test. The intensive instruction must
3 be focused on participants gaining sufficient literacy to
4 achieve self-sufficiency through employment.

5 Organizations eligible for grants under this section
6 include adult basic education programs, school districts,
7 postsecondary institutions, and nonprofit or community-based
8 organizations or other private organizations with experience in
9 providing English language instruction to non-English speaking
10 immigrants and refugees. Grant applications must contain
11 information required by the commissioner in the form prescribed
12 by the commissioner. At a minimum, the application must
13 document experience in literacy programs serving immigrants and
14 refugees, describe fiscal accounting systems and reporting
15 capacity, ensure that administrative expenses are limited to
16 five percent of grant funds, and provide a description of the
17 proposed instructional services and training plans. Funds must
18 be paid to programs on a reimbursement basis. The grant program
19 expires on June 30, 2007.

20 Sec. 4. [APPROPRIATIONS.]

21 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
22 indicated in this section are appropriated from the general fund
23 to the Department of Education for the fiscal years designated.

24 Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic
25 education aid under Minnesota Statutes, section 124D.52, in
26 fiscal year 2004 and Minnesota Statutes, section 124D.531, in
27 fiscal year 2005:

28 \$36,514,000 2006

29 \$36,541,000 2007

30 The 2006 appropriation includes \$6,580,000 for 2005 and
31 \$29,934,000 for 2006.

32 The 2007 appropriation includes \$6,614,000 for 2006 and
33 \$29,927,000 for 2007.

34 Subd. 3. [GED TESTS.] For payment of 60 percent of the
35 costs of GED tests under Laws 1993, chapter 224, article 4,
36 section 44, subdivision 10:

1 \$ 125,000 2006

2 \$ 125,000 2007

3 Subd. 4. [INTENSIVE ENGLISH INSTRUCTION.] For grants for
4 intensive English instruction for adult refugees under section 3:

5 \$1,000,000 2006

6 \$1,000,000 2007

7 Subd. 5. [LEAD HAZARD REDUCTION.] For lead hazard
8 reduction under Minnesota Statutes, section 119A.46:

9 \$ 100,000 2006

10 \$ 100,000 2007

11 Any balance in the first year does not cancel but is
12 available in the second year. The commissioner of education may
13 transfer this appropriation to the commissioner of health.

14 ARTICLE 11

15 STATE AGENCIES

16 Section 1. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

17 Subdivision 1. [DEPARTMENT OF EDUCATION.] Unless otherwise
18 indicated, the sums indicated in this section are appropriated
19 from the general fund to the Department of Education for the
20 fiscal years designated.

21 Subd. 2. [DEPARTMENT.] (a) For the Department of Education:

22 \$31,896,000 2006

23 \$33,757,000 2007

24 Any balance in the first year does not cancel but is
25 available in the second year.

26 (b) \$260,000 each year is for the Minnesota Children's
27 Museum.

28 (c) \$41,000 each year is for the Minnesota Academy of
29 Science.

30 (d) \$250,000 each year is for the administration of the
31 scholarship tax credit. The commissioner of education may
32 transfer these funds to the Department of Revenue to assist with
33 the administration of this program.

34 (e) \$9,000,000 each year is for statewide testing support
35 under Minnesota Statutes, section 120B.30.

36 (f) \$500,000 in fiscal year 2007 is for alternative teacher

1 Senator moves to amend S.F. No. 1278 as follows:

2 Page 156, after line 3, insert:

3 "ARTICLE 12

4 OTHER EARLY CHILDHOOD FAMILY SUPPORT POLICY

5 Section 1. Minnesota Statutes 2004, section 124D.135,
6 subdivision 5, is amended to read:

7 Subd. 5. [USE OF REVENUE RESTRICTED.] Early childhood
8 family education revenue may be used only for early childhood
9 family education programs. Not more than five percent of early
10 childhood family education revenue, as defined in subdivision 7,
11 may be used to administer early childhood family education
12 programs.

13 Sec. 2. Minnesota Statutes 2004, section 124D.16,
14 subdivision 3, is amended to read:

15 Subd. 3. [USE OF AID.] School readiness aid shall be used
16 only to provide a school readiness program and may be used to
17 provide transportation. Not more than five percent of ~~the~~
18 aid school readiness revenue, as defined in subdivision 7, may
19 be used for the cost of administering the program. Aid must be
20 used to supplement and not supplant local, state, and federal
21 funding. Aid may not be used for instruction and services
22 required under sections 125A.03 to 125A.24 and 125A.65. Aid may
23 not be used to purchase land or construct buildings, but may be
24 used to lease or renovate existing buildings.

25 Sec. 3. Minnesota Statutes 2004, section 126C.15,
26 subdivision 1, is amended to read:

27 Subdivision 1. [USE OF THE REVENUE.] Except for revenue
28 allocated for prekindergarten programs under subdivision 2,
29 paragraph (c), the basic skills revenue under section 126C.10,
30 subdivision 4, must be reserved and used to meet the educational
31 needs of pupils who enroll under-prepared to learn and whose
32 progress toward meeting state or local content or performance
33 standards is below the level that is appropriate for learners of
34 their age. Any of the following may be provided to meet these
35 learners' needs:

36 (1) direct instructional services under the assurance of

1 mastery program according to section 124D.66;

2 (2) remedial instruction in reading, language arts,
3 mathematics, other content areas, or study skills to improve the
4 achievement level of these learners;

5 (3) additional teachers and teacher aides to provide more
6 individualized instruction to these learners through individual
7 tutoring, lower instructor-to-learner ratios, or team teaching;

8 (4) a longer school day or week during the regular school
9 year or through a summer program that may be offered directly by
10 the site or under a performance-based contract with a
11 community-based organization;

12 (5) comprehensive and ongoing staff development consistent
13 with district and site plans according to section 122A.60, for
14 teachers, teacher aides, principals, and other personnel to
15 improve their ability to identify the needs of these learners
16 and provide appropriate remediation, intervention,
17 accommodations, or modifications;

18 (6) instructional materials and technology appropriate for
19 meeting the individual needs of these learners;

20 (7) programs to reduce truancy, encourage completion of
21 high school, enhance self-concept, provide health services,
22 provide nutrition services, provide a safe and secure learning
23 environment, provide coordination for pupils receiving services
24 from other governmental agencies, provide psychological services
25 to determine the level of social, emotional, cognitive, and
26 intellectual development, and provide counseling services,
27 guidance services, and social work services;

28 (8) bilingual programs, bicultural programs, and programs
29 for learners of limited English proficiency;

30 (9) all day kindergarten;

31 (10) extended school day and extended school year programs;
32 and

33 (11) substantial parent involvement in developing and
34 implementing remedial education or intervention plans for a
35 learner, including learning contracts between the school, the
36 learner, and the parent that establish achievement goals and

1 responsibilities of the learner and the learner's parent or
2 guardian.

3 Sec. 4. Minnesota Statutes 2004, section 126C.15,
4 subdivision 2, is amended to read:

5 Subd. 2. [BUILDING ALLOCATION.] (a) A district must
6 allocate its compensatory revenue to each school building in the
7 district where the children who have generated the revenue are
8 served.

9 (b) Notwithstanding paragraph (a), a district may allocate
10 up to five percent of the amount of compensatory revenue that
11 the district ~~received-during-the-previous-fiscal-year~~ receives
12 to school sites according to a plan adopted by the school board.

13 (c) Notwithstanding paragraph (a), a district may allocate
14 up to ten percent of the amount of compensatory revenue the
15 district receives to support prekindergarten programs under
16 subdivision 2a.

17 (d) For the purposes of this section and section 126C.05,
18 subdivision 3, "building" means education site as defined in
19 section 123B.04, subdivision 1.

20 ~~(d)~~ (e) If the pupil is served at a site other than one
21 owned and operated by the district, the revenue shall be paid to
22 the district and used for services for pupils who generate the
23 revenue.

24 Sec. 5. Minnesota Statutes 2004, section 126C.15, is
25 amended by adding a subdivision to read:

26 Subd. 2a. [PREKINDERGARTEN PROGRAMS.] Revenue allocated
27 under subdivision 2, paragraph (c), must be reserved and used
28 for programs and activities that prepare for kindergarten
29 children ages 3-1/2 to kindergarten entrance from families
30 eligible for the free or reduced price school lunch program.
31 Programs may serve resident and nonresident children. Districts
32 may contract with private preschools and other providers of
33 prekindergarten programs.

34 ARTICLE 13

35 OTHER PREVENTION POLICY

36 Section 1. Minnesota Statutes 2004, section 119A.46,

1 subdivision 1, is amended to read:

2 Subdivision 1. [DEFINITIONS.] (a) The definitions in
3 section 144.9501 and in this subdivision apply to this section.

4 (b) "Eligible organization" means a lead contractor, city,
5 board of health, community health department, community action
6 agency as defined in section 119A.374, or community development
7 corporation.

8 (c) "Commissioner" means the commissioner of ~~education~~
9 health, or the commissioner of the Minnesota Housing Finance
10 Agency as authorized by section 462A.05, subdivision 15c.

11 Sec. 2. Minnesota Statutes 2004, section 119A.46,
12 subdivision 2, is amended to read:

13 Subd. 2. [GRANTS; ADMINISTRATION.] Within the limits of
14 the available appropriation, the commissioner must develop a
15 swab team services program which may make demonstration and
16 training grants to eligible organizations to train workers to
17 provide swab team services and swab team services for
18 residential property. Grants may be awarded to nonprofit
19 organizations to provide technical assistance and training to
20 ensure quality and consistency within the statewide program.
21 Grants must be awarded to help ensure full-time employment to
22 workers providing swab team services and must be awarded for a
23 two-year period.

24 Grants awarded under this section must be made in
25 consultation with the ~~commissioners-of-the-Department-of-Health~~
26 and commissioner of the Housing Finance Agency, and
27 representatives of neighborhood groups from areas at high risk
28 for toxic lead exposure, a labor organization, the lead
29 coalition, community action agencies, and the legal aid
30 society. The consulting team must review grant applications and
31 recommend awards to eligible organizations that meet
32 requirements for receiving a grant under this section.

33 Sec. 3. Minnesota Statutes 2004, section 119A.46,
34 subdivision 3, is amended to read:

35 Subd. 3. [APPLICANTS.] (a) Interested eligible
36 organizations may apply to the commissioner for grants under

1 this section. Two or more eligible organizations may jointly
2 apply for a grant. Priority shall be given to community action
3 agencies in greater Minnesota and to either community action
4 agencies or neighborhood based nonprofit organizations in cities
5 of the first class. Of the total annual appropriation, 12.5
6 percent may be used for administrative purposes. The
7 commissioner may deviate from this percentage if a grantee can
8 justify the need for a larger administrative allowance. Of this
9 amount, up to five percent may be used by the commissioner for
10 state administrative purposes. Applications must provide
11 information requested by the commissioner, including at least
12 the information required to assess the factors listed in
13 paragraph (d).

14 (b) The commissioner must ~~coordinate with the commissioner~~
15 ~~of health who must~~ consult with boards of health to provide swab
16 team services for purposes of secondary prevention. The
17 priority for swab teams created by grants to eligible
18 organizations under this section must be work assigned by the
19 commissioner of health, or by a board of health if so designated
20 by the commissioner of health, to provide secondary prevention
21 swab team services to fulfill the requirements of section
22 144.9504, subdivision 6, in response to a lead order. Swab
23 teams assigned work under this section by the commissioner, that
24 are not engaged daily in fulfilling the requirements of section
25 144.9504, subdivision 6, must deliver swab team services in
26 response to elevated blood lead levels as defined in section
27 144.9501, subdivision 9, where lead orders were not issued, and
28 for purposes of primary prevention in census tracts known to be
29 in areas at high risk for toxic lead exposure as described in
30 section 144.9503, subdivision 2.

31 (c) Any additional money must be used for grants to
32 establish swab teams for primary prevention under section
33 144.9503, in census tracts in areas at high risk for toxic lead
34 exposure as determined under section 144.9503, subdivision 2.

35 (d) In evaluating grant applications, the commissioner must
36 consider the following criteria:

- 1 (1) the use of lead contractors and lead workers for
2 residential swab team services;
- 3 (2) the participation of neighborhood groups and
4 individuals, as swab team workers, in areas at high risk for
5 toxic lead exposure;
- 6 (3) plans for the provision of swab team services for
7 primary and secondary prevention as required under subdivision
8 4;
- 9 (4) plans for supervision, training, career development,
10 and postprogram placement of swab team members;
- 11 (5) plans for resident and property owner education on lead
12 safety;
- 13 (6) plans for distributing cleaning supplies to area
14 residents and educating residents and property owners on
15 cleaning techniques;
- 16 (7) sources of other funding and cost estimates for
17 training, lead inspections, swab team services, equipment,
18 monitoring, testing, and administration;
- 19 (8) measures of program effectiveness;
- 20 (9) coordination of program activities with other federal,
21 state, and local public health, job training, apprenticeship,
22 and housing renovation programs including programs under
23 sections 116L.86 to 116L.881; and
- 24 (10) prior experience in providing swab team services.

25 Sec. 4. Minnesota Statutes 2004, section 119A.46,
26 subdivision 8, is amended to read:

27 Subd. 8. [TESTING AND EVALUATION.] (a) Testing of the
28 environment is not necessary by swab teams whose work is
29 assigned by the commissioner of health or a designated board of
30 health under section 144.9504. The commissioner of health or
31 designated board of health must share the analytical testing
32 data collected on each residence for purposes of secondary
33 prevention under section 144.9504 with the swab team workers in
34 order to provide constructive feedback on their work and to the
35 commissioner for the purposes set forth in paragraph (c).

36 (b) For purposes of primary prevention evaluation, the

1 following samples must be collected: pretesting and posttesting
2 of one noncarpeted floor dust lead sample and a notation of the
3 extent and location of bare soil and of deteriorated lead-based
4 paint. The analytical testing data collected on each residence
5 for purposes of primary prevention under section 144.9503 must
6 be shared with the swab team workers in order to provide
7 constructive feedback on their work and to the commissioner for
8 the purposes set forth in paragraph (c).

9 (c) The commissioner of health must establish a program in
10 ~~cooperation-with-the-commissioner~~ to collect appropriate data as
11 required under paragraphs (a) and (b), in order to conduct an
12 ongoing evaluation of swab team services for primary and
13 secondary prevention. Within the limits of available
14 appropriations, the commissioner of health must conduct ~~or~~
15 ~~contract-with-the-commissioner~~, on up to 1,000 residences which
16 have received primary or secondary prevention swab team
17 services, a postremediation evaluation, on at least a quarterly
18 basis for a period of at least two years for each residence.
19 The evaluation must note the condition of the paint within the
20 residence, the extent of bare soil on the grounds, and collect
21 and analyze one noncarpeted floor dust lead sample. The data
22 collected must be evaluated to determine the efficacy of
23 providing swab team services as a method of reducing lead
24 exposure in young children. In evaluating this data, the
25 commissioner of health must consider city size, community
26 location, historic traffic flow, soil lead level of the property
27 by area or census tract, distance to industrial point sources
28 that emit lead, season of the year, age of the housing, age and
29 number of children living at the residence, the presence of pets
30 that move in and out of the residence, and other relevant
31 factors as the commissioner of health may determine.

32 Sec. 5. [REVISOR'S INSTRUCTION.]

33 In the next edition of Minnesota Statutes, the revisor of
34 statutes shall renumber Minnesota Statutes, section 119A.46, as
35 section 144.9512."

36 Renumber the sections in sequence and correct the internal

1 references

2 Amend the title accordingly

1 Senator moves to amend S.F. No. 1278 as follows:

2 Page 156, after line 3, insert:

3 "ARTICLE 12

4 OTHER GENERAL EDUCATION POLICY

5 Section 1. Minnesota Statutes 2004, section 123A.05,
6 subdivision 2, is amended to read:

7 Subd. 2. [RESERVE REVENUE.] Each district that is a member
8 of an area learning center must reserve revenue in an amount
9 equal to the sum of (1) at least 90 percent of the district
10 average general education revenue per pupil unit minus an amount
11 equal to the product of the formula allowance according to
12 section 126C.10, subdivision 2, times .0485, calculated without
13 basic skills revenue, and transportation sparsity revenue, and
14 ~~the-transportation-portion-of-the-transition-revenue-adjustment,~~
15 times the number of pupil units attending an area learning
16 center program under this section, plus (2) the amount of basic
17 skills revenue generated by pupils attending the area learning
18 center. The amount of reserved revenue under this subdivision
19 may only be spent on program costs associated with the area
20 learning center. ~~Compensatory-revenue-must-be-allocated~~
21 ~~according-to-section-126C-15,-subdivision-2-~~

22 Sec. 2. Minnesota Statutes 2004, section 123B.49,
23 subdivision 4, is amended to read:

24 Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.]

25 (a) The board may take charge of and control all extracurricular
26 activities of the teachers and children of the public schools in
27 the district. Extracurricular activities means all direct and
28 personal services for pupils for their enjoyment that are
29 managed and operated under the guidance of an adult or staff
30 member. The board shall allow all resident pupils receiving
31 instruction in a home school as defined in section 123B.36,
32 subdivision 1, paragraph (a), to be eligible to fully
33 participate in extracurricular activities on the same basis as
34 public school students.

35 (b) Extracurricular activities have all of the following
36 characteristics:

1 (1) they are not offered for school credit nor required for
2 graduation;

3 (2) they are generally conducted outside school hours, or
4 if partly during school hours, at times agreed by the
5 participants, and approved by school authorities;

6 (3) the content of the activities is determined primarily
7 by the pupil participants under the guidance of a staff member
8 or other adult.

9 (c) If the board does not take charge of and control
10 extracurricular activities, these activities shall be
11 self-sustaining with all expenses, except direct salary costs
12 and indirect costs of the use of school facilities, met by dues,
13 admissions, or other student fund-raising events. The general
14 fund must reflect only those salaries directly related to and
15 readily identified with the activity and paid by public funds.
16 Other revenues and expenditures for extra curricular activities
17 must be recorded according to the ~~"Manual-of-Instruction-for~~
18 ~~Uniform-Student-Activities-Accounting-for-Minnesota-School~~
19 ~~Districts-and-Area-Vocational-Technical-Colleges."~~ Manual for
20 Activity Fund Accounting. Extracurricular activities not under
21 board control must have an annual financial audit and must also
22 be audited annually for compliance with this section.

23 (d) If the board takes charge of and controls
24 extracurricular activities, any or all costs of these activities
25 may be provided from school revenues and all revenues and
26 expenditures for these activities shall be recorded in the same
27 manner as other revenues and expenditures of the district.

28 (e) If the board takes charge of and controls
29 extracurricular activities, the teachers or pupils in the
30 district must not participate in such activity, nor shall the
31 school name or any allied name be used in connection therewith,
32 except by consent and direction of the board.

33 Sec. 3. Minnesota Statutes 2004, section 123B.75, is
34 amended by adding a subdivision to read:

35 Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in
36 a calendar year by a school district under section 298.28,

1 subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d),
2 is fully recognized in the fiscal year in which the February
3 payment falls.

4 Sec. 4. Minnesota Statutes 2004, section 123B.76,
5 subdivision 3, is amended to read:

6 Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes
7 of this section, "building" means education site as defined in
8 section 123B.04, subdivision 1.

9 (b) Each district shall maintain separate accounts to
10 identify general fund expenditures~~7-excluding-capital~~
11 ~~expenditures-and-pupil-transportation7~~ for each building. All
12 expenditures for regular instruction, secondary vocational
13 instruction, and school administration must be reported to the
14 department separately for each building. All expenditures for
15 special education instruction, instructional support services,
16 and pupil support services provided within a specific building
17 must be reported to the department separately for each
18 building. Salary expenditures reported by building must reflect
19 actual salaries for staff at the building and must not be based
20 on districtwide averages. All other general fund expenditures
21 may be reported by building or on a districtwide basis.

22 (c) The department must annually report information showing
23 school district general fund expenditures per pupil by program
24 category for each building and estimated school district general
25 fund revenue generated by pupils attending each building on its
26 Web site. For purposes of this report:

27 (1) expenditures not ~~required-to-be~~ reported by building
28 shall be allocated among buildings on a uniform per pupil basis;

29 (2) basic skills revenue shall be allocated according to
30 section 126C.10, subdivision 4;

31 (3) secondary sparsity revenue and elementary sparsity
32 revenue shall be allocated according to section 126C.10,
33 subdivisions 7 and 8;

34 (4) other general education revenue shall be allocated on a
35 uniform per pupil unit basis;

36 (5) first grade preparedness aid shall be allocated

1 according to section 124D.081;

2 (6) state and federal special education aid and Title I aid
3 shall be allocated in proportion to district expenditures for
4 these programs by building; and

5 (7) other general fund revenues shall be allocated on a
6 uniform per pupil basis, except that the department may allocate
7 other revenues attributable to specific buildings directly to
8 those buildings.

9 Sec. 5. Minnesota Statutes 2004, section 123B.79,
10 subdivision 6, is amended to read:

11 Subd. 6. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.]

12 On June 30 of each year, a district may make a permanent
13 transfer from the general fund account entitled "undesignated
14 net unreserved general fund balance since statutory operating
15 debt" to the account entitled "reserved fund balance reserve
16 account for purposes of statutory operating debt reduction."

17 The amount of the transfer is limited to the lesser of (a) the
18 net ~~undesignated-operating~~ unreserved general fund balance, or
19 (b) the sum of the remaining statutory operating debt levies
20 authorized for all future years according to section 126C.42,
21 subdivision 1. If the net ~~undesignated-operating~~ unreserved
22 general fund balance is less than zero, the district may not
23 make a transfer.

24 Sec. 6. Minnesota Statutes 2004, section 123B.81,
25 subdivision 1, is amended to read:

26 Subdivision 1. [OPERATING DEBT.] The "operating debt" of a
27 school district means the net negative undesignated unreserved
28 general fund balance ~~in-all-school-district-funds,-other-than~~
29 ~~capital-expenditure,-building-construction,-debt-service,-and~~
30 ~~trust-and-agency,~~ calculated as of June 30 of each year in
31 accordance with the uniform financial accounting and reporting
32 standards for Minnesota school districts.

33 Sec. 7. Minnesota Statutes 2004, section 123B.82, is
34 amended to read:

35 123B.82 [REORGANIZATION OPERATING DEBT.]

