



**Options
for
General Education
Formula Changes
to
Limit Revenue
Disparities**

**Report to the
Legislature**

January 2005

**As Required by
Minnesota Statutes
2003, Section 127A.51**

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ESTIMATED COST OF PREPARING THIS REPORT

This report provides information that the Department of Education already collects as part of its normal business functions. The cost information reported below does not include the cost of gathering and analyzing the data but rather is limited to the estimated cost of actually preparing this report document.

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OPTIONS FOR GENERAL EDUCATION FORMULA CHANGES TO LIMIT REVENUE DISPARITIES

Statutory Directive

Minnesota Statutes 2004, Section 127A.51, reads as follows:

Section 127A.51 Statewide average revenue.

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

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15. (emphasis added)

For purposes of this section and section 126C.10, adjusted general revenue means:

(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; and

(2) for fiscal year 2003 and later, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b.

Background

The October 2004 calculations under Minnesota Statutes 2004, Section 127A.51, given in the table below, show an increase in the projected ratio of the 95th percentile to the fifth percentile of adjusted general revenue from 1.208 in FY 2004 to 1.213 in FY 2005. While the 1.213 ratio projected for FY 2005 is lower than in any year between FY 1992, when these calculations were initiated, and FY 2001, it exceeds the ratio computed for FY 2004 and therefore triggers the statutory requirement for the commissioner to “recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year”. Preliminary calculations for FY 2006, based on November 2004 forecast data, (reflecting November 2004 operating referendum results), show a slight increase in the projected ratio of the 95th percentile to the fifth percentile

GENERAL EDUCATION REVENUE DISPARITY REPORT, M.S. 127A.51

Estimated General Education Revenue Per Weighted ADM
 BASIC + SUPPLEMENTAL + TRANSITION + REFERENDUM + EQUITY REVENUE
 TRANSITION REVENUE IS EXCLUDED AFTER FY 2003

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
STATE AVERAGES:	3,390	3,398	3,416	3,476	3,541	3,891	4,003	3,980	4,247	4,511	4,688	4,942	5,088	5,181
PERCENTILES: 1ST	3,050	3,050	3,050	3,150	3,205	3,440	3,550	3,530	3,740	3,964	4,078	4,604	4,611	4,614
5TH	3,050	3,050	3,050	3,150	3,205	3,469	3,577	3,530	3,740	3,964	4,309	4,604	4,611	4,614
10TH	3,050	3,050	3,050	3,150	3,205	3,488	3,591	3,530	3,762	4,029	4,418	4,611	4,644	4,692
20TH	3,050	3,050	3,054	3,150	3,222	3,570	3,717	3,744	4,029	4,302	4,465	4,643	4,715	4,862
30TH	3,056	3,070	3,154	3,182	3,329	3,727	3,828	3,845	4,101	4,343	4,518	4,715	4,845	4,981
40TH	3,177	3,174	3,189	3,349	3,453	3,814	3,913	3,879	4,140	4,404	4,569	4,792	4,968	5,114
50TH	3,244	3,257	3,303	3,428	3,507	3,860	3,953	3,897	4,194	4,487	4,635	4,874	5,051	5,162
60TH	3,373	3,383	3,377	3,471	3,526	3,893	4,001	3,972	4,271	4,525	4,688	4,971	5,137	5,281
70TH	3,552	3,561	3,561	3,537	3,583	3,949	4,093	4,060	4,418	4,651	4,825	5,096	5,333	5,384
80TH	3,611	3,626	3,637	3,628	3,645	4,074	4,217	4,203	4,473	4,719	4,873	5,209	5,434	5,487
90TH	3,901	3,930	3,972	3,960	4,009	4,326	4,402	4,334	4,579	4,926	5,071	5,356	5,478	5,524
95TH	4,181	4,124	4,124	4,109	4,162	4,502	4,684	4,611	4,805	5,025	5,191	5,462	5,570	5,595
99TH	4,839	4,797	4,686	4,676	4,724	5,058	5,131	5,057	5,260	5,471	5,559	5,893	5,977	5,987
DOLLAR GAPS: 90TH TO 10TH	851	880	922	810	804	838	811	804	817	897	653	745	834	832
95TH TO 5TH	1,131	1,074	1,074	959	957	1,033	1,108	1,081	1,065	1,061	882	858	959	981
99TH TO 1ST	1,789	1,747	1,636	1,526	1,519	1,617	1,581	1,527	1,520	1,507	1,481	1,290	1,366	1,373
RATIOS: 90TH TO 10TH	1.279	1.289	1.302	1.257	1.251	1.240	1.226	1.228	1.217	1.223	1.148	1.162	1.179	1.177
95TH TO 5TH	1.371	1.352	1.352	1.304	1.299	1.298	1.310	1.306	1.285	1.268	1.205	1.186	1.208	1.213
99TH TO 1ST	1.587	1.573	1.536	1.484	1.474	1.470	1.445	1.433	1.406	1.380	1.363	1.280	1.296	1.298