36 The "reorganization operating debt" of a school district

1 means the net negative ~~undesigned~~ unreserved fund ~~balance~~
2 balances in all school district funds, other than building
3 construction, debt redemption, and trust and agency, calculated
4 in accordance with the uniform financial accounting and
5 reporting standards for Minnesota school districts as of:

6 (1) June 30 of the fiscal year before the first year that a
7 district receives revenue according to section 123A.39,
8 subdivision 3; or

9 (2) June 30 of the fiscal year before the effective date of
10 reorganization according to section 123A.46 or 123A.48.

11 Sec. 8. Minnesota Statutes 2004, section 123B.83,
12 subdivision 2, is amended to read:

13 Subd. 2. [~~UNDESIGNED~~ UNRESERVED FUND BALANCES.]
14 ~~Beginning-in-fiscal-year-1978-and-each-year-thereafter,-any~~ A
15 school district ~~not-subject-to-the-provisions-of-subdivision-1~~
16 must limit its expenditures so that its ~~undesigned~~ net
17 unreserved general fund ~~balances-de~~ balance does not constitute
18 statutory operating debt as defined in section 126C.42.

19 Sec. 9. Minnesota Statutes 2004, section 124D.68,
20 subdivision 9, is amended to read:

21 Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil
22 attending an eligible program full time under subdivision 3,
23 paragraph (d), the department must pay 90 percent of the
24 district's average general education revenue less basic skills
25 revenue to the eligible program and ten percent of the
26 district's average general education revenue less basic skills
27 revenue to the contracting district within 30 days after the
28 eligible program verifies enrollment using the form provided by
29 the department. For a pupil attending an eligible program part
30 time, revenue, excluding compensatory revenue, shall be reduced
31 proportionately, according to the amount of time the pupil
32 attends the program, and the payments to the eligible program
33 and the contracting district shall be reduced accordingly. A
34 pupil for whom payment is made according to this section may not
35 be counted by any district for any purpose other than
36 computation of general education revenue. If payment is made

1 for a pupil under this subdivision, a district shall not
2 reimburse a program under section 124D.69 for the same
3 pupil. The basic skills revenue shall-be-paid generated by
4 pupils attending the eligible program according to section
5 126C.10, subdivision 4, shall be paid to the eligible program.

6 (b) The department must pay up to 100 percent of the
7 revenue to the eligible program if there is an agreement to that
8 effect between the school district and the eligible program.

9 (c) Notwithstanding paragraphs (a) and (b), for an eligible
10 program that provides chemical treatment services to students,
11 the department must pay 100 percent of the revenue to the
12 eligible program.

13 Sec. 10. Minnesota Statutes 2004, section 124D.69,
14 subdivision 1, is amended to read:

15 Subdivision 1. [AID.] If a pupil enrolls in an alternative
16 program, eligible under section 124D.68, subdivision 3,
17 paragraph (d), or subdivision 4, operated by a private
18 organization that has contracted with a school district to
19 provide educational services for eligible pupils under section
20 124D.68, subdivision 2, the district contracting with the
21 private organization must reimburse the provider an amount equal
22 to the sum of (1) at least 95 percent of the district's average
23 general education less basic skills revenue per pupil unit times
24 the number of pupil units for pupils attending the program, and
25 (2) the amount of basic skills revenue shall-be-paid generated
26 by pupils attending the program according to section 126C.10,
27 subdivision 4. ~~Compensatory-revenue-must-be-allocated-according~~
28 ~~to-section-126C-15,-subdivision-2.~~ For a pupil attending the
29 program part time, the revenue paid to the program, excluding
30 compensatory revenue, must be reduced proportionately, according
31 to the amount of time the pupil attends the program, and revenue
32 paid to the district shall be reduced accordingly. Pupils for
33 whom a district provides reimbursement may not be counted by the
34 district for any purpose other than computation of general
35 education revenue. If payment is made to a district or program
36 for a pupil under this section, the department must not make a

1 payment for the same pupil under section 124D.68, subdivision 9.
2 Notwithstanding sections 125A.15, 125A.51, and 125A.515, general
3 education revenue for a student who receives educational
4 services under this section shall be paid according to this
5 section.

6 Sec. 11. Minnesota Statutes 2004, section 126C.01,
7 subdivision 11, is amended to read:

8 Subd. 11. [~~NET UNAPPROPRIATED-OPERATING~~ UNRESERVED GENERAL
9 FUND BALANCE.] "Net ~~unappropriated-operating~~ unreserved general
10 fund balance" means the sum of the unreserved general fund
11 ~~balances-in-the-general,-food-service,-and-community-service~~
12 ~~funds-minus-the-balances-reserved-for-statutory-operating-debt~~
13 ~~reduction,-bus-purchase,-severance-pay,-taconite,-unemployment~~
14 ~~benefits,-maintenance-levy-reduction,-operating-capital,-~~
15 ~~disabled-access,-health-and-safety,~~ balance and encumbrances,
16 computed as of June 30 each year.

17 Sec. 12. Minnesota Statutes 2004, section 126C.05, is
18 amended by adding a subdivision to read:

19 Subd. 20. [PROJECT-BASED AVERAGE DAILY MEMBERSHIP.] (a) To
20 receive general education revenue for a pupil enrolled in a
21 public school with a project-based program, a school must meet
22 the requirements in this paragraph. The school must:

23 (1) register with the commissioner as a project-based
24 program by May 30 of the preceding fiscal year;

25 (2) provide a minimum teacher contact of no less than one
26 hour per week per project-based credit for each pupil;

27 (3) maintain a record system that shows when each credit or
28 portion thereof was reported for membership for each pupil; and

29 (4) report pupil membership consistent with paragraph (b).

30 (b) The commissioner must develop a formula for reporting
31 pupil membership to compute average daily membership for each
32 registered project-based school. Average daily membership for a
33 pupil in a registered project-based program is the lesser of:

34 (1) 1.0; or

35 (2) the ratio of (i) the number of membership hours
36 generated by project-based credits completed during the school

1 year plus membership hours generated by credits completed in a
2 seat-based setting to (ii) the annual required instructional
3 hours at that grade level. Membership hours for a partially
4 completed project-based credit must be prorated.

5 Sec. 13. Minnesota Statutes 2004, section 126C.21,
6 subdivision 4, is amended to read:

7 Subd. 4. [TACONITE DEDUCTIONS.] ~~{1}-Notwithstanding any~~
8 ~~provisions of any other law to the contrary, the adjusted net~~
9 ~~tax capacity used in calculating general education aid may~~
10 ~~include only that property that is currently taxable in the~~
11 ~~district.~~

12 ~~{2}~~ For districts that ~~received payments~~ have revenue under
13 sections 298.018; 298.225; 229.24 to 298.28, excluding 298.26
14 and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39;
15 298.391 to 298.396; and 298.405; and 477A.15, any law imposing a
16 tax upon severed mineral values; ~~or recognized revenue under~~
17 ~~section 477A.15;~~ the general education aid must be reduced in
18 the final adjustment payment by (1) the difference between the
19 dollar amount of the payments received revenue recognized
20 pursuant to those sections; or revenue recognized under section
21 477A.15 in for the fiscal year to which the final adjustment is
22 attributable and, less (2) the amount that was calculated,
23 pursuant to section 126C.48, subdivision 8, as a reduction of
24 the levy attributable to the fiscal year to which the final
25 adjustment is attributable. If the final adjustment of a
26 district's general education aid for a fiscal year is a negative
27 amount because of this ~~clause~~ subdivision, the next fiscal
28 year's general education aid to that district must be reduced by
29 this negative amount in the following manner: there must be
30 withheld from each scheduled general education aid payment due
31 the district in such fiscal year, 15 percent of the total
32 negative amount, until the total negative amount has been
33 withheld. The amount reduced from general education aid
34 pursuant to this ~~clause~~ subdivision ~~must be recognized as reduce~~
35 revenue in the fiscal year to which the final adjustment payment
36 is attributable.

1 Sec. 14. Minnesota Statutes 2004, section 126C.48,
2 subdivision 2, is amended to read:

3 Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By October 7 of
4 each year each district must notify the commissioner of the
5 proposed levies in compliance with the levy limitations of this
6 chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A,
7 and 136D. By January ~~15~~ 7 of each year each district must
8 notify the commissioner of the final levies certified. The
9 commissioner shall prescribe the form of these notifications and
10 may request any additional information necessary to compute
11 certified levy amounts.

12 Sec. 15. Minnesota Statutes 2004, section 126C.48,
13 subdivision 8, is amended to read:

14 Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1)
15 Reductions in levies pursuant to subdivision 1 must be made
16 prior to the reductions in clause (2).

17 (2) Notwithstanding any other law to the contrary,
18 districts ~~which-received-payments~~ that have revenue pursuant to
19 sections 298.018; 298.225; 298.24 to 298.28, except an amount
20 distributed under ~~section~~ sections 298.26; 298.28, subdivision
21 4, ~~paragraph~~ paragraphs (c), clause (ii), and (d); 298.34 to
22 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law
23 imposing a tax upon severed mineral values, ~~or-recognized~~
24 ~~revenue-under-section-477A-15-must-not-include-a-portion-of~~
25 ~~these-aids-in-their-permissible-levies-pursuant-to-these~~
26 ~~sections,-but-instead~~ must reduce the permissible levies
27 authorized by this chapter and chapters 120B, 122A, 123A, 123B,
28 124A, 124D, 125A, and 127A by ~~the-greater-of-the-following:~~ 95
29 percent of the previous year's revenue specified under this
30 clause.

31 ~~(a)-an-amount-equal-to-50-percent-of-the-total-dollar~~
32 ~~amount-of-the-payments-received-pursuant-to-these-sections-or~~
33 ~~revenue-recognized-under-section-477A-15-in-the-previous-fiscal~~
34 ~~year,-or~~

35 ~~(b)-an-amount-equal-to-the-total-dollar-amount-of-the~~
36 ~~payments-received-pursuant-to-these-sections-or-revenue~~

1 ~~recognized under section 477A:15 in the previous fiscal year~~
2 ~~less the product of the same dollar amount of payments or~~
3 ~~revenue times five percent.~~

4 ~~For levy year 2002 only, 77 percent of the amounts~~
5 ~~distributed under section 298:225 and 298:28, and 100 percent of~~
6 ~~the amounts distributed under sections 298:018, 298:34, to~~
7 ~~298:39, 298:391, to 298:396, 298:405, and any law imposing a tax~~
8 ~~upon severed mineral values, or recognized revenue under section~~
9 ~~477A:15, shall be used for purposes of the calculations under~~
10 ~~this paragraph. For levy year 2003 only, the levy reductions~~
11 ~~under this subdivision must be calculated as if section 298:28,~~
12 ~~subdivision 4, paragraph (f), did not apply for the 2003~~
13 ~~distribution.~~

14 (3) The amount of any voter approved referendum, facilities
15 down payment, and debt levies shall not be reduced by more than
16 50 percent under this subdivision. In administering this
17 paragraph, the commissioner shall first reduce the nonvoter
18 approved levies of a district; then, if any payments, severed
19 mineral value tax revenue or recognized revenue under paragraph
20 (2) remains, the commissioner shall reduce any voter approved
21 referendum levies authorized under section 126C.17; then, if any
22 payments, severed mineral value tax revenue or recognized
23 revenue under paragraph (2) remains, the commissioner shall
24 reduce any voter approved facilities down payment levies
25 authorized under section 123B.63 and then, if any payments,
26 severed mineral value tax revenue or recognized revenue under
27 paragraph (2) remains, the commissioner shall reduce any voter
28 approved debt levies.

29 (4) Before computing the reduction pursuant to this
30 subdivision of the health and safety levy authorized by sections
31 123B.57 and 126C.40, subdivision 5, the commissioner shall
32 ascertain from each affected school district the amount it
33 proposes to levy under each section or subdivision. The
34 reduction shall be computed on the basis of the amount so
35 ascertained.

36 (5) To the extent the levy reduction calculated under

1 paragraph (2) exceeds the limitation in paragraph (3), an amount
2 equal to the excess must be distributed from the school
3 district's distribution under sections 298.225, 298.28, and
4 477A.15 in the following year to the cities and townships within
5 the school district in the proportion that their taxable net tax
6 capacity within the school district bears to the taxable net tax
7 capacity of the school district for property taxes payable in
8 the year prior to distribution. No city or township shall
9 receive a distribution greater than its levy for taxes payable
10 in the year prior to distribution. The commissioner of revenue
11 shall certify the distributions of cities and towns under this
12 paragraph to the county auditor by September 30 of the year
13 preceding distribution. The county auditor shall reduce the
14 proposed and final levies of cities and towns receiving
15 distributions by the amount of their distribution.
16 Distributions to the cities and towns shall be made at the times
17 provided under section 298.27.

18 Sec. 16. Minnesota Statutes 2004, section 127A.49,
19 subdivision 3, is amended to read:

20 Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess
21 tax increment is made to a district pursuant to ~~section~~ sections
22 469.176, subdivision 2, and 469.177, subdivision 9, or upon
23 decertification of a tax increment district, the school
24 district's aid and levy limitations must be adjusted for the
25 fiscal year in which the excess tax increment is paid under the
26 provisions of this subdivision.

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

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

31 (2) the ratio of:

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

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

1 year;

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

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

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

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

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

16 (1) the amount of the distribution of excess increment; and

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

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

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

27 Sec. 17. Minnesota Statutes 2004, section 275.14, is
28 amended to read:

29 275.14 [CENSUS.]

30 ~~For-the-purposes-of-sections-275.124-to-275.167-the~~
31 ~~population-of-a-city-shall-be-that-established-by-the-last~~
32 ~~federal-census,-by-a-special-census-taken-by-the-United-States~~
33 ~~Bureau-of-the-Census,-by-an-estimate-made-by-the-Metropolitan~~
34 ~~Council,-or-by-the-state-demographer-made-according-to-section~~
35 ~~4A.02,-whichever-has-the-latest-stated-date-of-count-or~~
36 ~~estimate,-before-July-2-of-the-current-levy-year.~~ The

1 population of a school district must be as certified by the
2 Department of Education from the most recent federal census. In
3 any year in which no federal census is taken pursuant to law in
4 any school district affected by sections ~~275-124-10~~
5 ~~275-16~~ 124D.20 and 124D.531 a population estimate may be made
6 and submitted to the state demographer for approval as
7 hereinafter provided. The school board of a school district, in
8 case it desires a population estimate, shall pass a resolution
9 by July 1 containing a current estimate of the population of the
10 school district and shall submit the resolution to the state
11 demographer. The resolution shall describe the criteria on
12 which the estimate is based and shall be in a form and
13 accompanied by the data prescribed by the state demographer.
14 The state demographer shall determine whether or not the
15 criteria and process described in the resolution provide a
16 reasonable basis for the population estimate and shall inform
17 the school district of that determination within 30 days of
18 receipt of the resolution. If the state demographer determines
19 that the criteria and process described in the resolution do not
20 provide a reasonable basis for the population estimate, the
21 resolution shall be of no effect. If the state demographer
22 determines that the criteria and process do provide a reasonable
23 basis for the population estimate, the estimate shall be treated
24 as the population of the school district for the purposes of
25 sections ~~275-124-10~~-~~275-16~~ 124D.20 and 124D.531 until the
26 population of the school district has been established by the
27 next federal census or until a more current population estimate
28 is prepared and approved as provided herein, whichever occurs
29 first. The state demographer shall establish guidelines for
30 acceptable population estimation criteria and processes. The
31 state demographer shall issue advisory opinions upon request in
32 writing to cities or school districts as to proposed criteria
33 and processes prior to their implementation in an estimation.
34 The advisory opinion shall be final and binding upon the
35 demographer unless the demographer can show cause why it should
36 not be final and binding.

1 In the event that a census tract employed in taking a
 2 federal or local census overlaps two or more school districts,
 3 the county auditor shall, on the basis of the best information
 4 available, allocate the population of said census tract to the
 5 school districts involved.

6 ~~The term "council," as used in sections 275.124 to 275.16,~~
 7 ~~means any board or body, whether composed of one or more~~
 8 ~~branches, authorized to make ordinances for the government of a~~
 9 ~~city within this state.~~

10 Sec. 18. Minnesota Statutes 2004, section 275.16, is
 11 amended to read:

12 275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

13 If any such municipality shall return to the county auditor
 14 a levy greater than permitted by chapters 123A, 123B, 124D,
 15 126C, and 136C, ~~and 136B~~, sections 275.124 to 275.16, and 275.70
 16 to 275.74, such county auditor shall extend only such amount of
 17 taxes as the limitations herein prescribed will permit;
 18 provided, if such levy shall include any levy for the payment of
 19 bonded indebtedness or judgments, such levies for bonded
 20 indebtedness or judgments shall be extended in full, and the
 21 remainder of the levies shall be reduced so that the total
 22 thereof, including levies for bonds and judgments, shall not
 23 exceed such amount as the limitations herein prescribed will
 24 permit.

25 Sec. 19. Minnesota Statutes 2004, section 469.177,
 26 subdivision 9, is amended to read:

27 Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET
 28 TAX CAPACITY.] (a) If the amount of tax paid on captured net tax
 29 capacity exceeds the amount of tax increment, the county auditor
 30 shall distribute the excess to the municipality, county, and
 31 school district as follows: each governmental unit's share of
 32 the excess equals

33 (1) the total amount of the excess for the tax increment
 34 financing district, multiplied by

35 (2) a fraction, the numerator of which is the current local
 36 tax rate of the governmental unit less the governmental unit's

1 local tax rate for the year the original local tax rate for the
2 district was certified (in no case may this amount be less than
3 zero) and the denominator of which is the sum of the numerators
4 for the municipality, county, and school district.

5 If the entire increase in the local tax rate is attributable to
6 a taxing district, other than the municipality, county, or
7 school district, then the excess must be distributed to the
8 municipality, county, and school district in proportion to their
9 respective local tax rates.

10 (b) The amounts distributed shall be deducted in computing
11 the levy limits of the taxing district for the succeeding
12 taxable year. ~~In-the-case-of-a-school-district,-only-the~~
13 ~~proportion-of-the-excess-taxes-attributable-to-unequalized~~
14 ~~levies-that-are-subject-to-a-fixed-dollar-amount-levy-limit~~
15 ~~shall-be-deducted-from-the-levy-limit.~~

16 (c) In the case of distributions to a school district that
17 ~~are-attributable-to-state-equalized-levies,~~ the county auditor
18 shall report amounts distributed to the commissioner of
19 education in the same manner as provided for excess increments
20 under section 469.176, subdivision 2, and the distribution shall
21 be deducted from the school district's state aid payments and
22 levy limitation according to section 127A.49, subdivision 3.

23 Sec. 20. [REPEALER.]

24 Minnesota Statutes 2004, sections 123B.83, subdivision 1,
25 and 126C.42, subdivisions 1 and 4, are repealed.

26 ARTICLE 13

27 OTHER EDUCATION EXCELLENCE POLICY

28 Section 1. Minnesota Statutes 2004, section 123B.143,
29 subdivision 1, is amended to read:

30 Subdivision 1. [CONTRACT; DUTIES.] All districts
31 maintaining a classified secondary school must employ a
32 superintendent who shall be an ex officio nonvoting member of
33 the school board. The authority for selection and employment of
34 a superintendent must be vested in the board in all cases. An
35 individual employed by a board as a superintendent shall have an
36 initial employment contract for a period of time no longer than

1 three years from the date of employment. Any subsequent
2 employment contract must not exceed a period of three years. A
3 board, at its discretion, may or may not renew an employment
4 contract. A board must not, by action or inaction, extend the
5 duration of an existing employment contract. Beginning 365 days
6 prior to the expiration date of an existing employment contract,
7 a board may negotiate and enter into a subsequent employment
8 contract to take effect upon the expiration of the existing
9 contract. A subsequent contract must be contingent upon the
10 employee completing the terms of an existing contract. If a
11 contract between a board and a superintendent is terminated
12 prior to the date specified in the contract, the board may not
13 enter into another superintendent contract with that same
14 individual that has a term that extends beyond the date
15 specified in the terminated contract. A board may terminate a
16 superintendent during the term of an employment contract for any
17 of the grounds specified in section 122A.40, subdivision 9 or 13.
18 A superintendent shall not rely upon an employment contract with
19 a board to assert any other continuing contract rights in the
20 position of superintendent under section 122A.40.

21 Notwithstanding the provisions of sections 122A.40, subdivision
22 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no
23 individual shall have a right to employment as a superintendent
24 based on order of employment in any district. If two or more
25 districts enter into an agreement for the purchase or sharing of
26 the services of a superintendent, the contracting districts have
27 the absolute right to select one of the individuals employed to
28 serve as superintendent in one of the contracting districts and
29 no individual has a right to employment as the superintendent to
30 provide all or part of the services based on order of employment
31 in a contracting district. The superintendent of a district
32 shall perform the following:

33 (1) visit and supervise the schools in the district, report
34 and make recommendations about their condition when advisable or
35 on request by the board;

36 (2) recommend to the board employment and dismissal of

1 teachers;

2 (3) superintend school grading practices and examinations
3 for promotions;

4 (4) make reports required by the commissioner; and

5 (5) ~~by January 10, submit an annual report to the~~
6 ~~commissioner in a manner prescribed by the commissioner, in~~
7 ~~consultation with school districts, identifying the expenditures~~
8 ~~that the district requires to ensure an 80 percent student~~
9 ~~passage rate on the basic standards test taken in the eighth~~
10 ~~grade, identifying the highest student passage rate the district~~
11 ~~expects it will be able to attain on the basic standards test by~~
12 ~~grade 12, the amount of expenditures that the district requires~~
13 ~~to attain the targeted student passage rate, and how much the~~
14 ~~district is cross-subsidizing programs with special education,~~
15 ~~basic skills, and general education revenue, and~~

16 (6) perform other duties prescribed by the board.

17 Sec. 2. [127A.52] [CROSS-SUBSIDY REPORTS.]

18 By January 30 of each year, the commissioner must estimate
19 how much each district cross-subsidized the cost of special
20 education and basic skills programs with general education
21 revenue during the fiscal year ending on June 30 of the previous
22 year. The commissioner must make the cross-subsidy estimates
23 available to all districts and the public by posting the
24 cross-subsidy reports on the department's Web site.

25 ARTICLE 14

26 OTHER FACILITIES AND TECHNOLOGY POLICY

27 Section 1. Minnesota Statutes 2004, section 123B.59,
28 subdivision 3, is amended to read:

29 Subd. 3. [BOND AUTHORIZATION.] (a) A school district may
30 issue general obligation bonds under this section to finance
31 facilities plans approved by its board and the commissioner.
32 Chapter 475, except sections 475.58 and 475.59, must be complied
33 with. The district may levy under subdivision 5 for the debt
34 service revenue. The authority to issue bonds under this
35 section is in addition to any bonding authority authorized by
36 this chapter, or other law. The amount of bonding authority

1 authorized under this section must be disregarded in calculating
2 the bonding or net debt limits of this chapter, or any other law
3 other than section 475.53, subdivision 4.

4 (b) At least 60 days before a district issues bonds the
5 earliest of solicitation of bids, the issuance of bonds, or the
6 final certification of levies under ~~this~~ subdivision 5, ~~it~~ the
7 district must publish notice of the intended projects, the
8 amount of the bond issue, ~~and~~ the total amount of district
9 indebtedness, and the commissioner's review and comment, if
10 applicable.

11 Sec. 2. Minnesota Statutes 2004, section 123B.59,
12 subdivision 3a, is amended to read:

13 Subd. 3a. [LEVY AUTHORIZATION.] (a) A school district may
14 levy under this section to finance the portion of facilities
15 plans approved by its board and the commissioner that are not
16 financed through bond issues according to subdivision 3.

17 (b) At least 60 days before a final district certification
18 of levies under ~~this~~ subdivision 5, ~~it~~ the district must
19 publish notice of the intended projects, including the total
20 estimated project cost, and the commissioner's review and
21 comment, if applicable.

22 Sec. 3. Minnesota Statutes 2004, section 123B.63,
23 subdivision 2, is amended to read:

24 Subd. 2. [USES OF THE ACCOUNT.] Money in the capital
25 project referendum account must be used only for the purposes
26 specified in section 126C.10, subdivision 14, for operating
27 capital revenue, including the costs of acquisition and
28 betterment for a project that has been reviewed under section
29 123B.71 and has been approved according to subdivision 3.

30 Sec. 4. Minnesota Statutes 2004, section 123B.71,
31 subdivision 8, is amended to read:

32 Subd. 8. [REVIEW AND COMMENT.] A school district, a
33 special education cooperative, or a cooperative unit of
34 government, as defined in section 123A.24, subdivision 2, must
35 not initiate an installment contract for purchase or a lease
36 agreement, hold a referendum for bonds, nor solicit bids for new

1 construction, expansion, or remodeling of an educational
2 facility that requires an expenditure in excess of \$500,000 per
3 school site prior to review and comment by the commissioner.
4 The commissioner may exempt a facility maintenance project
5 funded with general education aid and levy, alternative
6 facilities bonding and levy program, or health and safety
7 revenue from this provision after reviewing a written request
8 from a school district describing the scope of work. A school
9 board shall not separate portions of a single project into
10 components to avoid the requirements of this subdivision.

11 Sec. 5. Minnesota Statutes 2004, section 123B.71,
12 subdivision 12, is amended to read:

13 Subd. 12. [PUBLICATION.] (a) At least 20 days but not more
14 than 60 days before a referendum for bonds or solicitation of
15 bids for a project that has received a positive or unfavorable
16 review and comment under section 123B.70, the school board shall
17 publish the commissioner's review and comment of that project in
18 the legal newspaper of the district. Supplementary information
19 shall be available to the public.

20 (b) The publication requirement in paragraph (a) does not
21 apply to alternative facilities projects approved under section
22 123B.59. Publication for alternative facilities projects shall
23 be as specified in section 123B.59, subdivisions 3 and 3a."

24 Renumber the sections in sequence and correct the internal
25 references

26 Amend the title accordingly

1 programs.

2 (g) \$300,000 in fiscal year 2006 and \$1,600,000 in fiscal
3 year 2007 is for value added index assessment model.

4 (h) \$164,000 in fiscal year 2006 and \$200,000 in fiscal
5 year 2007 is for administration of the school readiness program
6 under Minnesota Statutes, sections 124D.15 and 124D.16.

7 (i) \$1,200,000 each year is for development of interactive
8 science assessments.

9 (j) \$50,000 in fiscal year 2006 and \$75,000 in fiscal year
10 2007 is for the development and distribution to school districts
11 of materials addressing the dangers of methamphetamine.

12 Subd. 3. [BOARD OF TEACHING.] For the Board of Teaching:

13 \$605,000 2006

14 \$605,000 2007

15 Subd. 4. [BOARD OF SCHOOL ADMINISTRATORS.] For the Board
16 of School Administrators:

17 \$180,000 2006

18 \$160,000 2007

19 Subd. 5. [FEDERAL GRANTS AND AIDS.] The expenditures of
20 federal grants and aids as shown in the biennial budget document
21 and its supplements are approved and appropriated and shall be
22 spent as indicated.

23 Sec. 2. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

24 The sums indicated in this section are appropriated from
25 the general fund to the Minnesota State Academies for the Deaf
26 and the Blind for the fiscal years designated:

27 \$10,800,000 2006

28 \$10,953,000 2007

29 Any balance in the first year does not cancel but is
30 available in the second year.

31 Sec. 3. [APPROPRIATIONS; PERPICH CENTER FOR ARTS
32 EDUCATION.]

33 The sums indicated in this section are appropriated from
34 the general fund to the Perpich Center for Arts Education for
35 the fiscal years designated:

36 \$6,255,000 2006

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1 \$6,255,000 2007

2 Any balance in the first year does not cancel but is

3 available in the second year.

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122A.415 ALTERNATIVE COMPENSATION AID.

Subd. 2. Percentage of teachers. For purposes of this section, the percentage of teachers participating in the teacher professional pay system equals the ratio of the number of licensed teachers who are working at least 60 percent of a full-time teacher's hours and agree to participate in the teacher professional pay system to the total number of licensed teachers who are working at least 60 percent of a full-time teacher's hours.

122A.60 STAFF DEVELOPMENT PROGRAM.

Subdivision 1. Staff development committee. A school board must use the revenue authorized in section 122A.61 for in-service education for programs under section 120B.22, subdivision 2, or for staff development plans under this section. The board must establish an advisory staff development committee to develop the plan, assist site professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report must include expenditures by the board for district level activities and expenditures made by the staff. The report must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Subd. 2. Contents of the plan. The plan must include the staff development outcomes under subdivision 3, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes.

Subd. 3. Staff development outcomes. The advisory staff development committee must adopt a staff development plan for improving student achievement. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;

(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) provide an inclusive curriculum for a racially,

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ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; and

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

123A.39 EMPLOYEES OF COOPERATING AND COMBINING DISTRICTS.

Subd. 3. Retirement and severance levy. A cooperating or combined district that levied under Minnesota Statutes 1996, section 124.2725, subdivision 3, for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

123B.05 CONTRACT DEADLINE AND PENALTY.

Subdivision 1. Definitions. The following definitions apply to this section.

(1) "Public employer" means:

(i) a district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120A to 129C, or 136D, or 268A.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the Board of Teaching, commissioner of education, the former Board of Technical Colleges, or the Board of Trustees of the Minnesota State Colleges and Universities.

Subd. 2. Contract deadline date; state aid penalty.

Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers must both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year must be reduced. However, state aid must not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

Subd. 3. State aid penalty exemptions. (a) For a district that reorganizes according to section 123A.46, 123A.48, or sections 123A.35 to 123A.43 effective July 1 of an odd-numbered year, state aid must not be reduced according to this section if the board and the exclusive representative of

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the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(b) For a district that jointly negotiates a contract before the effective date of reorganization under section 123A.46, 123A.48, or sections 123A.35 to 123A.43 that, for the first time, includes teachers in all districts to be reorganized, state aid must not be reduced according to this section if the board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

(c) Only one extension of the contract deadline is available to a district under this subdivision.

Subd. 4. Calculation of state aid reduction. (a) The reduction must equal \$25 times the number of adjusted pupil units:

(1) for a district, that are in the district during that fiscal year; or

(2) for a public employer other than a district, that are in programs provided by the employer during the preceding fiscal year.

(b) The department must determine the number of full-time equivalent resident pupil units in the programs. The department must reduce general education aid; if general education aid is insufficient or not paid, the department must reduce other state aids.

Subd. 5. State aid reductions returned to general fund. Reductions from aid to districts and public employers other than districts must be returned to the general fund.

124D.15 SCHOOL READINESS PROGRAMS.

Subd. 2. Child eligibility. (a) A child is eligible to participate in a school readiness program offered by the resident district or another district if the child is:

(1) at least 3-1/2 years old but has not entered kindergarten; and

(2) receives developmental screening under section 121A.17 within 90 days of enrolling in the program or the child's fourth birthday.

(b) A child younger than 3-1/2 years old may participate in a school readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than 3-1/2 years old.

Subd. 4. Program goals. School readiness programs are encouraged to:

(1) prepare an individualized service plan to meet each child's developmental and learning needs;

(2) provide parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;

(3) foster substantial parent involvement that may include having parents develop curriculum or serve as a paid or volunteer educator, resource person, or other staff;

(4) identify the needs of families in the content of the child's school readiness and family literacy;

(5) expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to develop a coordinated system of flexible,

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family-focused services available to anticipate and meet the full range of needs of all eligible children and their families;

(6) coordinate treatment and follow-up services for children's identified physical and mental health problems;

(7) offer transportation for eligible children and their families for whom other forms of transportation are unavailable or would constitute an excessive financial burden;

(8) make substantial outreach efforts to assure significant participation by families with the greatest needs, including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35);

(9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;

(10) create community-based family resource centers and interdisciplinary teams; and

(11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.

Subd. 6. Coordination with other providers. (a) The district must coordinate the school readiness program with existing community-based social services providers and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-focused services to families with children. The district must actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

(b) To the extent possible, resources must follow the children so that children receive appropriate services in a stable environment and are not moved from one program location to another. Where geographically feasible, the district must actively promote colocating of services for children and their families.

Subd. 7. Advisory council. Each school readiness program must have an advisory council composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, local early intervention committees, and representatives of early childhood service providers. The council must advise the board in creating and administering the program and must monitor the progress of the program. The council must ensure that children at greatest risk receive appropriate services. If the board is unable to appoint to the advisory council members of existing early education-related boards, it must appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council.

Subd. 8. Prioritizing services. The district must give greatest priority to providing services to 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 school readiness.

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Subd. 9. **Child records.** (a) A record of a child's progress and development must be maintained in the child's cumulative record while enrolled in the school readiness program. The cumulative record must be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

(b) An educator or service provider may transmit information in the child's cumulative record to an educator or service provider in another program for young children when the child applies to enroll in that other program.

Subd. 11. **District standards.** The board of the district must develop standards for the school readiness program that reflect the eligibility criteria in subdivision 3. The board must consider including in the standards the program characteristics in subdivision 4.

Subd. 13. **Additional revenue.** A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

124D.16 SCHOOL READINESS AID.

Subdivision 1. **Program review and approval.** A school district shall biennially by May 1 submit to the commissioners of education and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May 1 of the 2000-2001 school year and one-half of the districts shall first submit the plan by May 1 of the 2001-2002 school year. The program plan must include:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of strategies to coordinate and maximize public and private community resources and reduce duplication of services;
- (4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of education, within 90 days of receiving the plan.

Subd. 4. **Separate accounts.** The district must deposit school readiness aid in a separate account within the community education fund.

126C.12 LEARNING AND DEVELOPMENT REVENUE AMOUNT AND USE.

Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year 2000 and thereafter each school district shall reserve an amount equal to the formula allowance multiplied by the following calculation:

- (1) the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057; plus
- (2) the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 times .115; plus
- (3) the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

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Subd. 2. Definitions. (a) "Classroom teacher" means a public employee licensed by the board of teaching who is authorized to teach all subjects to children in any grade in kindergarten through grade 6 and whose duties are full-time regular classroom instruction, excluding a teacher for whom federal aids are received or for whom categorical aids are received under section 125A.76 or who is an itinerant teacher or provides instruction outside of the regular classroom. Except as provided in section 122A.68, subdivision 6, classroom teacher does not include supervisory and support personnel defined in section 122A.15. A classroom teacher whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in kindergarten through grade 3.

(b) "Class size" means the districtwide ratio at each grade level of the number of full-time students in kindergarten through grade 3 served at least 40 percent of the time in regular classrooms to the number of full-time classroom teachers in kindergarten through grade 3, determined as of October 1 of each school year.

Subd. 3. Instruction contact time. Instruction may be provided by a classroom teacher or by a team of classroom teachers, or by a teacher resident supervised by a classroom teacher. The district must maximize classroom teacher to learner average instructional contact time in the core subjects of reading and mathematics.

Subd. 4. Revenue use. (a) Revenue must be used to reduce and maintain the district's average class size in kindergarten through grade 3 to a level of 17 to 1 on average in each of the respective grades.

(b) A district must not increase the districtwide class sizes in other grades as a result of reducing class sizes in kindergarten through grade 3. Revenue may not be used to provide instructor preparation. A district may use a portion of the revenue reserved under this section to employ up to the same number of full-time equivalent education assistants or aides as the district employed during the 1992-1993 school year under Minnesota Statutes 1992, section 124.331, subdivision 2, through fiscal year 2002. Beginning in fiscal year 2003, class size reduction revenue may only be reserved to employ classroom teachers contributing to lower class sizes in kindergarten through grade 3.

Subd. 5. Additional revenue use. If the board of a district determines that the district has achieved and is maintaining the class sizes specified in subdivision 4, the board may use the revenue to reduce class size in grades 4, 5, and 6, provide all-day, everyday kindergarten, prepare and use individualized learning plans, improve program offerings, purchase instructional material, services, or technology, or provide staff development needed for reduced class sizes.

Subd. 6. Annual report. By December 1 of each year, districts receiving revenue under subdivision 1 shall make available to the public a report on the amount of revenue the district has received and the use of the revenue. This report shall be in the form and manner determined by the commissioner and shall include the district average class sizes in kindergarten through grade 6 as of October 1 of the current school year and the class sizes for each site serving kindergarten through grade 6 students in the district. A copy

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of the report shall be filed with the commissioner by December 15.

126C.41 BENEFITS LEVIES.

Subd. 5. **St. Paul severance levy.** The school board of Independent School District No. 625, St. Paul, for the purpose of providing moneys for the payment of its severance pay obligations under a plan approved by resolution of the district, in addition to all other powers possessed by the school district and in addition to and in excess of any existing limitation upon the amount it is otherwise authorized by law to levy as taxes, is authorized to levy taxes annually not exceeding in any one year an amount equal to a net tax capacity rate of .34 percent for taxes payable in 2002 and thereafter upon all taxable property within the school district which taxes as levied shall be spread upon the tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor to be disbursed and expended by the school district in payment of any public school severance pay obligations and for no other purpose. Disbursements and expenditures previously authorized on behalf of the school district for payment of severance pay obligations shall not be deemed to constitute any part of the cost of the operation and maintenance of the school district within the meaning of any statutory limitation of any school district expenditures.

The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee shall not exceed the amount permitted by section 465.72.

126C.43 LEVIES; STATUTORY OBLIGATIONS.

Subd. 2. **Payment to unemployment insurance program trust fund by state and political subdivisions.** A district may levy 90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified necessary (i) to pay the district's obligations under section 268.052, subdivision 1, and (ii) to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.085 for the fiscal year the levy is certified.

Subd. 3. **Tax levy for judgment.** A district may levy 90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified necessary to pay judgments against the district under section 123B.25 that became final after the date the district certified its proposed levy in the previous year. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards, a member school district may include its proportionate share of the costs of a judgment against an intermediate school district that became final under section 123B.25 after the date that the earliest member school district certified its proposed levy in the previous year. With the approval of the commissioner, an intermediate school district member school district may spread this levy over a period not to exceed three years.

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126C.44 SAFE SCHOOLS LEVY.

Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; or (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this section is not included in determining the school district's levy limitations.

126C.445 TREE GROWTH REPLACEMENT REVENUE.

For taxes payable in 2003 and later, a school district may levy an amount not to exceed its miscellaneous revenue for tree growth revenue for taxes payable in 2001.

126C.45 ICE ARENA LEVY.

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed 90 percent of the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the Office of Monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

126C.455 SWIMMING POOL LEVY.

Each year, a school district with its home office located in a county that has (i) a population density of ten or fewer persons per square mile according to the 2000 census of population; (ii) an international border; and (iii) more than one school district within its boundaries, may levy for the net operational costs of a swimming pool. The levy may not exceed the net actual costs of operation of the swimming pool for the previous year. Net actual costs are defined as operating costs less any operating revenues and less any payments from other

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local governmental units.

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

Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year thereafter, the commissioner of education shall adjust state aid payments to school operating funds for Independent School District No. 625, Independent School District No. 709, and Special School District No. 1 by the net amount of clauses (1) and (2) and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the net amount of clauses (1), (2), and (3):

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

(2) an increase equal to one percent of the salaries paid to members of the general plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 1997.

Subd. 2. **Appropriation.** The amounts necessary to pay any positive net adjustments under this section to any school district are appropriated annually from the general fund to the commissioner of education.

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

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

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

- 1 Senator moves to amend S.F. No. 1148 as follows:
- 2 Pages 45 to 52, delete articles 5 and 6
- 3 Amend the title accordingly

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 711 - Healthy and Physical Education Course
Requirements**

Author: Senator David J. Tomassoni

Prepared by: Ann Marie Butler, Senate Counsel (651/296-5301)

Date: March 8, 2005

Section 1 [Required Academic Standards.] requires school districts to maintain their current level of physical and health education requirements for kindergarten through 8th grade students. Starting in the 2008-2009 school year, public school elementary students are required to participate in at least 150 minutes per week of physical education and 50 hours per year of health education. Starting in the 2008-2009 school year, public school 7th and 8th graders are required to participate in at least 225 minutes per week of physical education and 50 hours of health education.

Section 2 [Graduation Requirements; Course Credits.] requires high school students to complete one credit of physical education and one credit of health education in order to graduate.

AMB:vs

Katie Schmitz



**Hearing on SF 711
Health and Physical Education Bill**

**Senate Education Committee
March 10, 2005**

Kids Need Quality Health and Physical Education

Background

Physical education is at the core of a comprehensive approach to promoting physical activity through schools. Health and physical education help students develop the knowledge, skills, behaviors, attitudes, and confidence needed to be active for life while providing an opportunity for students to be active during the school day.

National Recommendations for Health and Physical Education

- Require that every student participate in daily physical education for the entire school year, including students with disabling conditions and those in alternative education programs.
- Students in the elementary grades should participate in physical education for at least 150 minutes during each school week, and students in middle schools and high schools should participate for at least 225 minutes per week.
- Provide at least 50 hours of health education instruction at every grade, pre-kindergarten through grade 12, to give all students sufficient time to learn health skills and habits for a lifetime.
- Require that certified physical education teachers teach all health and physical education courses.
- Require schools to provide and implement appropriate curriculum in health and physical education.

The Current State of the Law

According to the Minnesota Department of Education, legislative changes in 2003 and 2004 combined with the Compulsory Education law mean that:

- All students ages 7-16 should receive instruction in health and physical education, but the extent of instructional time in health and physical education is determined at the local district level.
- At the high school level, local school districts determine amount of credit that is required and if health and physical education are a graduation requirement.

As a Result

An increasing number of school districts are reducing and eliminating the time that students spend in health and physical education, even eliminating graduation requirements that have been in place for 80 years.

What the 2005 Bill Does (HF724/SF711)

- School districts must maintain the same physical education and health education requirements for kindergarten through 8th grade students adopted for the 2004-2005 school year through the 2008 school year.
- Beginning in the 2008-2009 school year, public elementary school students must participate in physical education for at least 150 minutes during the school week and health education for at least 50 hours a school year.
- Beginning in the 2008-2009 school year, public 7th and 8th grade students must participate in physical education for at least 225 minutes per week and health education for at least 50 hours a school year.
- Students beginning in 9th grade in the 2004-2005 school year must complete at least one year of health education and one year of physical education to graduate.

Physical Education is Important for Girls

Background

In 2003 the Legislature repealed the much-debated Profile of Learning and replaced it with Minnesota Academic Standards. When they did so, they removed health and physical education as a graduation requirement, instead allowing that it be offered as an elective.

Girls and Physical Education

Physical inactivity is especially prevalent in girls. In a recent report, among ninth graders, 28% of adolescent girls compared to 20% of adolescent boys report low physical activity; by twelfth grade this increased to 48% of adolescent girls compared to 30% of adolescent boys. People of all ages, both male and female, benefit from regular physical activity.

There are two strong, consistent factors associated with change in physical activity over time for adolescent girls at risk of a sedentary lifestyle. (1) time constraints (2) support for physical activity from parents, peers and teachers. Social support for physical activity is a socioenvironmental factor that needs to be addressed in building opportunities and participation, in particular because of the importance of peer relationships during adolescence. ***In other words, if girls do not have support and encouragement from parents, peers and teachers to sign up for physical education classes, they are much less likely to.***

Given the current epidemic of obesity, the precipitous drop in activity levels during adolescence should sound an alarm for action. By moving physical education from a graduation requirement to an elective, we have not supplied the encouragement that girls need to take physical education.

Fewer Girls are Participating in Physical Education in Minnesota

While it may have been an unintended consequence, the change in law in 2003 that allowed schools to move physical education from being a graduation requirement to an elective is having an impact. These stories from physical educators are all recent reports from Minnesota schools from around the state.

- Unfortunately, the elective requirement has created a problem with gender equity in one of the states largest school districts. Girls are choosing not to take physical education. Female enrollment in physical education classes has been as low as three of thirty students.
- A school reports that on average 15-25% of participants in elective physical education classes are girls, and three to four girls drop out each class when they realize the boy-to-girl ratio.
- Another school experienced an incredible drop off of girls taking physical education and many white females waived it. In a school of more than 1600 students that is approximately 50% Caucasian, they had seven white females out of the 150 students last semester.
- In a local junior high, two elective courses are offered to ninth graders. One class had one girl (who later dropped it) and the other class had four girls and 22 boys.
- These stories are not isolated and are playing out throughout Minnesota where physical education is an elective course.

Let's work to give girls the support that they need to be physically active. Minnesota should require physical education for graduation.

For more information, contact the Minnesota Office of Public Advocacy at

(952) 278-3643 or (800) 331-6889 ■ advocacymn@heart.org

Or visit our website at www.takeactionforhealth.org



ORGANIZATIONS THAT SUPPORT PHYSICAL AND HEALTH EDUCATION

BE IT THEREFORE RESOLVED that the following organizations endorse:

- Legislation that includes physical education as a core required academic content area to assist in ensuring healthier development of our youth.
- Legislation that includes health education as a core required academic content area and ensures curriculum and instruction consistent with the National Health Education Standards.