of adjusted general revenue to 1.219. The increases in the ratio of the 95th percentile to the 5th percentile of adjusted general revenue for FY 2005 and FY 2006, while quite small in relation to the decreases in this ratio between FY 1992 and FY 2003, are attributable to annual inflationary increases in referendum allowance limits, which, together with new referendum elections, have increased the high end of the revenue distribution more rapidly than the low end has been increased through changes in the basic formula and the equity revenue formula. Because the projected ratio of the 95th percentile to the 5th percentile of adjusted general revenue is slightly higher in FY 2006 than in FY 2005 and because FY 2005 will be nearly completed before any potential changes could be enacted, the options prepared for this report were analyzed using the funding formulas in effect for FY 2006 and later, and data as of the November 2004 budget forecast.

Current Equity Revenue Formula

The current equity revenue formula for FY 2005 and later has two components: 1) a flat allowance of \$13 per pupil unit for all districts whose referendum revenue per pupil unit falls below the regional (metro or nonmetro) 95th percentile, and 2) a variable amount, ranging up to \$75 per pupil unit on a sliding scale, depending on the gap between the district's referendum revenue per pupil unit and the regional 95th percentile. There are two exceptions: 1) Minneapolis, St Paul and Duluth are ineligible for both categories of equity revenue, and 2) districts without any referendum revenue are ineligible for the variable portion of the equity revenue.

The exclusion of Minneapolis, Saint Paul and Duluth from receiving equity revenue does not contribute to the gap between the 95th and 5th percentiles of adjusted general revenue, because both districts have moderate referendum revenue allowances, falling in between the 95th and 5th percentiles. The exclusion of districts with no referendum revenue from receiving the variable portion of equity revenue directly contributes to the gap between the 95th and 5th percentiles of adjusted general revenue, and has also stimulated several districts to hold referendum elections seeking a \$1 per pupil unit referendum allowance in order to qualify for an additional \$75 per pupil unit of equity revenue. The incentive to pass \$1 per pupil unit referendums has been greatly reduced by the requirement that, effective in FY 2005, districts must levy for a portion of equity revenue.

Options to Limit Revenue Disparities

To limit the disparity in adjusted general revenue for FY 2006 and later to no more than the disparity for FY 2004, three options for modifying the current equity revenue formula were considered:

- 1) Eliminating the current provision excluding districts with no referendum revenue from eligibility for the sliding scale portion of the equity formula, while retaining all other aspects of the current formula,
- 2) Eliminating the current provision excluding districts with no referendum revenue from eligibility for the sliding scale portion of the equity formula, and offsetting the cost of this change by eliminating the \$13 flat rate portion of the formula, and

- 3) Replacing the current equity revenue formula with a uniform statewide formula in which all districts with referendum revenue below 28 percent of the formula allowance would qualify for equity revenue on a sliding scale.

Option # 1: Allow Districts with No Referendum Revenue to Receive the Sliding Scale Portion of Equity Revenue

This option would increase the equity revenue per pupil unit for districts without referendum revenue from \$13 to \$88, thereby reducing the FY 2006 ratio the 95th to the 5th percentiles of adjusted general revenue from 1.219 to 1.199 (assuming all affected districts would levy the amount required to qualify for full equity revenue). Total equity revenue for FY 2006 would increase by \$4,147,000, including \$3,295,000 in state aid and \$852,000 in property tax levy. On an 81.9-19.1% appropriations basis, the appropriation increase required for FY 2006 would be \$2,699,000. Because school districts have already levied for FY 2006, there would need to be a double levy the first year.