American Cancer Society (Edina)
American Heart Association (Edina)
American Lung Association of Minnesota (St. Paul)
American Stroke Association (Edina)
Be Active Minnesota (Minneapolis)
Breck School Phy. Ed. & Health Dept. (Minneapolis)
Central Middle School Phy. Ed. (White Bear Lake)
Chaska Elementary School (Chaska)
Chaska Middle School East Health and Phy. Ed. (Chaska)
Chaska Middle School West Health and Phy. Ed. (Chaska)
Champlin Park High School/Anoka-Hennepin Schools (Champlin)
Champlin Park High School Phy./Health Ed. (Champlin)
Clover Ridge Elementary School (Chaska)
Community Prevention Coalition of Hennepin County (Minneapolis)
Como Park Senior High Health (St. Paul)
Crest View PTO (Brooklyn Park)
Crooked Lake Home and School (Andover)
Dassel-Cokato High School Phy. Ed. Dept. (Cokato)
Diamond Path Elementary Phy. Ed. Dept. (Apple Valley)
Dragons for Wellness - MSU Moorhead (Moorhead)
Edina Schools Elementary Phy. Ed. Teachers (Edina)
Education Minnesota Osseo (Brooklyn Park)
Evergreen Park Elementary Health/Phy. Ed. (Brooklyn Center)
Five Hawks Elementary Parent Teacher Child Committee (Prior Lake)
Five Hawks Elementary School (Prior Lake)
Forest Lake Elementary (Forest Lake)
Fred Moore Middle School (Anoka)
Hopkins School District Health and Phy. Ed. (Hopkins)
Hutchinson Middle School PHY. ED. Dept. (Hutchinson)
ISD 701 Phy. Ed. & Health (Hibbing)
Jackson Middle School Staff (Champlin)
John Glenn Middle School Health and Phy. Ed. (Maplewood)
Keewaydin Elementary School (Minneapolis)
Lakeview Hospital (Stillwater)
Life Time Fitness (Eden Prairie)
Local Public Health Association of Minnesota (St. Paul)
Lyndale Community School (Minneapolis)
Mahtomedi St. High School Phy. Ed and Health Dept. (Mahtomedi)
Mayo High School Phy. Ed. (Rochester)
Melpomene (St. Paul)
Metro Prevention (Robbinsdale)
Minnesota AIDS Project (Minneapolis)
Minnesota Association of Health, Phy. Ed., Recreation and Dance (Lake Park)
Minnesota Dietetic Association (Roseville)
Minnesota Institute of Public Health (Mounds View)
Minnesota Medical Association (Minneapolis)
Minnesota PTA (St. Paul)
Minnesota Organization on Adolescent Pregnancy, Prevention and Parenting (St. Paul)
Minnesota Physical Therapy Association (Roseville)
Minnesota Public Health Association
Minnesota School Counselors Association (Mahtomedi)
Minnesota School Social Worker's Association (Minneapolis)
Minnesota Traditions Charter School Phy. Ed. (Minneapolis)
Mounds Park Academy Phy. Ed. (St. Paul)
Mounds View School District Health/PHY. ED. Teachers (Arden Hills)
Noble Elementary School - PTA, Staff (Golden Valley)
Northern Lights Aquatic (Brooklyn Center)
Oak View Middle School Phy. Ed. (Andover)
Osseo Area Schools-School Community Advisory Team (Maple Grove)
Parents and Teachers Together (Eyota)
Paynesville Area Schools - Phy. Ed. and Health Teachers (Paynesville)
Pioneer Ridge Freshmen Center (Chaska)
Ponds Edge Kindergarten Center, ISD 719 (Prior Lake) (Brainerd)
Robbinsdale ISD 281 - Elementary Phy. Ed. Teachers (Golden Valley)
Roseville Area High School Phy. Ed. /Health (Roseville)
St. Croix Valley Health and Care Research Foundation (Stillwater)
St. Paul Public School Health Ed. (St. Paul)
Stillwater Medical Group, P.A. (Stillwater)
Thomas Lake Phy. Ed. Dept. (Eagan)
Weaver Lake Elementary School PST Board (Maple Grove)
White Bear Lake North Campus Phy. Ed. (White Bear Lake)
Woodbury Elementary Phy. Ed. Dept. (Woodbury)
Zanewood Community School Phy. Ed. (Brooklyn Park)

THE CHANGING FACE OF PHYSICAL EDUCATION

	OLD PE PARADIGM	NEW PE PARADIGM
Curriculum	Skills and rules to play team games (EX. Basketball, football, soccer, baseball)	Physical competence and cognitive understanding about physical activity so students can be active for a lifetime. (EX Fitness activities; outdoor education; individual lifetime activities; dance; integrated lessons)
Grouping	Large groups; limited equipment Athletes are leaders	Small groups; adequate equipment for active participation All students have opportunities for success
Fitness Emphasis	Skill related Calisthenics – all students doing exercises at the same time	Health related Students engaged in self- testing; applying principles of fitness; designing an individual program Students learn to maintain or improve physical well-being.
Instruction	Teacher directed Teacher controls and paces the entire lesson	Teacher as coach/guide Uses instructional strategies to allow students to progress at individual pace and to self assess.
Social Skills	Emphasis on competition – winning and losing	Emphasis on cooperation, working together as a group, leadership, conflict resolution along with competition.
Grading and Assessment	Based on attendance, dress, skill level, fitness scores	Based on self-improvement, self-evaluation; peer assessment; skill rubrics. Used to monitor and reinforce student learning.
Games	Teacher officiates games giving feedback on skill performance and knowledge of rules; large group games; students waiting in line to play	Students create new games that include skills. Learn rules along with strategies, small sized games with emphasis on fitness; everyone active
Technology	Stop watch	Computers; pedometers; heart rate monitors

Trends

- 22% of children and adolescents ages 6-18 are overweight. The prevalence of obesity in youth has dramatically increased in the past 30 years.
- Schools play an important role in childhood health. Health and physical education promote lifelong activity, thereby preventing the development of chronic diseases such as heart disease, diabetes, obesity, and cancer.
- A recent poll released by the Robert Wood Johnson Foundation found that 85 percent of parents favor requiring students to take physical education every day at every grade level.



Physical Education is Important

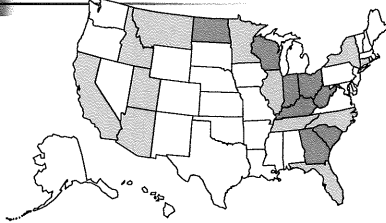
Kathryn H. Schmitz, PhD, MPH, FACSM
Assistant Professor
Division of Epidemiology
University of Minnesota

Physical education IS important

- Physical activity is vital to
 - Learning
 - Quality of life
 - Health
 - Well-being

Obesity Trends* Among U.S. Adults BRFSS, 1985

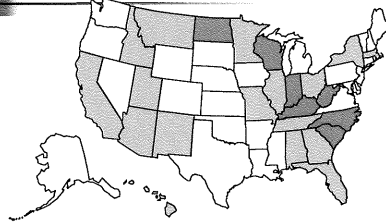
(*BMI ≥ 30 , or ~ 30 lbs overweight for 5' 4" woman)



□ No Data ■ <10% ■ 10%-14%

Obesity Trends* Among U.S. Adults BRFSS, 1986

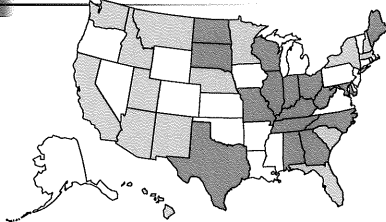
(*BMI ≥ 30 , or ~ 30 lbs overweight for 5' 4" woman)



□ No Data ■ <10% ■ 10%-14%

Obesity Trends* Among U.S. Adults BRFSS, 1987

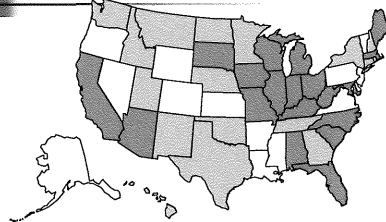
(*BMI ≥ 30 , or ~ 30 lbs overweight for 5' 4" woman)



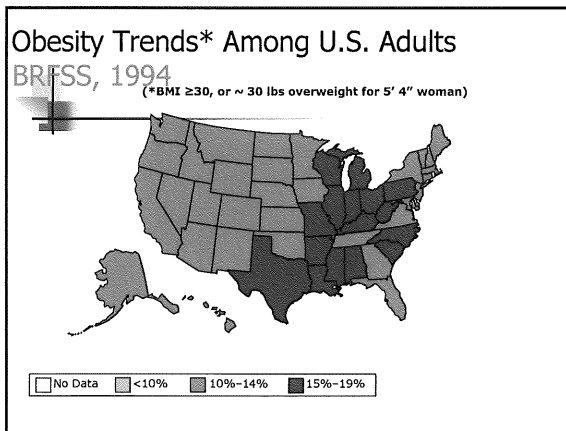
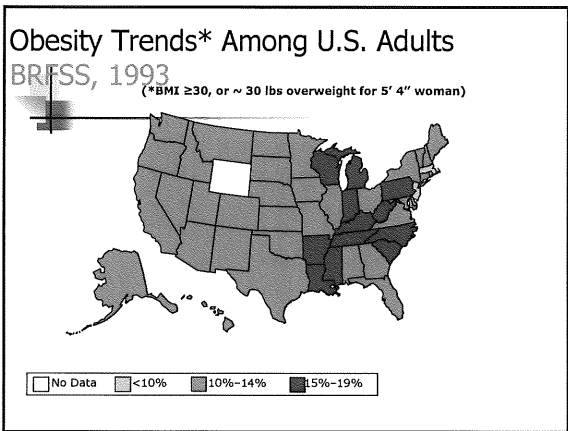
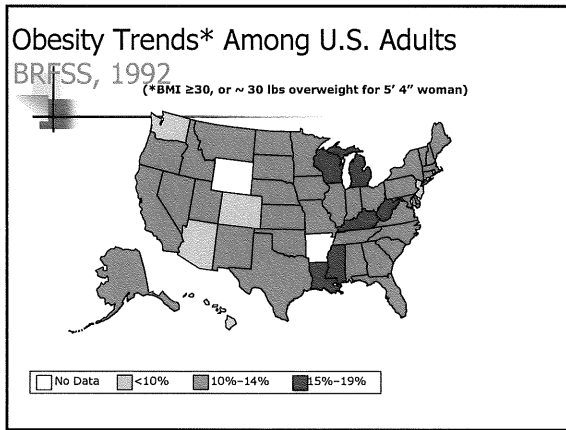
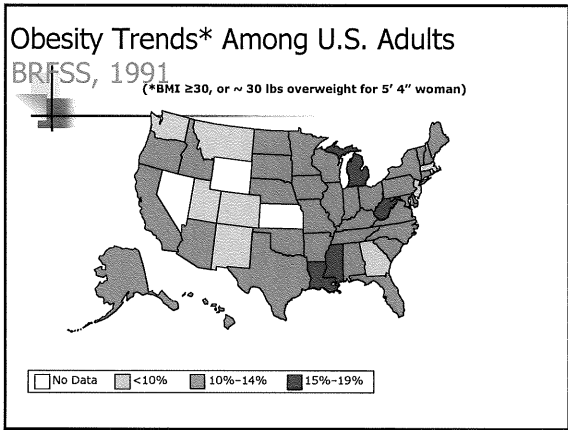
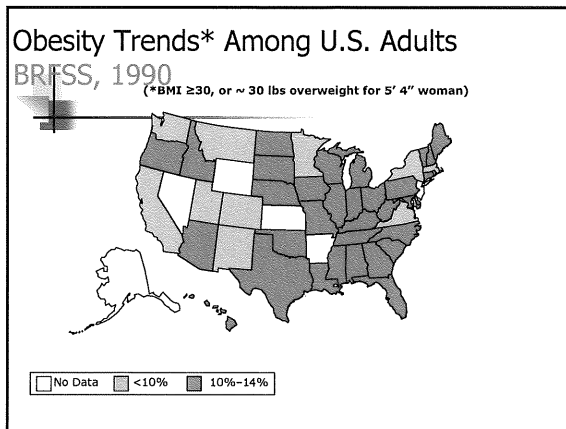
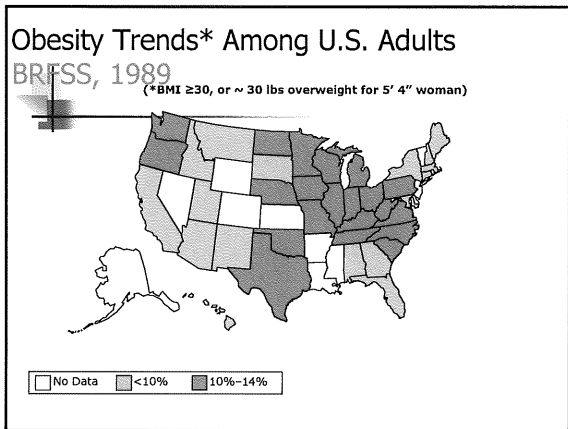
□ No Data ■ <10% ■ 10%-14%

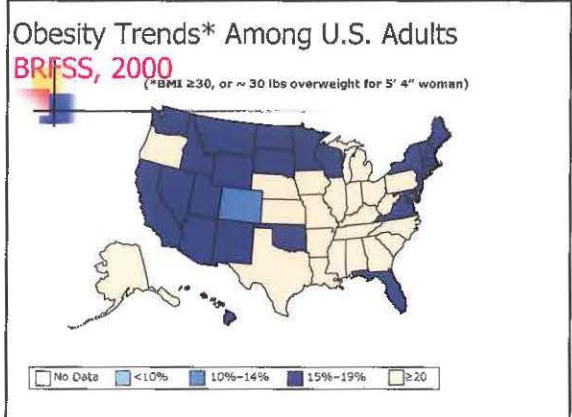
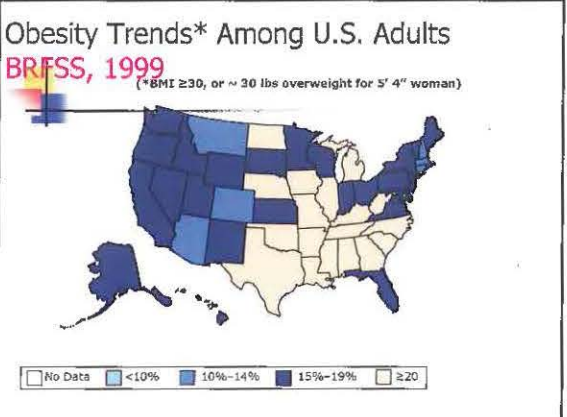
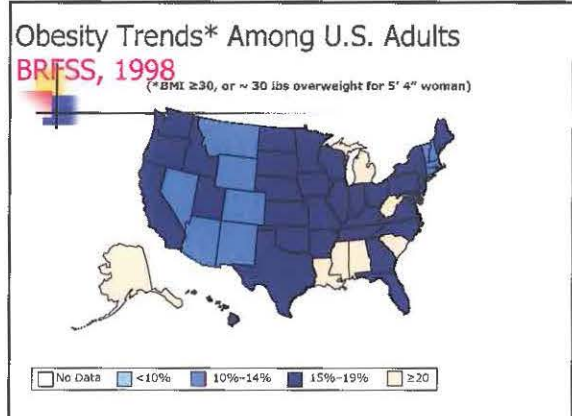
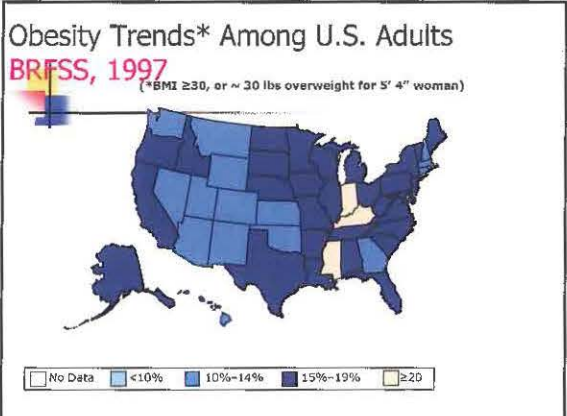
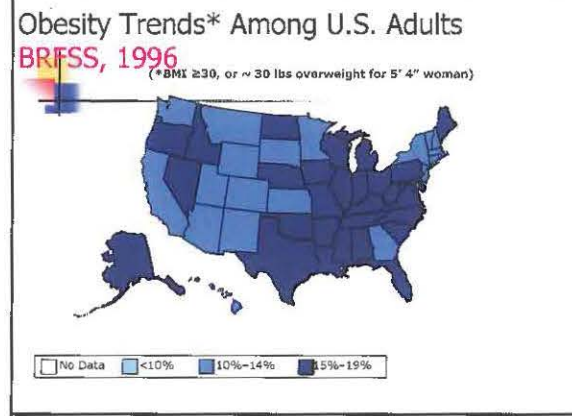
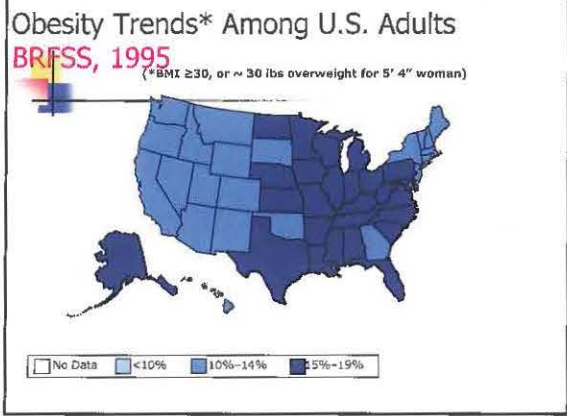
Obesity Trends* Among U.S. Adults BRFSS, 1988

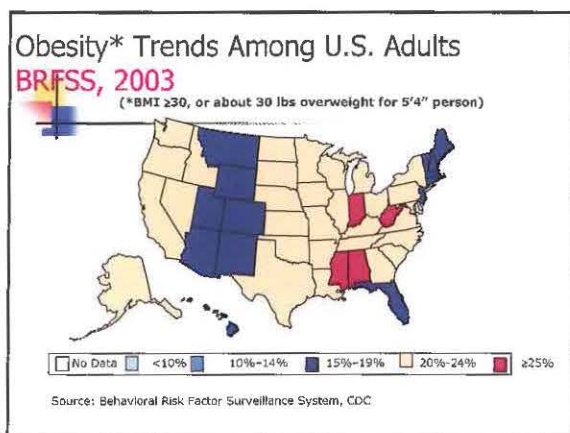
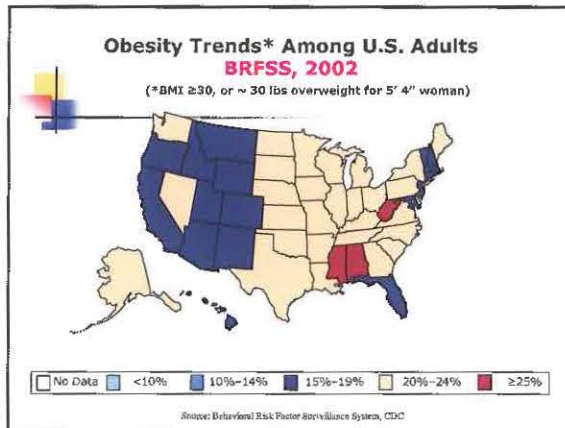
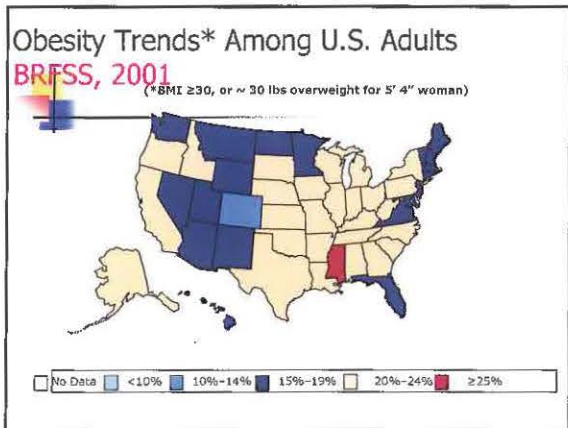
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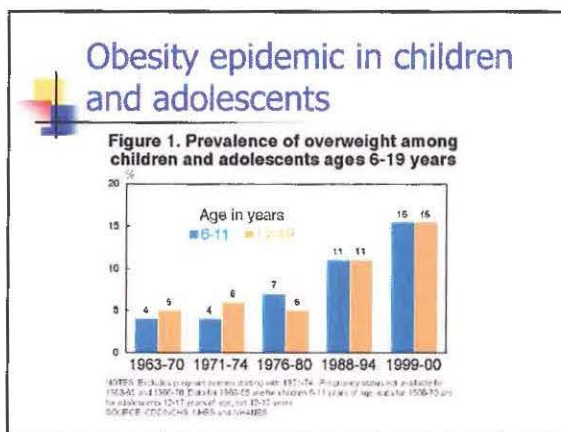
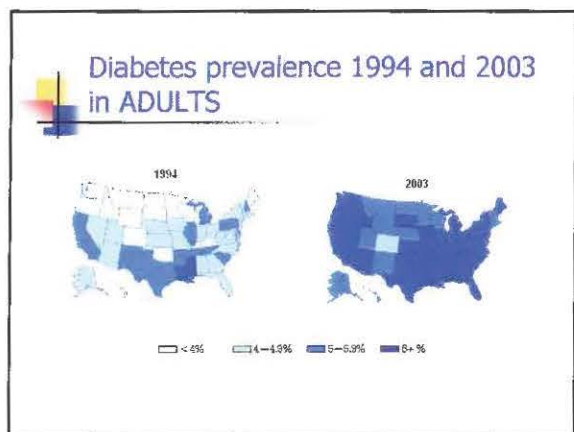






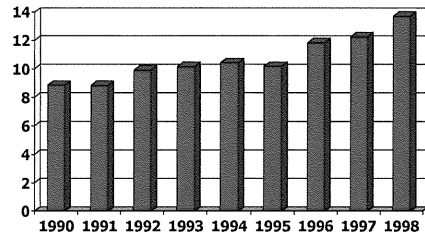
Epidemic of Hypokinetic Disease

- In addition to contributing to body weight gain, lack of physical activity may also be linked to the increased incidence/prevalence of:
 - Type 2 diabetes
 - Heart Disease
 - Depressive and anxiety disorders
 - Hormonally related cancers



Prevalence of Diabetes among Northern Plains Native American Youth
(Minnesota, Michigan, & Wisconsin)

AJPH 2002 Vol. 92(5)



Obesity and Diabetes in Children
Costs \$\$\$

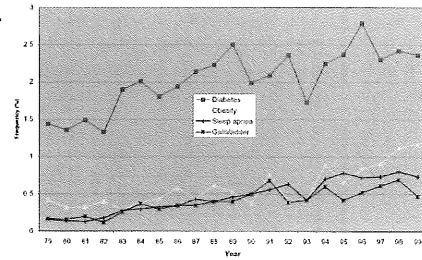


Fig 1. Discharge frequency of obesity-associated diseases in youths aged 6 to 17 years, 1979-1999.

Cost of obesity in children

- Hospital discharges in children 6 to 17 have tripled
 - \$35 million in 1979
 - \$127 million in 1999

Weight and physical activity patterns track over time

- 42-62% of obese school children will become obese adults
- Physical activity levels peak just before adolescence and decline through out adulthood
 - Therefore, physically inactive kids are very likely to be sedentary adults
- Major health care cost considerations

Positive Impact of PE Curriculum Time on OBESITY and TEST SCORES

- Datar and Sturm AJPH 2004
 - 1 additional hour of PE per week in first grade significantly reduced BMI among overweight girls
- Datar, Sturm and Magnabosco Ob. Res 2004
 - Overweight children have significantly ↓ math and reading test scores IN KINDERGARTEN

Impact of diabetes on learning and schools

- Children with poor metabolic control of their diabetes had lower standardized test scores (McCarthy Diabetes Care 2003)
- Burden on school nursing staff and classroom teachers (McCarthy 1996)
 - ↑ unanticipated medical emergencies
 - ↑ absences
 - ↑ need to administer medication at school
 - Legal and ethical considerations of med admin at school

Current National Guidelines

- Healthy people 2010
 - Increase to at least 50% the proportion of children and adolescents in 1st through 12th grade who participate in daily school physical education
 - Increase to at least 50% the proportion of school physical education class time that students spend being physically active

But what about the 3 R's?

- Guide to Community Prevention Services
 - 'although there is a perception that the time spent in PE may harm academic performance, both an examination of the literature included in this review and the results of a systematic search of other studies on the effects of PE on academic performance found no evidence of this harm'

Kahn et al. AJPM 2002

Cross sectional evidence

- Multiple studies show that academic success is associated with physical activity or fitness
- California Department of Education recently reported
 - Children with better fitness scores also performed better academically

California Department of Education News Release #02-37
Shephard PES, 1997

Limitations of XS evidence

- Chicken and egg issue...
 - Which comes first, more activity? Or better grades?
 - Those who have more resources in general will be more academically successful and more physically active
 - Genetics plays a role

Longitudinal studies

- Vanves, France, 1950
 - School week lengthened from 32 to 41.5 hours
 - Academic instruction time cut by 26%
 - 2 siestas, vitamin supplements, and physical activities added
 - 15 hours weekly of physical activities such as: gymnastics, swimming, training, sports, and outdoor activities

Vanves, France: Outcomes

- % failing the 'certificate of study' was found to be comparable in treatment vs. control schools
- Students in treatment school appeared more calm and attentive
- Fewer discipline problems
- Average days sickness was fewer

SHAPE study Adelaide, Australia

- 519 10 year old children
- 14 week program
- 7 schools each assigned to one of these conditions
 - Fitness
 - 75 min. PE per day
 - goal of high heart rate
 - Skill
 - 75 min. PE per day
 - Goal of skill building
 - Control
 - 30 min. PE 3 times weekly
 - More general goals

SHAPE study short term outcomes

- Despite reducing academic time by 210 min (14%) per week
 - No differences noted in gains in
 - Arithmetic performance
 - Reading skills
 - Trend toward gain in arithmetic performance
 - Large gain in classroom behavior scores

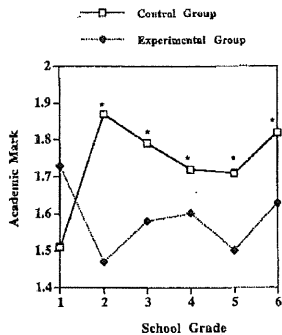
SHAPE study long term outcomes

- 2 years later, intervention schools had significantly better
 - Arithmetic scores
 - Reading scores
 - Classroom behavior scores

Quebec study

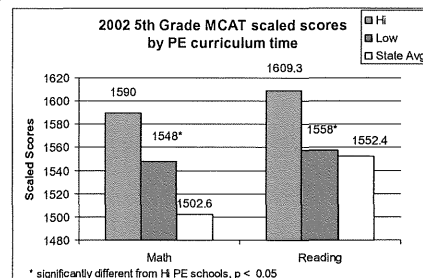
- 546 primary school children
- Urban and rural school
- Experimental students had 1 additional hour of PE per day with a PE specialist, for a total of 1 hour, 40 minutes daily
- Control students had 40 minutes daily PE
- Started in 1st grade, continued through 6th grade

Quebec study outcomes



Note: a score of 1 is better than 2 on this combined indicator of academic achievement

20 Minnesota Elementary Schools



Please note:

- We've just shown multiple studies that indicate ↑ PE curriculum time = ↑ math and reading scores
- There is NO data to show that ↑ math curriculum time ↑ math scores
- There is NO data to show ↑ reading scores by ↑ reading curriculum time

How might physical activity alter learning?

- Cerebral blood flow is increased during aerobic activity
- Ability to attend to academic tasks is improved with physical activity
- Exercise modulates hormones that are associated with mental ability, particularly serotonin and dopamine
- Enhanced use of nutrients
- Increased self-esteem

How might physical activity alter classroom behavior?

- The increase in brain dopamine and serotonin levels resultant to exercise may produce a calming effect and may improve executive function
 - Might this reduce disruptive classroom behavior?

NASPE opinion survey

- 76% of parents think more school PE could help control or prevent childhood obesity
- 95% think PE should be a part of school curriculum for all students grade K-12
- 54% believe PE is as important or more important than math, science, or English

www.aapherd.org/naspe

Why not leave this up to the local districts?

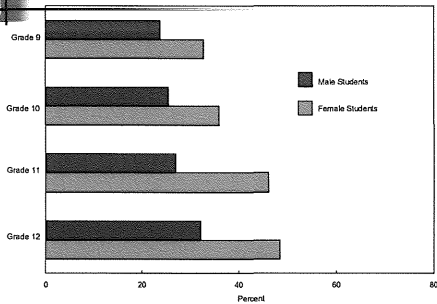
There is already evidence that this will lead to decreases in PE curriculum time.

Examples

Gender Bias of current system

- By making PE an elective in a co-ed system, girls lose
- EXAMPLES
- Problem with this... Girls less active than boys already!

Prevalence of sedentary high school students



Source: Centers for Disease Control and Prevention, National Centers for Health Statistics, Health, United States, 2004

PE in school leads to more PA in adulthood...

- Nelson et al. 2005
 - Nationally representative sample of adolescents (N > 14,000) followed from grade 7-12 to age 18 to 26
 - Adolescents active through school PE programming are **2.35** times more likely to be adequately active in young adulthood

What I have learned about PE advocacy over the past year...

- What I know is not all that the legislators want to know about
 - COSTS have to be addressed
- Have to accept that legislators have agendas and world views too
- NEVER overstate your case
- Accordion effect of time in legislative process
- Let the legislative experts use you
 - Don't step out of your lane
 - COMMUNICATE OFTEN
- A good story is worth more than good research, but good research is still worthwhile
 - The pros and cons of being an academic in this process

Citations

- Source: BRFSS, CDC.
- Source: Mokdad A H, et al. JAMA 1999;282:16.
- Source: Mokdad A H, et al. JAMA 2001;286:10.
- Source: Mokdad A H, et al. JAMA 2003;289:1.



Obesity Trends Among U.S. Adults between 1985 and 2003

Definitions:

- Obesity: having a very high amount of body fat in relation to lean body mass, or Body Mass Index (BMI) of 30 or higher.
- Body Mass Index (BMI): a measure of an adult's weight in relation to his or her height, specifically the adult's weight in kilograms divided by the square of his or her height in meters.



Obesity Trends Among U.S. Adults between 1985 and 2003

Source of the data:

- The data shown in these maps were collected through CDC's Behavioral Risk Factor Surveillance System (BRFSS). Each year, state health departments use standard procedures to collect data through a series of monthly telephone interviews with U.S. adults.
- Prevalence estimates generated for the maps may vary slightly from those generated for the states by BRFSS (<http://aps.nccd.cdc.gov/brfss>) as slightly different analytic methods are used.



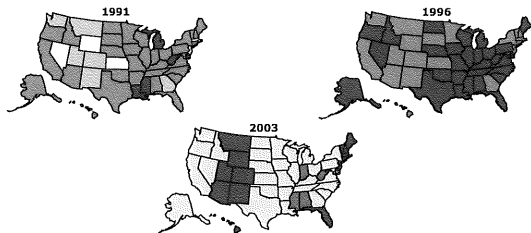
During the past 20 years there has been a dramatic increase in obesity in the United States. In 1985 only a few states were participating in CDC's BRFSS and providing obesity data. In 1991, four states had obesity prevalence rates of 15-19 percent and no states had rates at or above 20 percent.

In 2003, 15 states had prevalence rates of 15-19 percent; 31 states had rates of 20-24 percent; and 4 states had rates more than 25 percent.



Obesity Trends* Among U.S. Adults BRFSS, 1991, 1996, 2003

(*BMI ≥ 30 , or about 30 lbs overweight for 5'4" person)

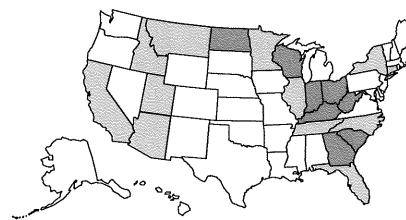


Source: Behavioral Risk Factor Surveillance System, CDC.



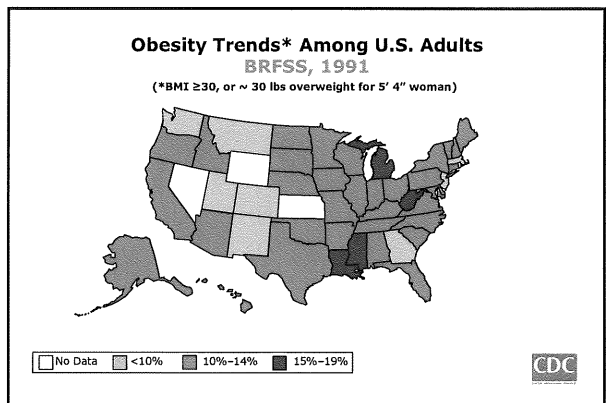
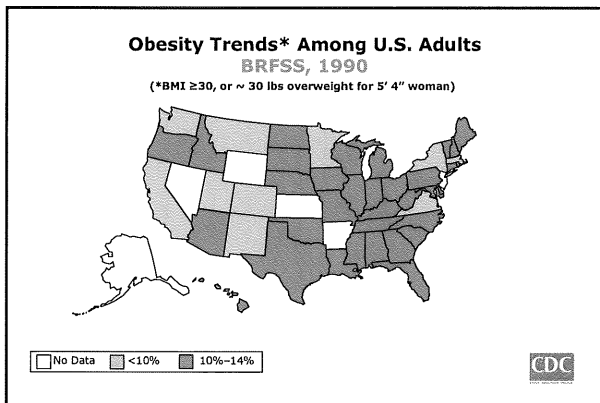
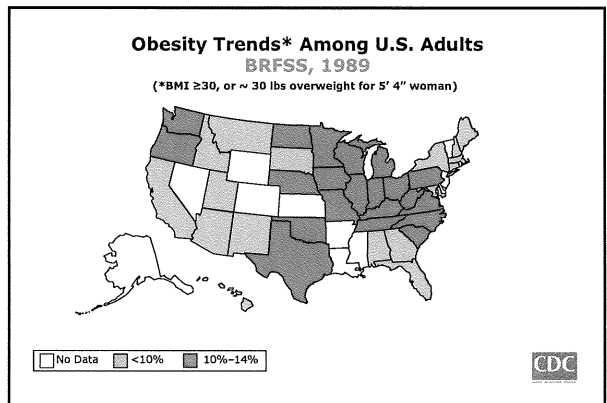
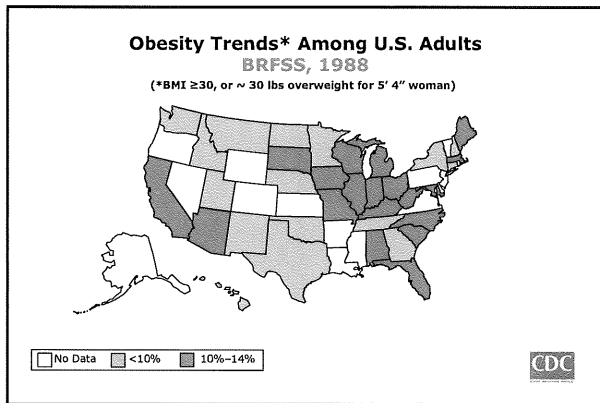
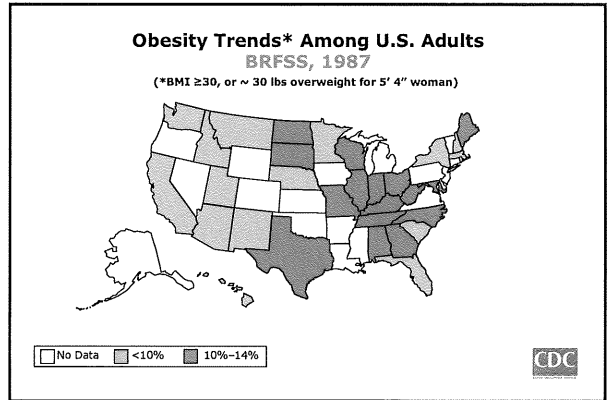
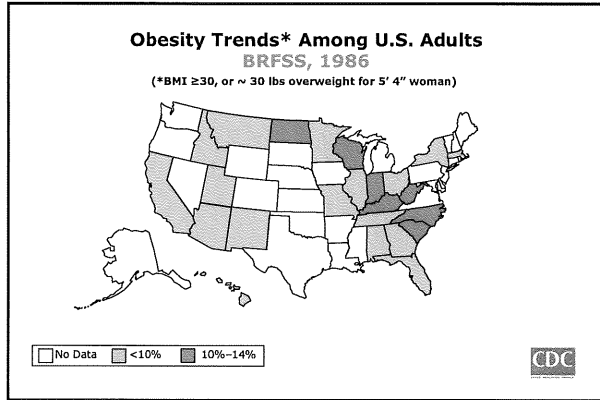
Obesity Trends* Among U.S. Adults BRFSS, 1985

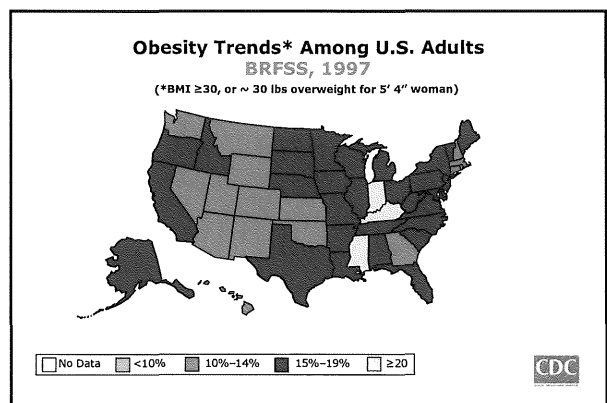
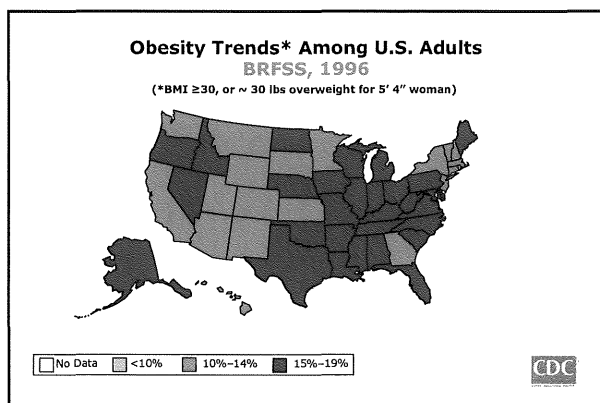
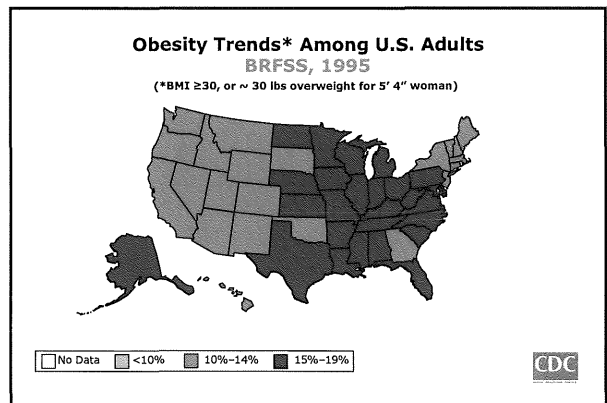
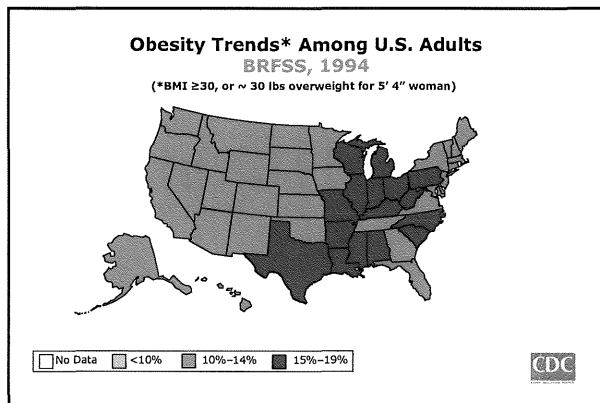
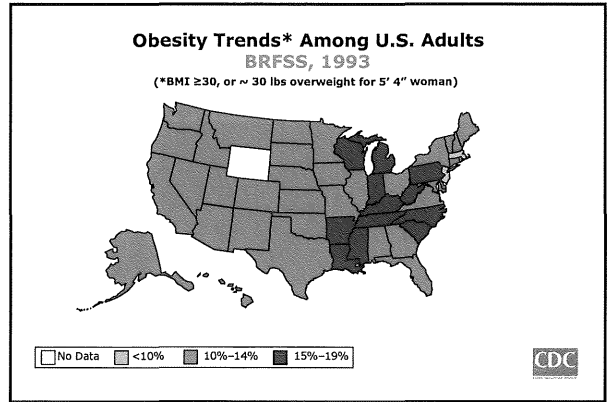
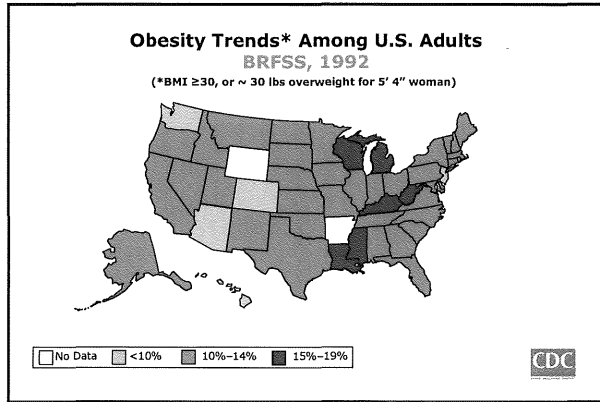
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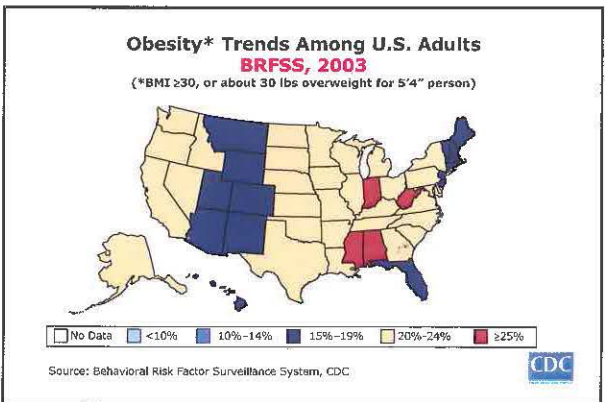
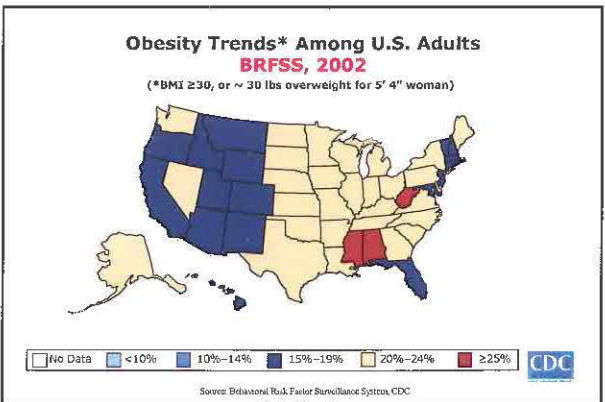
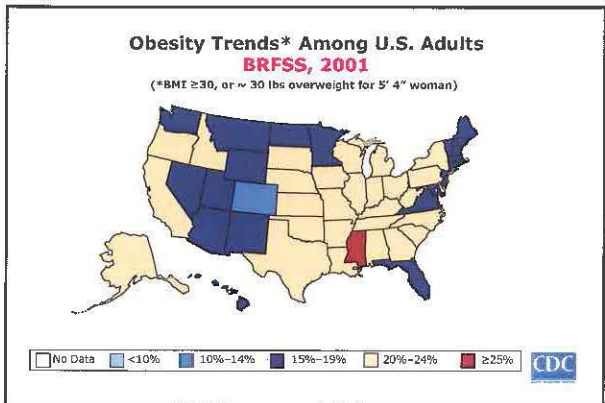
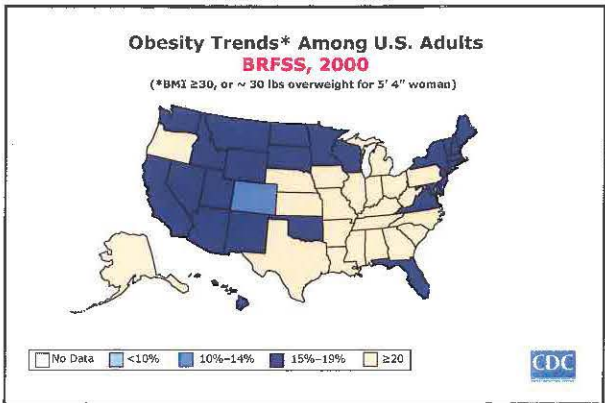
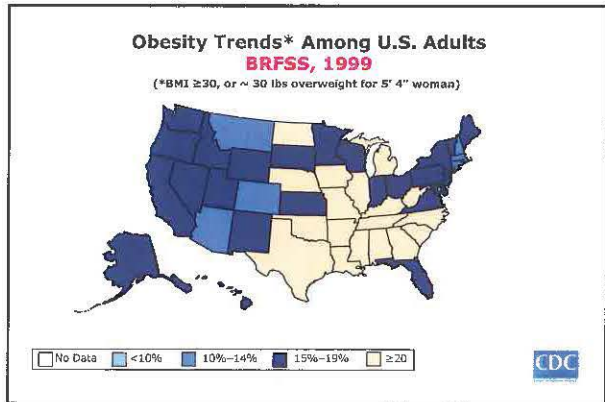
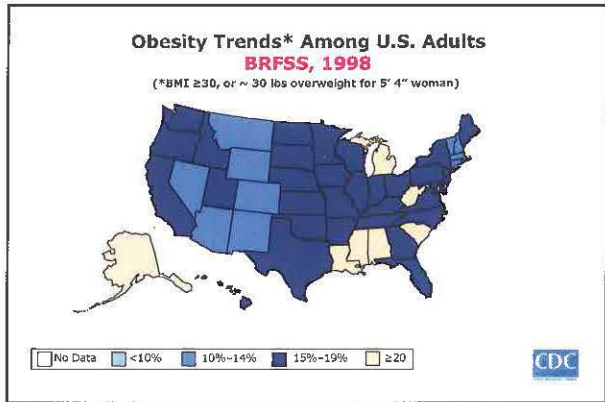


Source: Behavioral Risk Factor Surveillance System, CDC.

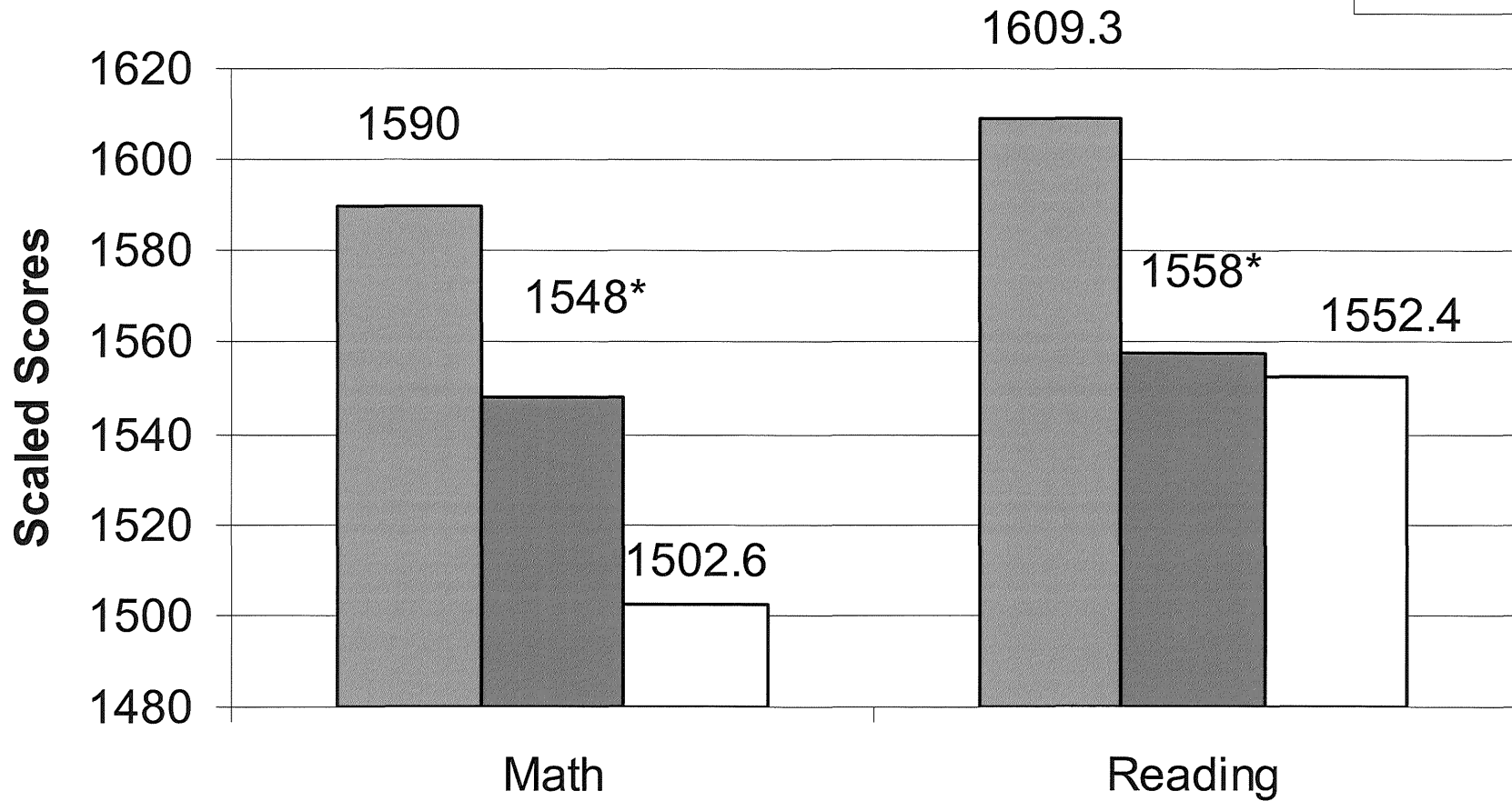
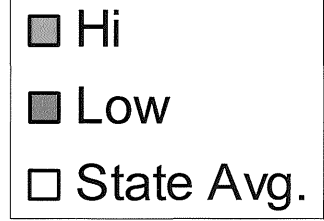






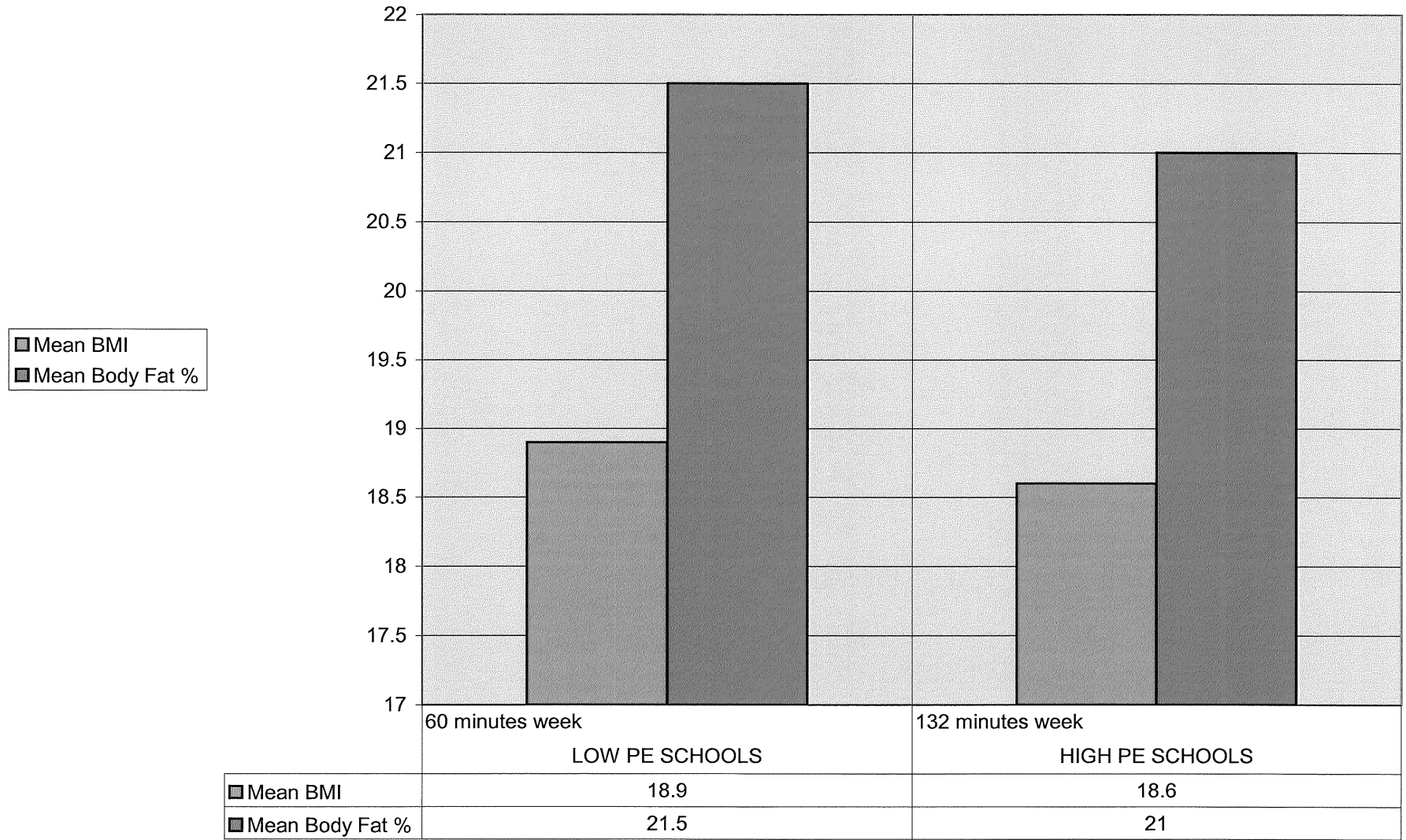


2002 5th Grade MCAT scaled scores by PE curriculum time



* significantly different from Hi PE schools, $p < 0.05$

Physical Activity Data 4th/5th Graders



■ Mean BMI
 ■ Mean Body Fat %

60 minutes week
LOW PE SCHOOLS

132 minutes week
HIGH PE SCHOOLS

18.9

21.5

18.6

21

Decreased Shoulder Range of Motion in Elite Adolescent Tennis Players

Abnormal range of motion of the shoulder has previously been described in baseball and tennis players. Kibler et al. described glenohumeral rotation function in elite tennis players and related these measurements to age, years of play, and dominant-to-nondominant shoulder differences. Subjects were members of the United States Tennis Association's national team and touring professional program. These players had been participating in tournament play for an average of 8.8 years and currently had a mean age of 18 years. Goniometric measurements were made of internal and external rotation of dominant and nondominant shoulders at the glenohumeral joint with the humerus in 90° of abduction. Dominant internal rotation of the shoulder was observed to decrease, and the difference between dominant and nondominant internal rotation was observed to increase, with age and duration of tournament competition. No gender differences were observed in these findings. Moderate negative correlations were observed between dominant internal rotation and years of total play. These results indicate a progressive loss of internal rotation with longer duration of tournament play. Such findings are important in terms of potential injury risk and decrement in performance. Corrective training programs may be useful in preventing the occurrence of progressive limitations of shoulder range of motion in young tennis players.

Kibler, W.B., T.J. Chandler, B.P. Livingston, and E.P. Roetert. Shoulder range of motion in elite tennis players: Effect of age and years of tournament play. *Am. J. Sports Med.* 24:279-285, 1996.

Exercise Stroke Volume After Atrial Switch for Transposition of the Great Arteries

Reduced exercise capacity following atrial switch operation for transposition of the great arteries may be due to right ventricular dysfunction, chronotropic incompetence, or both. Matthys et al. measured cardiovascular variables in 12 asymptomatic postoperative subjects to determine the relative importance of these factors. Nine subjects had undergone a Senning repair, and 3 had a Mustard operation. Mean age of surgery was 22 months, and the interval between repair and exercise testing was at least 10 years ($M = 13$ years). Findings were compared to a group of 23 age-matched active healthy normal controls. Exercise was performed to exhaustion with a cycle ramp protocol. Cardiac output was measured at rest, 80 W, and peak exercise using the carbon dioxide rebreathing method. Mean values for $\dot{V}O_{2\max}$ were 37.9 and 46.0 ml · kg⁻¹ · min⁻¹ for patients and controls, respectively. Average maximal heart rate was 169 bpm for the patients and 184 bpm for the controls ($p < .001$). The patients showed a decrease in stroke volume during exercise while values in the controls increased. Maximal stroke index was 53 ml · m⁻² in the patients and 73 ml · m⁻² in the controls ($p < .001$). These findings indicate that patients with previous Mustard or Senning repair demonstrate an inappropriate stroke volume response to exercise. This impairment can limit exercise capacity independent of abnormalities in heart rate response to exercise.

Matthys, D., D. De Wolf, and H. Verhaaren. Lack of increase in stroke volume during exercise in asymptomatic adolescents in sinus rhythm after intra-atrial repair of simple transposition of the great arteries. *Am. J. Cardiol.* 78:595-596, 1996.

Pediatric Exercise Science, 1997, 9, 113-126
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Curricular Physical Activity and Academic Performance

Roy J. Shephard

Advocates of quality daily physical education for prepubescent children frequently encounter the argument that such initiatives will harm academic progress. The impact of daily physical education upon the academic performance of primary school students is thus reviewed with particular reference to studies conducted in Vanves (France), Australia, and Trois Rivières (Québec). When a substantial proportion of curricular time (14–26%) is allocated to physical activity, learning seems to proceed more rapidly per unit of classroom time, so that academic performance matches, and may even exceed, that of control students. Children receiving additional physical education show an acceleration of their psychomotor development, and this could provide a mechanism for accelerated learning of academic skills. Other potential mechanisms include increased cerebral blood flow, greater arousal, changes in hormone levels, enhanced nutrient intake, changes in body build, and increased self esteem. Academic teachers may also favor the enhanced physical education program, creating "halo" effects, and the resulting release time may enhance their academic teaching. Irrespective of mechanisms, the implication for public policy is that daily required physical education can be introduced when a child enters primary school without compromising academic development. Given the importance of establishing positive health habits from an early age, school boards should be encouraged to follow a policy of required daily physical activity in primary schools. Evidence of specific benefit in students with learning disabilities remains less convincing.

Studies of adults now provide convincing evidence that regular physical activity enhances many aspects of physical and mental health (for detailed reviews see 7, 53). For instance, regular, moderate physical activity is associated with a substantial decrease in all-cause mortality, with a lesser risk of ischemic heart disease, obesity, hyperlipidemia, hypertension, and possibly cerebral vascular disease, together with a reduced reactivity to the "stressors" of daily life.

If a person waits until adult life before adopting an active lifestyle, some health benefits can still be obtained from exercising (44). However, there is also

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good evidence that the likelihood of becoming active, or indeed of sustaining a regular exercise program during adult life depends on the individual's past experience of physical activity (23). Past exposure is important both in terms of forming habits, beliefs, and attitudes, and also in developing the physical skills necessary to make exercise an enjoyable experience. Moreover, there is abundant evidence that threats to health, such as obesity and atherosclerosis begin quite early in childhood (50, 64), so that even if a previously sedentary adult is persuaded to adopt a more active lifestyle, the individual may already have accumulated much vascular damage that is difficult to reverse. Such findings "reinforce recommendations . . . for regular exercise and suggest that increased activity and fitness in childhood may enhance CHD risk profile" (50, p. 939).

The better private schools have long recognized the value of developing a healthy mind in a healthy body. In contrast, state and municipal school boards in North America have often approached physical education from a negative standpoint, so that physical educators have had to argue strongly even to preserve the existing curricular investment in physical education (27, 28, 41). Advocates of quality daily physical education have frequently been confronted by school administrators or parents who point to growing pressures on overall curricular time, and who maintain (apparently without any good supporting evidence) that hours "wasted" on required physical education jeopardize a child's overall academic performance.

In developing an evidence-based public policy for school boards, four important issues arise:

1. Does involvement in a regular physical activity program improve or worsen the academic performance of a schoolchild?
2. Are any changes in academic performance associated with changes of cognitive or psychomotor function, as assessed by formal tests?
3. What alternative explanations can be offered for any observed changes in academic performance?
4. Do any benefits resulting from additional physical activity also extend to the child with learning disabilities?

Curricular Physical Activity and Academic Performance

Dwyer et al. (19), Kirkendall (35), and Shephard (54) have previously offered brief reviews examining the influence of habitual physical activity upon the academic performance of children at various ages. Dustman et al. (16), El-Sayed et al. (21), Teesdale et al. (59), and Young (63) have further argued that a positive association between cognitive functioning and physical activity or fitness persists into adult life.

Cross-Sectional Studies

Early cross-sectional studies related various measures of academic success to the child's involvement in school physical education or athletic programs (11, 12, 14, 26, 38), or attendance at special sports schools (47). Positive associations were commonly demonstrated (4, 25, 36, 39, 51, 52, 57). A few reports have also demonstrated correlations between current physical fitness (29, 36) or physical skill levels (33) and academic performance.

Nevertheless, few conclusions can be drawn from such observations, since athletic involvement and the attained level of fitness relative to the individual's genetic potential are self-selected. Even in studies where physically active students have had an unequivocal academic advantage over their sedentary peers, it is unclear whether intelligence led to success in sport, whether involvement in an activity program enhanced academic performance, or whether both academic success and a predilection for physical activity are related to some third factor, such as a genetic characteristic that favors both academic and physical development.

Certainly, delays in motor development are one of the earliest signs of impaired intelligence in the very young child, and where a mental defect is diagnosed, it is commonly assumed that this defect predates any motor impairment. At the other end of the spectrum, the personality of a person who is a "high achiever" may lead to excellence in both sport and academic tasks. If one assumes that a favorable academic performance is attributable to the student's involvement in physical activity or sport programs, then the discipline and time management required during athletic preparation may have helped the student to study in the classroom. There may also be some important intervening variable, such as the peer adulation gained by the athletically gifted student, or the poor self-image of the student who is obese. Thus, Schurr and Brookover (52) suggested that a favorable self-concept accounted for much of the advantage in academic performance shown by athletic students relative to their sedentary peers. Finally, the school marks of those children who are involved in athletic programs may be biased by easier grading or greater academic coaching (52).

Longitudinal Studies

Longitudinal studies examining the influence of enhanced physical activity upon academic performance have taken place in Vanves, France (13, 40), in Australia (19), and in Québec (55). The strengths and weaknesses of each of these investigations will now be considered.

Vanves, France. The widely discussed Vanves study was conducted in 1950, in a suburb of Paris (22, 31, 40). To my knowledge, the findings have never received formal publication in an English-language journal. Students at a selected experimental school had their normal timetable modified as summarized in Table 1 throughout the final year of their primary education. The school week was lengthened from 32 to 41.5 hours, and two siestas were introduced each weekday (from 1:00 to 1:30 p.m., and 4:30 to 5:00 p.m.). Academic instruction was curtailed by 26% and was limited to the mornings. The afternoons were occupied by a wide range of required physical activities: gymnastics, swimming, training, sports, and outdoor activities. In addition, students attending the experimental school were given regular vitamin supplements.

The progress of the experimental group was compared with that of nonrandomized control students attending other schools in the Paris area. The proportion failing the "certificate of study" (1 of 14 experimental students) was said to be comparable with the performance of controls, despite the 26% attenuation of the hours of academic instruction. Comment was made that students attending the experimental school appeared more calm and attentive, with fewer of the disciplinary problems encountered in the control classes (13). Moreover, the average number of days of absence for sickness was fewer for the experimental than for control classes.

Table 1 Modification of School Timetable Adopted in the Vanves Experiment

Subject	Standard curriculum	Modified curriculum
General subjects	20.0	16.25
Special topics	7.5	4.0
Recreation	2.5	1.25
Athletic activities	2.0	15.0
Siesta	0.0	5.0
Total	32.0	41.5

Note. Values represent hours per week.

It remains difficult to judge the validity of this interesting study in the absence of a formal publication. The size of the experimental sample was small. Moreover, the total number of students in the experimental class appears to have been smaller than would be expected in a normal school, and many North American school boards would probably find it difficult to organize the lengthened school day that was adopted in Vanves. Further, it is unclear how well the experimental school was matched with controls in terms of class size, socioeconomic status, and other variables that could influence a child's academic attainments. Finally, the treatment was not simply additional physical education (since the students were also given two daily siestas and vitamin supplements).

Australian Studies. The School Health, Academic Performance and Exercise (SHAPE) study involved 519 Grade 5 (10-year-old) children from seven self-selected schools in Adelaide, Australia (19). At each of the seven schools, classes were randomly allocated to one of three 14-week programs: fitness, skill, or control. Noncompliance was less than 5%. The fitness group received 75 min of physical activity per day, 15 min of this being in the early morning, and 60 min in normal class time. Games were played with an emphasis upon maintaining a high heart rate. The skinfolds of the children in the fitness program decreased by an average of 1.3 mm, and their PWC_{170} increased by an average of some 14 W over the 14-week interval. The program for the skill group had a similar time schedule, but emphasized the development of skill, rather than the increase of heart rate. The students assigned to this group showed a small increase of skinfold readings (an average of 0.4 mm) and a small increase of PWC_{170} (less than 10 W) over the 14 weeks. The control group received three 30-min periods of physical education per week, with no particular emphasis upon intense physical activities or the development of endurance; over the 14 weeks of observation, they showed a substantial increase of skinfold thicknesses (an average increment of 0.9 mm) and the smallest increase of PWC_{170} (an average of a little over 8 W).

Despite a substantial reduction in academic curricular time for the fitness and skills groups (210 min per week, probably about 14% of total teaching time), there were no significant intergroup differences in gains of arithmetic performance or reading skills over the 14-week period (Table 2); there was a trend for a larger gain of arithmetic score, and a significantly larger gain of behavior scores for the fitness group, but no intergroup difference of gains in reading age.

Table 2 Initial Scores and Changes in Academic Performance Over 14-Week Period for Three Groups of Grade 5 Students in Adelaide, Australia

Group	Arithmetic		Reading		Classroom behavior	
	Initial	Change	Initial	Change	Initial	Change
Fitness	101.4 ± 2.4	12.3 ± 1.1	121.6 ± 1.2	3.4 ± 0.8	41.8 ± 1.3	6.9 ± 1.1
Skills	102.6 ± 2.5	10.5 ± 1.0	120.0 ± 1.1	3.9 ± 0.8	46.8 ± 1.5	9.3 ± 0.9
Control	105.2 ± 2.5	10.9 ± 1.3	122.2 ± 1.2	4.4 ± 0.7	37.3 ± 1.2	1.79 ± 0.7

Note. Values are $M \pm SD$. Data is based upon Dwyer et al. (19).

Table 3 Odds Ratio Showing Associations Between Lunchtime Activity (High/Low), Weekly Exercise (High/Low, Adjusted for School, State, and Body Mass Index), and Scholastic Rating (High/Low)

Age (year)	Lunchtime activity		Weekly exercise score	
	Boys	Girls	Boys	Girls
9	1.99	2.02	2.31	1.18
12	1.21	1.69	2.37	1.04
15	2.72	1.21	1.49	1.15

Important limitations of this study included a relatively short period of observation (14 weeks), and lack of information on teacher attitudes toward the change in curriculum. A 2-year follow-up suggested that the intervention schools had by this stage developed an advantage in both arithmetic and reading scores, with a continuing advantage in teacher ratings of classroom behavior (18).

A further cross-sectional study involved 9,000 Australian students from 109 schools that each had an enrollment in excess of 200 students (17). From this original sample, tests of physical fitness, leisure activity, and academic performance were conducted on 2,400 students (400 boys and 400 girls ages 9, 12, and 15 years; see Table 3). In the boys, the lunchtime practice of physical activity was significantly associated with a high academic score in the oldest age category only, and a high weekly level of physical activity was significantly associated with a high academic score in the remaining two age groups; much of the latter effect was associated with the "involuntary" physical activity of travel to and from school. In girls, there was again a trend to an association between habitual physical activity and academic performance, but in their case differences were not statistically significant. The cross-sectional findings in general support the conclusions from the longitudinal investigation, although peer adulation and a resulting enhancement of self-esteem could well have contributed to the favorable effect of lunchtime physical activity as seen in the 15-year-old boys.

Trois Rivières, Québec. The Trois Rivières study (55, 56, 60) involved 546 primary school students from an urban and a rural school. The experimental students undertook one additional hour per day of physical education; this was taught by a specialist physical educator and was required of all designated school classes in Grades 1 through 6 (ages 6–12 years). Control students, who were drawn from the immediately preceding and immediately succeeding classes at the same schools, received only the standard physical education program for Québec primary students (a single period of 40 min, taught by a nonspecialist). The controls were thus exposed to a comparable domestic and overall academic environment, but received some 13–14% more academic instruction than the experimental group.

Each student's academic performance for any given year was computed as the unweighted average of classroom marks for the parental language of French (four assessments, covering the ability to listen, talk, read and write), mathematics, English (upper grades only), natural science, and overall conduct (the mean of five annual assessments).

During the first year of observation, the students in the control classes had, on average, somewhat better grades than the experimental students, but in Grades 2 through 6 the experimental students outperformed the controls, significantly so in Grades 2, 3, 5, and 6 (Figure 1). MANOVA showed a highly significant gender/

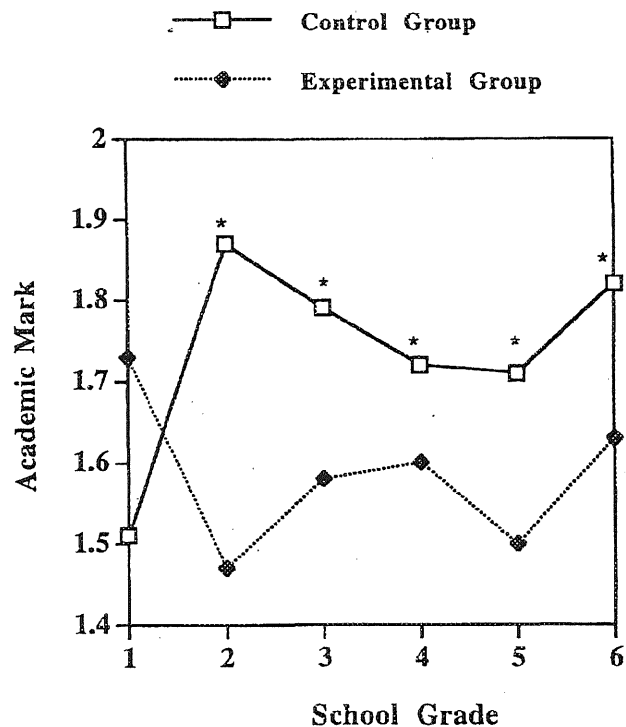


Figure 1 — Comparison of overall academic performance (1 = high, 6 = low) between experimental and control students. *Significant difference favoring the experimental classes ($p < .001$ by ANOVA). Graph based on the data of Shephard et al. (56).

program interaction, with the girls gaining a larger academic advantage than the boys from participation in the enhanced physical education program.

The impact of the experimental program upon student attainment in individual subject areas was analyzed in terms of categorical comparisons between entire classes of experimental and control students. The marks for French language instruction favored experimental classes in 13 comparisons, and control classes in 6 instances, with no differences in 26 other comparisons. In mathematics, experimental classes obtained higher marks in 4 comparisons, equal marks in 8 comparisons, and no poorer marks. In English language, experimental classes had higher marks in 2 comparisons, similar results for 1 comparison, and poorer marks in 1 comparison. Natural science instruction showed an advantage to experimental classes in 4 comparisons, equal performance in 3 comparisons, and poorer performance in 1 comparison. Behavior was unchanged by the experimental intervention, except in Grade 6, where 1 of the 2 comparisons favored the experimental class.

A provincewide multiple-choice examination was held in Grade 6. This examination had some apparent advantage of objectivity relative to the marks assigned by the classroom teacher, but the scores obtained by students were unfortunately susceptible to "cramming" by repeated administration of test analogues. Moreover, the opportunities for such cramming were inevitably dependent upon the number of hours the children spent in the classroom. Perhaps for this reason, the provincial scores showed no significant intergroup difference for French language, a significant advantage to the experimental group in mathematics (scores of 23.8 ± 7.9 vs. 18.5 ± 6.1 , $p < .001$), but lower ratings for English (22.2 ± 6.1 vs. 27.4 ± 6.8 , $p < .001$) and "overall intelligence" (40.8 ± 10.3 vs. 62.6 ± 14.0 , $p < .001$) in the students who received added physical education.

Conclusions

One may conclude that longitudinal studies generally support the suggestion from cross-sectional data that academic performance is maintained or even enhanced by an increase in a student's level of habitual physical activity, despite a reduction in curricular or free time for the study of academic material.

Cognitive and Psychomotor Performance

Theoretical Considerations

Any advantage of academic performance among active students might reflect a change in cognitive development. Possible mechanisms include an increase of cerebral blood flow, an alteration of arousal and associated neurohormonal balance, an enhanced nutritional status, or a stimulation of growth in inter-neuronal connections.

Studies in adults have shown small (14–25%) increases in cerebral blood flow during aerobic (30), but not isometric activity (49). Since young children typically engage in short but sharp bursts of physical activity, any impact of physical activity upon carotid perfusion seems likely to be small and short-lived in this age group. However, the average level of arousal is likely to be greater in an active than in a sedentary student, and this may facilitate a favorable interaction between the learning environment and cognitive development.

The development of mental ability also appears to be influenced by certain exercise-modulated hormones. Serotonin levels tend to be negatively correlated with vocabulary scores (10, 37). During exercise, alterations in the relative proportions of various branch-chained amino acids increase the transfer of the serotonin precursor tryptophan across the blood-brain barrier (32); possibly, the calming effect of increased cerebral serotonin levels could reduce disruptive behavior in the classroom. There has also been one report suggesting that IQ is positively related to testosterone levels in the male (58), although the credibility of this observation is weakened by a negative relationship to testosterone concentrations in the female (58).

The child with a high level of physical activity almost inevitably has a greater overall intake of nutrients than a sedentary student, and this could theoretically optimize the intake of essential fatty acids, vitamins and trace elements (3). However, there is little evidence that micronutrient deficiencies are sufficient to limit the development of intelligence in children, with the possible exception of impoverished minority groups (42, 43, 48).

Finally, various authors (9, 13, 15, 20,) have suggested the concept of a positive association between psychomotor training and cognitive development (45, 46). According to Piaget's hypothesis, the skills of spatial organization required for active play carry over into an understanding of the spatial conformations and relationships that comprise words and mathematical relationships; possibly, the neural activity associated with motor learning enhances the development of inter-neuronal connections. The concept remains controversial, and although students with learning disabilities are often clumsy, they do not appear to benefit from specific psychomotor training (see below).

Empirical Data

The Trois Rivières experiment compared intelligence scores and psychomotor development between experimental and control students; Goodenough and WISC tests and a battery of psychomotor tests were performed annually on each participant. The Goodenough test (1, 24) requires students to "draw a man," and the student's level of intellectual development is judged on 73 items, such as the accurate representation of body parts, clothing detail, perspective, and proportion. Scores on this test (which are moderately correlated with both full-scale IQs and academic achievement (1) showed no differences between experimental and control students in the Trois Rivières study (55).

On the well-known WISC test (61), students who had been assigned to the experimental program tended to show an advantage over controls ($p < .10$) in three items on the verbal scale (comprehension, arithmetic and similarities; Table 4). Differences amounted to about 4% for verbal skills, and 3% for nonverbal items, although the only statistically significant advantage was for picture completion (1.4 units difference in score, $p < .05$).

In the early stages of the Trois Rivières program, experimental students also outperformed control students on a number of tests of psychomotor function such as the perception of body size, perception of the vertical, and finger recognition (60). However, this seemed a speeding of normal development rather than a permanent enhancement of psychomotor ability, since control students made good their disadvantage of psychomotor function as they progressed through primary school.

Table 4 WISC Scores for Experimental and Control Students

Item	Experimental students	Control students	
Global score	109.0	104.7	
Verbal scale			
Information	9.08	8.32	
Comprehension	9.50	8.51	($p < .10$)
Arithmetic	11.02	10.35	($p < .10$)
Similarities	12.36	11.22	($p < .10$)
Vocabulary	12.00	12.37	
Subtotal	105.4	101.0	($p < .10$)
Nonverbal scale			
Picture completion	12.00	10.59	($p < .05$)
Picture arrangement	10.40	9.57	
Block design	11.86	12.41	
Assembly	11.36	11.29	
Coding	12.32	11.84	
Subtotal	111.2	108.0	

Note. Probabilities established by three-way MANOVA also testing for effects of gender, environment (urban vs. rural), and interactions between these factors.

Table 5 Pearson Coefficients of Correlation Between Finger Recognition Test Scores and Measures of Intelligence on the WISC Scales

Variable	Correlation coefficient
Global IQ	.307 ($p < .001$)
Nonverbal IQ	.334 ($p < .001$)
Story in picture	.347 ($p < .001$)
Block designs	.250 ($p < .01$)
Assembly	.275 ($p < .01$)

Note. Based on the data of Beaucage (2).

Some limited support for the Piaget hypothesis was obtained, in that scores on the finger recognition test of Nadine Galifret-Granjon were significantly correlated with the scores obtained on a number of the WISC scales (2; Table 5).

Conclusion

Limited empirical evidence suggests that in students who receive additional physical education, gains of academic performance reported by the classroom teachers

are substantiated by small gains of score on certain of the WISC scales. However, any effect upon the WISC score is small (3–4%), and could reflect the extraneous influences discussed below, without invoking any intrinsic influence of physical activity upon cognitive development. It is difficult to accept any major effect of psychomotor training of the type proposed by Piaget (45, 46), since experimental students have shown an advantage of psychomotor performance only in the lower school grades, whereas the academic advantage persisted throughout primary school.

Some Alternative Explanations

Alternative explanations of the enhanced academic performance of the experimental students may be sought among changes in teacher and student attitudes.

Teacher Attitudes

In both the French and the Australian longitudinal studies, the teachers commented upon the improved behavior of students enrolled in the experimental program (13, 17). In the Trois Rivières experiment, also, experimental students showed their main advantage of academic performance in the grades assigned by homeroom teachers (55). Such assessments have many advantages, but are vulnerable to the attitudes of the teachers concerned. In the Trois Rivières study, some 80% of teachers favored the experimental program, and the remaining 20% had a neutral attitude. The reported achievements of the experimental students may thus have been enhanced by some type of a “halo” effect, with teachers assigning higher grades to students who were enrolled in what they regarded as a better program. However, the likelihood of such an artifact was minimized in the Canadian study, because, in any given year, the homeroom teachers assigned marks only for experimental or control students. Furthermore, at Trois Rivières, as in France and Australia, the teachers expressed a belief that the experimental program had enhanced student behavior, although this was not reflected in the assigned mark for deportment. Further, the classroom teachers were unaware that the experimental intervention had a larger positive impact upon the academic performance of the girls than on that of the boys.

It is difficult to determine whether the quality of academic instruction was enhanced in the years when students were enrolled in the experimental program. At Trois Rivières, and apparently also in France and in Australia, the academic faculty had a daily one-hour break from teaching while the students were undertaking their physical activity, and this break may have allowed the teachers to return to their classrooms fresher and better prepared.

Student Attitudes

Involvement in the physical activity program may have induced an immediate arousal and relief of boredom among experimental students, with the result that they paid more attention to instruction during the latter part of the school day. Participation in intracurricular or extracurricular sport may also have provided more mental challenge than the common passive alternative of watching television (62), although it remains arguable that at least equal mental benefit might have been gained from some other challenge, such as playing chess or a musical instrument.

In a more long-term sense, the increase in motor skills resulting from the increased physical activity instruction may have enhanced self-esteem (51, 52),

leading to better classroom behavior and a greater desire to learn (6, 8), a viewpoint supported by the teacher comments on classroom behavior (13, 17, 55). The additional exercise may also have induced favorable changes in body build, greater muscularity in the boys and less obesity in both sexes, thus enhancing self-esteem (59). However, in the three longitudinal studies, all students in any given class were exposed to the same program, thus limiting the magnitude of such effects.

Additional Physical Activity and Learning Disabilities

Learning disabilities are associated with a substantial slowing of motor development (6, 8). To the extent that added physical activity enhances the cognitive function of a normal child, even greater benefit might thus be anticipated in those children affected by learning disabilities. However, a careful meta-analysis has shown that perceptual motor training per se has little or no influence upon such students (34).

Children with learning disabilities often show behavioral problems (hyperactivity, a limited attention span, impulsivity, a poor sense of self-worth, and a lack of social skills). Thus, some investigators have hoped that additional physical education with a strong social skills component might have a favorable influence upon children with learning disability. Again, the findings have been disappointingly negative (see 6, for review). A controlled 10-week study in Ontario (5) showed small gains in teacher ratings of classroom behavior and self-perceptions of academic competence, but this was apparently a response to extra attention, since effects were equally large in a control group who received an equivalent number of hours of additional academic instruction.

Evidence-Based Public Policy

Daily programs of physical education should not be introduced with the expectation that they will lead to major gains in academic performance. However, available data suggest that the rate of academic learning per unit of class time is enhanced in physically active students, so that lack of curricular time is not a valid reason for denying children a daily program of quality physical education. Recent follow-up studies of students involved in the Trois Rivières project (Trudeau and Shephard, unpublished data) show that 20 years after leaving primary school, the prevalence of physical activity among the experimental students is still much higher than in an age-matched sample of the general population. This finding emphasizes the importance of developing positive health habits at an early stage in a child's development. School boards should be strongly encouraged to introduce daily quality programs of physical education beginning in the youngest grades of primary school.

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Acknowledgment

The research support of Canadian Tire Acceptance Limited is gratefully acknowledged.

Research Articles

Pediatric Exercise Science, 1997, 9, 127-135
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A Step Test for Evaluating the Aerobic Fitness of Children and Adolescents With Mental Retardation

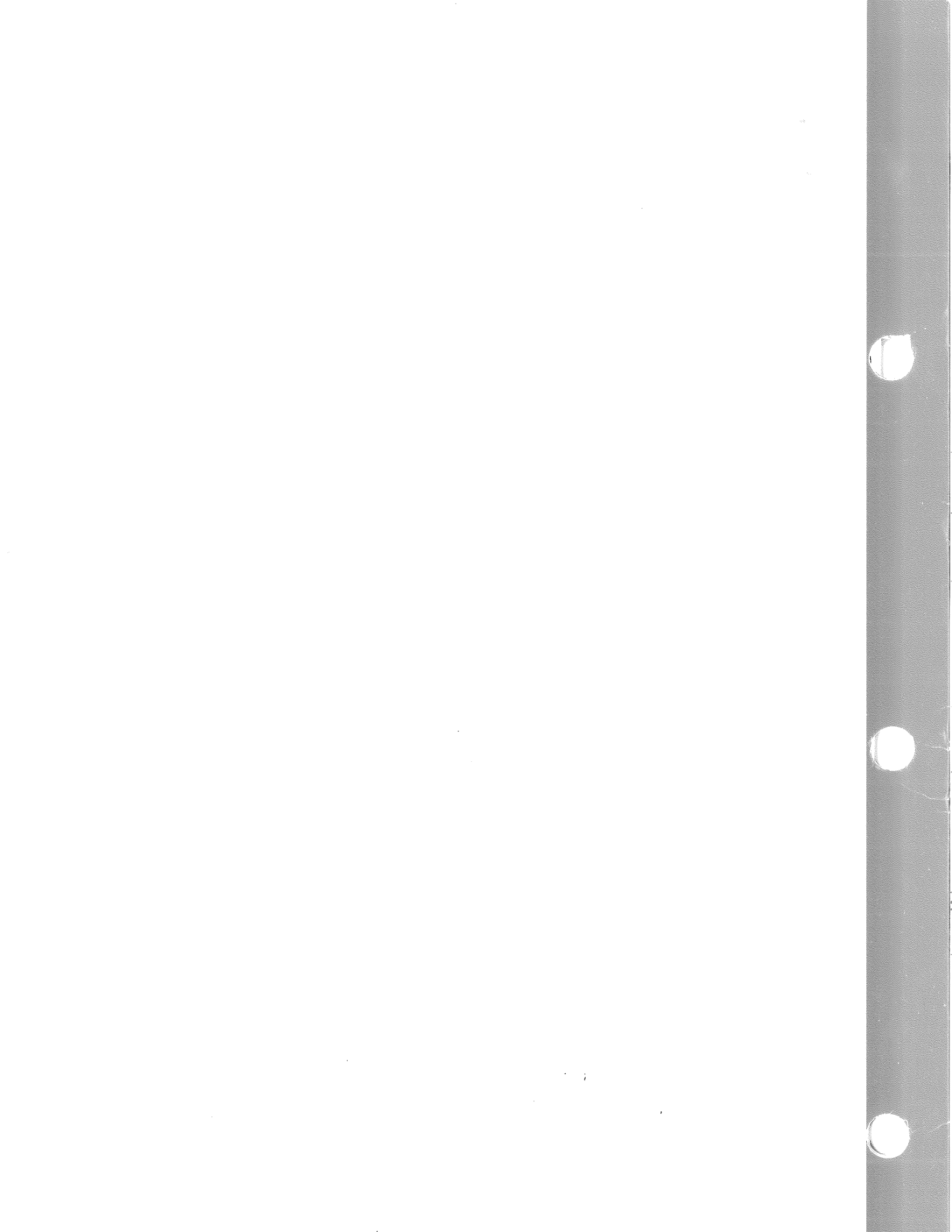
Kenneth H. Pitetti, Bo Fernhall, Nancy Stubbs, and Louis V. Stadler, Jr.

The purpose of this study was to determine if a step test could be feasible, reliable, and valid for youths with educable (EMR) or trainable (TMR) mental retardation. Thirteen males and 11 females (age $M = 14.7 \pm 2.7$ yr) with EMR or TMR participated in this study. Three step tests were employed using one platform height and stepping frequencies of 13, 15, and 17 ascents/min for 3 min. Recovery HR was used to estimate VO_{2peak} . Though significant, correlations between the recovery HR and VO_{2peak} for the 15 ($r = -0.48$) and 17 ($r = -0.46$) ascents/min were not high enough to be considered valid indicators of VO_{2peak} . The large standard errors of the estimate and total errors suggested systematic errors of prediction. Furthermore, the measured VO_{2peak} was significantly different from the estimated values at all step rates ($p < .05$). The step-test was relatively feasible, but was not a valid test of VO_{2peak} in this population.

The preferred method of determining cardiorespiratory fitness involves performing a maximum symptom-limited exercise test on a treadmill or cycle ergometer in conjunction with collection and evaluation of expired gases (1). The use of such tests is often limited due to the cost of highly technical equipment and the expertise needed. In addition, it requires significant cooperation and motivation from the person being evaluated. Motivation can cause a substantial variability of results, especially for persons with mental retardation (MR) (13). Evaluation of children with MR entails additional difficulties in that children may be unfamiliar with perceiving and coping with the discomfort of exercise.

For adults with MR, alternative test procedures have been developed to permit evaluation of the exercise capacity on the basis of standardized submaximal tests (13). For instance, the 1.5 mile (2.4 km) run-walk (6), the 1 mile (1.6 km) Rockport Fitness Walking Test (15), and the Canadian Standardized Test for Fitness (CSTF) modified step test (12) have been shown to be valid and reliable field tests in determining cardiovascular fitness of adults with MR. To date, however,

K.H. Pitetti, N. Stubbs, and L.V. Stadler, Jr., are with the School of Health Science at Wichita State University, Campus Box 43, Wichita, KS 67260-0043. B. Fernhall is with the Exercise Science Programs, School of Medicine and Health Sciences at the George Washington University, 817 23rd St. NW, Washington, DC 20052.



March 10, 2005

Collaborative Strategies for Public Schools

Ideas for Today and Tomorrow for Itasca County Schools

- *Deer River – ISD 317*
- *Grand Rapids – ISD 318*
- *Greenway – ISD 316*
- *Nashwauk-Keewatin – ISD 319*



Thomas N. [Tom] Watson, CMC
Principal

Watson Consulting
The Watson Consulting Group

SF 1543

Ideas for Today and Tomorrow for Itasca County Schools

- AGENDA
 - Goal of the Collaborative Initiative
 - Current Situation - Where Are We?
 - Future? Where Do We Want To Go?
 - Courses of Action - How Do We Get There?

Goals of the Collaborative Initiative

- Partner and cooperate to increase educational opportunities and sustain a high level of education by sharing and providing -
 - instruction and curriculum administration,
 - curriculum offerings,
 - student services,
 - support services,
 - technology,
 - administration,
 - facilities, and
 - any other areas.
- Maximize resources and resource utilization
- Assess partnering opportunities for Deer River, Grand Rapids, Greenway and Nashwauk-Keewatin Districts

The Challenge

- Constitution [MN Constitution, Article 13, Section 1]:
 - ➔ *... it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.*
- Commitment to providing high quality education in an effective learning environment.

The Challenge

- Enable the education communities - (a) our school districts, (b) our communities and (c) our education groups - to:
 - (1) *manage successfully the primary mission of our public schools,*
 - (2) *maximize available resources,*
 - (3) *optimize the benefits realizable in all services and resource allocation decisions, and*
 - (4) *expand capacities and abilities to meet the challenge with collaboration as one initiative to do so.*

Vision for Collaboration

- Provide an opportunity for two or more districts to most efficiently use their resources for effectively educating their students.



Itasca Range Schools Alliance

Where Do We Want To Go?

- ✓ *Focus on the Strategic Future*
 - *focus on students*
 - *focus on learning and skill-building*
 - *find new economies of scale to manage costs*
 - *find new partners to access new resources*
 - *promote more alliances and collaborations*
 - *avoid forced consolidation*
- ✓ *Strong independent school districts with needed changes*

Where Do We Want To Go?

- ✓ *Outcomes to achieve?*
 - *strengthen our present competencies.*
 - *seek new approaches and arrangements for providing quality education and learning.*
 - *access skilled professionals [teachers, administrators and others] among neighboring districts.*
 - *pursue opportunities to work together to create the best cost effective approaches for providing education services.*
 - *enable school districts to strengthen their independence, community identity and successes.*
 - *undertake effective planning efforts.*

Where Are We Now? Current Situation

Itasca School Districts

- **Enrollment**
 - **Decreasing in the Area at annual rate of 2.3%**
 - **2003-04**

District	No	PK	K	1-6	7-12	Total	% chg	Tot Res
Deer River	317	7	67	435	499	1,009		1,042
Grand Rapids	318	34	238	1,575	2,073	3,920		3,941
Greenway	316	11	101	559	605	1,277		1,343
Nash-Keewatin	319	5	51	271	346	673		677
Totals		57	457	2,840	3,523	6,877		7,003
1999-00		63	437	3,309	3,957	7,765		7,913
Change		(8)	20	(469)	(434)	(888)	(11.4%)	(910)

Where Are We Now?
Current Situation

Itasca School Districts

■ **Finances**

- Combined district operating expenditures have increased [0.5% to 1.2% annually] during the period from school years 2000-01 through 2003-04, or less than annual inflation.
- There have been expenditure reductions in Greenway each year and Grand Rapids in 2003-04.
- Budget cuts have occurred each year since 2000-01.
- **Unreserved fund balances as June 30, 2004:**

2003-04		Gen Fd	Food Sv Fd	Comm Ed Fd
Deer River	317	\$745,096	\$ 28,687	\$ 2,882
Grand Rapids	318	2,077,851	206,200	(15,463)
Greenway	316	(1,271,271)	32,026	0
Nash-Keewatin	319	1,851,758	57,374	699

Where Are We Now?
Current Situation

- These K-12 school districts have a *"resource gap"*
- Declining enrollment districts result in adverse impacts on finances, curriculum and instruction, and general District operations.
 - *delays in upgrading curriculum & materials*
 - *aged technology & materials*
 - *adverse impact on students*



Where Are We Now?
Current Situation

- Meet the needs of the changing student, a very important factor.
 - *Students are --*
 - *experiencing new education interests,*
 - *learning of new and exciting occupations,*
 - *undergoing changing familial and community situations, and*
 - *encountering expanding and growing horizons of influence and challenge.*

Where Are We Now?
Current Situation

Itasca School Districts

- **Student Academic Performance**
 - Student achievement among the four Itasca County school districts is -
 - strong, as measured by standard state-wide MCA and BST tests, and generally improved each year.
 - compares favorably with state-wide average MCA and BST test scores
- **District Services**
 - Districts cooperate in the areas of low-incidence Special Education services, technology and telecommunication, community education, and athletics
 - Combinations of district-employee provided and contracted services for transportation, food services, maintenance and instruction support

Areas for Possible Cooperation

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ Curriculum # <ul style="list-style-type: none"> ○ administration ○ review & sequence ○ staff development ○ materials selection ■ Instruction # <ul style="list-style-type: none"> ○ shared specialists ○ on-line learning ■ Pupil Transportation # <ul style="list-style-type: none"> ○ routing, scheduling ○ maintenance & repairs ○ administration ○ safety training ■ Community Education # <ul style="list-style-type: none"> ○ Administration ■ Facilities <ul style="list-style-type: none"> ○ Building repairs | <ul style="list-style-type: none"> ■ Food service # <ul style="list-style-type: none"> ○ administration ○ purchasing ○ meal preparation ○ nutrition ■ Technology # <ul style="list-style-type: none"> ○ Shared resources - hardware ○ Technical ○ Training ○ Help functions ■ Business Services <ul style="list-style-type: none"> ○ Purchasing # ○ Payroll ○ Human resources ■ Administration |
|--|--|

priorities for Itasca Range project

What are Cooperative Strategies?

Organizations sometimes use *strategic alliances* or *collaborative partnerships* to complement their own strategic initiatives and strengthen their competencies. Such cooperative strategies go beyond normal inter-organizational dealings but fall short of consolidation, merger or formal joint venture.



Why are Strategic Alliances Formed?

- ◆ To collaborate on new skills and technologies
- ◆ To fill gaps in technical or operational expertise
- ◆ To acquire new competencies
- ◆ To improve efficiencies
- ◆ To gain economies of scale
- ◆ To acquire or improve access to new resources

Outcomes and Guidelines

- Same or increased direct services
- Same services with reduced unit costs
- Access new resources and skills
- Lesser loss of employment
 - Shared hiring decisions
 - Personnel changes through attrition
 - Jobs could be combined and shared between districts
- Reduced administration and indirect costs
- Need to combine policies, procedures and practices
 - Common calendar

How Do We Get There?

- **Structural approaches examined**
 - Education district
 - Intermediate district
 - Joint powers organization
 - "Buy - sell" agreements between and among entities
- **Create a regional education entity under joint powers law**
 - Board of Directors - District Board member & Supt, plus one "at large" director
 - A school district with administration from member districts

How Do We Get There?

- **Partnering is underway**
 - Telecommunications
 - Technology planning
 - Curriculum and instruction
 - Staff development initiatives
 - Community education
 - Special education
 - Activities and athletics
- **Participation in the "strategic alliance"**
 - Full "partner" - all services
 - Partial "partner" - some services

How Do We Get There?

- **Services for 2005-06 & 2006-07**
 - Curriculum and instruction
 - Staff development initiatives - continue and expand
 - Curriculum review and planning -e.g. elementary
 - Secondary electives and AP courses
 - Technology services
 - Community education (expand)
 - Transportation
 - Food Services
 - Administrative services, e.g. payroll, purchasing

How Do We Get There?

- **Finances**
 - Local District resource allocation decisions
 - Independent districts - budget decisions
 - Regional services budget(s)
 - Shared curriculum services
 - Technology
 - Community education
 - Special education

How Do We Get There?

■ Finances

State of MN Resource Allocation Decisions

- Present -
 - Formula aid annual increases
- Proposed -
 - Collaborative and cooperation funds - one-time costs
 - Limited levy authority in proposed legislation
 - Regional technology solutions
 - Regional curriculum offerings
 - Increase cap on local referendum levies; present 18.6%
- Capital "loan" or subsidy funds
 - Technology upgrade
 - Curriculum and instruction materials upgrade

Other Entities for Possible Partnering

- Other School Districts
- Area Municipalities
 - Public works
 - Equipment maintenance
 - Petroleum products
 - Services
 - Parks and Recreation
 - Technology
- Counties
 - food service
- Libraries
 - technology
 - community education
- Community colleges
 - technology
 - food service



Qualifications

Thomas N. Watson, CMC

651-490-1653 fax 651-415-2939

Principal, The Watson Consulting Group 45 East Pleasant Lake Rd, St. Paul, MN 55127

Tom, the Principal of **The Watson Consulting Group (Watson Consulting)**, has over 30 years experience in senior management and management consulting positions and has extensive experience with public sector entities, non-profit organizations and private corporations in Minnesota and the Midwest states. He also served as the Chief Financial Officer and Chief Operating Officer of two growing private enterprises in the Twin Cities area. He initiated and coordinated the state and local government and non-profit organizations management consulting practice in the Twin Cities offices of two national accounting/ management consulting firms. Tom was employed by the State of Minnesota for more than ten years and had responsibilities for administration, financial management, budgeting, planning and legislative affairs.

Tom has over twenty-five years of graduate management education experience starting with his appointment as an adjunct professor of management and accounting at the University of St. Thomas in 1979. He has developed and taught financial management, finance, and strategy and policy courses. At the present time, Tom is an adjunct professor in the Graduate School of Business, University of St. Thomas and the Graduate Programs in Management and Administration, Metropolitan State University. He has had appointments in the Graduate Programs in Public Administration, Hamline University and at the Humphrey Institute of Public Affairs, University of Minnesota.

Tom received his graduate degree, a Master of Business Administration (MBA), from the University of St. Thomas, and his undergraduate degree, Bachelor of Science in Business from the University of Minnesota. He has also completed other graduate course work in finance and law.

He has maintained an active interest in and commitment to his community, church, and profession:

- Founding trustee (1985 to present), 621 Foundation, a public foundation providing grants to teachers
- Mayor, Council member and Acting Mayor, City of North Oaks (1991 to present)
- Past Director, Chairman, St. Paul Winter Carnival Association
- Past President and Director, several non-profit community organizations

Tom was elected in 1984 a Certified Management Consultant (CMC) and into membership in the Institute of Management Consultants. He has been a member of the Medical Group Management Association (MGMA). He was selected and received a Good Neighbor award by WCCO Radio for community service.

EDUCATION DISTRICTS LEGISLATION - 2005

	<u>ITASCA SCHOOLS PROPOSAL</u>	<u>GOVERNOR'S PROPOSAL</u>
PURPOSE	1. Increase educational opportunities for learners 2. Administrative efficiency	Administrative efficiency
STRUCTURE	Two or more districts Not required to be contiguous	Basically current education district law- 1. Five contiguous districts 2. Three contiguous districts with at least 5,000 students 3. Three contiguous districts with at least 2,000 square miles
AUTHORIZATION	Local school boards	Local school boards Commissioner of Education review and comment
ACCOUNTABILITY	Report to the local school boards Report to the MN Dept of Education	SAME
GOVERNANCE	One board member and Superintendent of each member district, plus one at large member	At least one board member of each member district
ADMINISTRATION	Provided by member districts; no separate admin	Requires one "shared" Superintendent for school districts and admin district
SCOPE OF SERVICES	Curriculum and instruction Administrative services	Administrative services
FINANCES	Three year budget Equitable allocation of costs	SAME
LEVY	Special tax district under MS 275.066	Limited to retirement and severance costs and start-up costs as approved by Commissioner of Education
PRIMARY DIFFERENCES	<ul style="list-style-type: none"> ◇ Primary purpose increase instruction opportunities among districts with a "resource gap" ◇ Two or more districts; contiguous or not ◇ Governance to include Superintendents ◇ Special taxing district 	<ul style="list-style-type: none"> ◇ Primary purpose improve administrative efficiency ◇ Three or more contiguous districts ◇ One "shared" Superintendent ◇ Governance like present cooperative entities ◇ Limited levy authority

SE 1543

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 1543 - Regional Education Districts

Author: Senator Tom Saxhaug

Prepared by: Ann Marie Butler, Senate Counsel (651/296-5301)

AMB

Date: March 10, 2005

Section 1 [Regional Education Districts.]

Subdivision 1 [Purpose.] establishes the purpose of regional education districts as a means to increase educational opportunities and efficiency of administrative services.

Subdivision 2 [Agreement to Establish a Regional Education District.] allows two or more school districts to enter an agreement to establish a regional education district. Other governmental units may become members of the regional district once it is established. The agreement and any amendments must be adopted by a majority vote of each member district's board.

Subdivision 3 [Notice and Public Hearing On Proposed Agreement.] requires each member district to publish a summary of the agreement in the newspaper and conduct a public hearing on the agreement at least ten days after the notice and at least 30 days before entering the agreement.

Subdivision 4 [Meeting with Teacher Representatives.] requires a member district's board to meet and confer with the exclusive representative of the teachers before entering into an agreement.

Section 2 [Regional District Board.]

Subdivision 1 [School District Representation.] requires the superintendent and one board member of each member district to serve on the regional district board. The regional board

will select its officers from among its members. Public board meetings may be conducted via interactive televisions.

Subdivision 2 [Postsecondary Representation.] allows the regional board to appoint a postsecondary representative to the board. The representative may vote based on the terms of the regional education district agreement.

Subdivision 3 [Personnel.] allows the board to hire necessary personnel to provide instruction, curriculum, and noninstructional services, including the services of a superintendent. Regional education district staff must participate in retirement programs.

Subdivision 4 [Contracts.] allows the board to enter into contracts with member districts or other public or private agencies as needed.

Subdivision 5 [General Law.] states the board is governed by Minnesota Statutes, section 471.59 (Joint Exercise of Powers), unless specifically provided otherwise.

Subdivision 6 [Annual Report.] requires the regional education district board to submit an annual report to the member districts and the commissioner.

Section 3 [Regional Education District Agreement.]

Subdivision 1 [Implementation; Review.] requires the regional board to implement the agreement, to review the agreement annually, and to propose necessary amendments.

Subdivision 2 [Education And Administrative Services.] requires that the agreement specify which instruction, curriculum, and administrative services are to be provided by the district. The services may include any of those provided by service cooperatives under Minnesota Statutes, section 123A.21, subdivisions 7 and 8.

Subdivision 3 [Finances.] requires the initial agreement to include:

- (1) a three-year budget projection comparing existing services and their costs with the proposed services and their costs for each year;
- (2) any startup costs
- (3) an estimated amount that the regional education district will levy for startup costs; and
- (4) an equitable distribution formula to certify and assess to each member districts its proportional share of expenses.

Subdivision 4 [Special Taxing District.] allows the regional education district to levy as a special taxing district for joint provision of services.

Subdivision 5 [Reports to Department of Education.] allows the member districts to submit joint reports to the Department.

Subdivision 6 [Addition and Withdrawal of Districts.] (a) allows a district to join the regional education district with a majority vote of the district school board and the regional education district board.

(b) A district may withdraw with a majority vote of their school district board and then complying with the withdrawal provision stated in the regional education district agreement.

Subdivision 7 [Dissolution.] allows the board of each member district to agree to dissolve the regional district in accordance with dissolution provisions contained in the joint agreement.

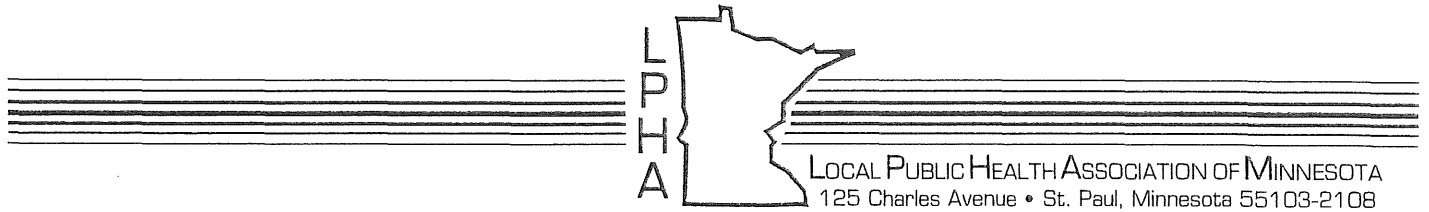
Section 4 [Teaching Positions.] states that the provisions of Minnesota Statutes, section 123A.19 (teaching positions), that apply to education districts apply to regional education districts.

Section 5 [Cooperative Unit Defined.] includes regional education districts in the definition of cooperative units.

Section 6 [Special Taxing Districts; Definition.] includes regional education districts as a special taxing district.

AMB:vs

SF 711



March 10, 2005

Honorable Steve Kelley
Minnesota Senate
205 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

Dear Senator Kelley:

The Local Public Health Association of Minnesota (LPHA) represents local public health leaders, including county, city and tribal health leaders. LPHA wishes to express support for SF 711, promoting health and physical education as required academic standards. This bill will help address the alarming rates of physical inactivity and obesity in children. Physical education (PE) is important as one of many needed interventions to address this growing public health concern.

The Center for Disease Control (CDC) reports that approximately ½ of 12-21 years olds report no regular vigorous physical activity. In the last 20 years, the percentage of young people who are overweight has more than doubled among children ages 6-11 and tripled among those ages 12-17. Presently, 15%, or ~ 9 million, 6-19 year olds are considered overweight. Some of the potential health consequences of overweight in childhood are hypertension, high cholesterol, and abnormal glucose tolerance. These health conditions are risk factors for two of the most important chronic diseases in the US today, diabetes and heart disease. Type 2 diabetes in children has been called an emerging epidemic and the appearance of this disease in youth increases length of exposure to the disease and significantly increases the long-term health care management costs.

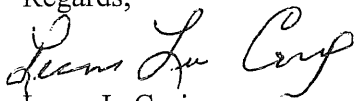
President Eisenhower's Council on Youth Fitness, established in 1956, put a national focus on fitness and specifically targeted schools as a way of achieving this goal. Physical education has been part of US public schools for over 40 years and Minnesota schools for far longer, as Minnesota was a leader at establishing daily PE.

LOCAL PUBLIC HEALTH ASSOCIATION OF MINNESOTA

The prevalence of obesity in children continues to increase in the US, as well as the world. Prevention of obesity in children needs to be the first line of defense and creating an environment where lifelong habitual exercise is modeled, and becomes the norm, is essential to achieve that prevention.

We appreciate your support and consideration of this important prevention opportunity for our children.

Regards,

A handwritten signature in cursive script, appearing to read "Laura LaCroix".

Laura LaCroix,
Director

SF1148

Minnesota Comprehensive Assessment

Growth/Value Added

Dr. Timothy R. Vansickle, MDE

Dr. Patricia D. Olson, MDE

Objectives

> Provide Overview For Growth Scale/Index

MCA-II Purpose

Growth Model

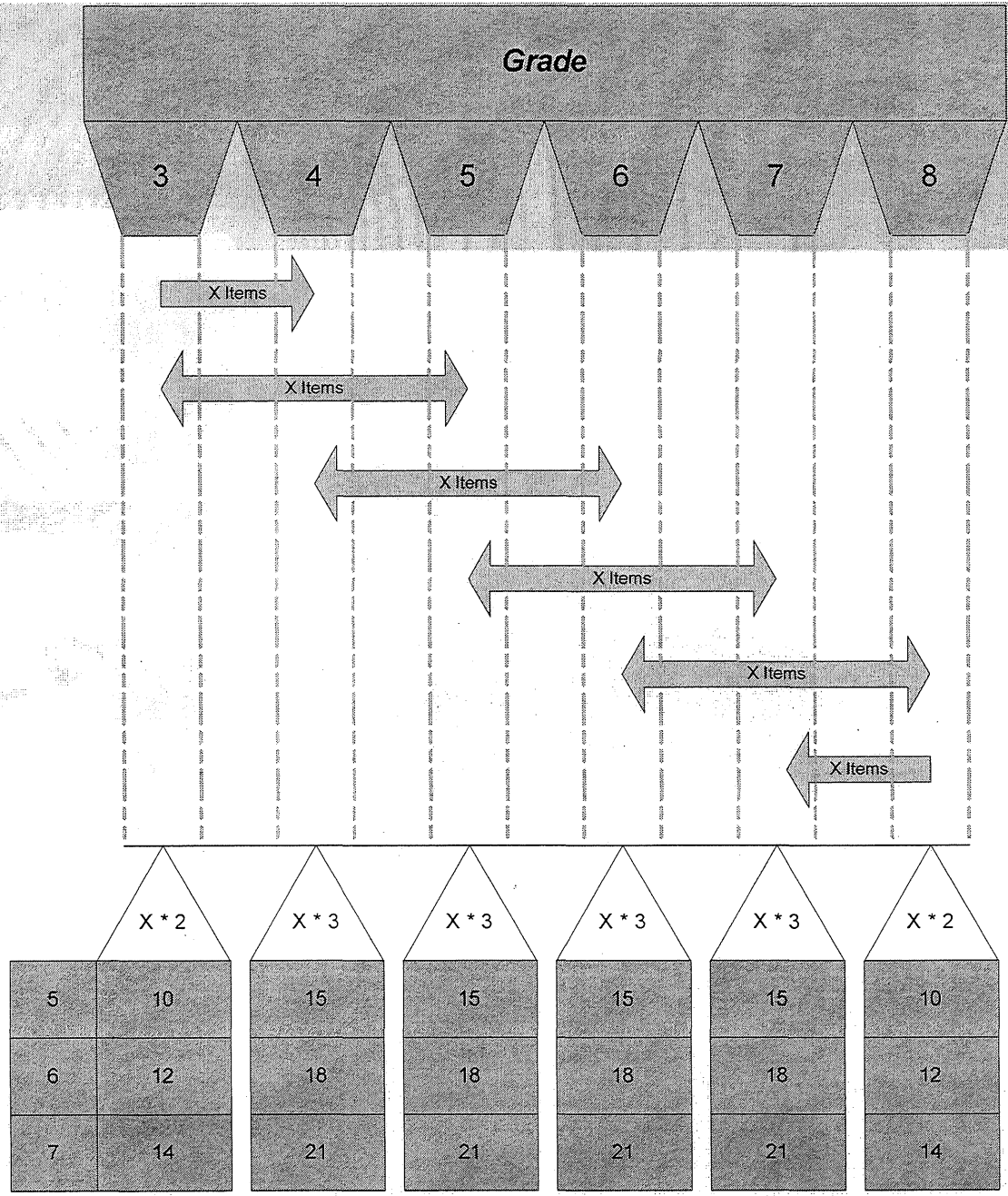
Major Issues

Purpose

Minnesota Comprehensive Assessments – Second Generation (MCA-II) Test Purpose

The purpose of the MCA II is to document, or measure, Minnesota student's achievement with regard to the Minnesota Academic Standards.

In addition, the MCA II results can be used to inform curriculum decisions at the district and school level, inform teaching at the classroom level through the use of classroom level reporting, and to help demonstrate growth from year to year for students or groups of students using both cohort and longitudinal student data.



Growth

- > Used Growth and Value-added interchangeably
- > Discussion has focused on growth
 - Did Sally or John make a year's worth of progress?
- > Student would receive a score/index
 - Indicates whether she or he learned at the expected rate or above or below that rate
- > Student level data will be summarized
 - By district
 - By school
- > Requires a statewide database
 - Improved use of MARSS IDs