Option # 1 would reduce the revenue disparity ratio below the FY 2004 level of 1.208, and it would eliminate the current incentive for districts to hold a referendum election for \$1 per pupil unit to qualify for the variable portion of equity revenue. There would be no "losers", and 42 districts, representing 6.0 percent of the total pupil units in the state would receive an increase.

Option # 2: Allow Districts with No Referendum Revenue to Receive the Sliding Scale Portion of Equity Revenue, eliminate the \$13 per pupil unit flat rate portion of the formula, and adjust formula rates slightly to maintain state total equity revenue at the current level.

This option would be the same as Option #1, except that the \$13 flat rate would be eliminated, and the sliding scale formula would be increased from \$75 to \$88.91 per pupil unit. The \$13 flat rate is an inefficient method of reducing expenditures disparities between high and low revenue district, since nearly all districts receive the same allowance. For example, Edina, with a referendum allowance of \$1,428 for FY 2006, receives that same \$13 per pupil as a district with a \$1 per pupil unit referendum. In addition, the \$13 flat rate creates a funding cliff between districts just below the regional 95th percentile and districts just above that percentile. Redirecting the flat rate funding to the sliding scale would allocate equity revenue more efficiently to the low revenue districts, enabling the state to provide full equity revenue to districts with no referendum revenue, and reducing the 95th to 5th percentile ratio below the FY 2004 level without increasing the state total equity revenue. Option # 2 would maintain state total equity revenue at the current level, but total aid would increase by \$146,000 and the total levy would decrease by \$146,000 as a slightly higher percentage of the revenue would be targeted to districts with low Adjusted Net Tax Capacity per pupil unit. On an 81.9-19.1% appropriations basis, the increase appropriation required for FY 2006 would be \$120,000. Because school districts have already levied for FY 2006, there would need to be a double levy the first year.

Option # 2 would bring the FY 2006 revenue disparity ratio down to 1.197 by reallocating the current equity revenue. Districts with referendum revenue per pupil unit just below the 95th percentile would lose the full \$13 per pupil unit, while districts with lower referendum revenue would lose proportionately less, due to the higher amounts being allocated through the sliding

scale. There would be 248 “losers”, representing 74.2 percent of the total pupil units in the state, and 71 districts, representing 12.0 percent of the total pupil units in the state, would receive an increase.

Option #3: Replace the current equity revenue formula with a uniform statewide formula in which all districts with referendum revenue below 28 percent of the formula allowance would qualify for equity revenue on a sliding scale.

The current equity formula is very complex due to the use of separate formulas for the metro and nonmetro regions and the use of regional 95th and 5th revenue percentiles in the calculations. As noted above, the flat rate portion of the formula fails to target equity funds to low revenue districts. In addition, the use of separate formulas for the metro and nonmetro districts, the exclusion of Minneapolis, St Paul and Duluth from eligibility, and the partial exclusion of districts with no referendum from eligibility creates funding gaps between districts and regions. For FY 2006, the 95th percentile of referendum revenue per pupil unit is \$1,311, or 28.5% of the formula allowance, in the metro area, and \$1,182, or 25.7% of the formula allowance in the nonmetro area. Therefore, metro districts are allowed to qualify for equity revenue with a significantly higher referendum allowance per pupil unit, and metro districts with any given referendum allowance up to \$1,311 receive more equity revenue per pupil unit than nonmetro districts with the same referendum allowance. And, Minneapolis, St Paul and Duluth receive no equity revenue while other districts with the same referendum revenue per pupil unit receive significant amounts of equity revenue. Finally, the exclusion of districts with no referendum revenue from the sliding scale formula increases the funding gap between the 95th and 5th percentiles and creates an incentive for districts to pass a \$1 per pupil unit referendum to receive an additional \$75 per pupil unit in equity revenue.

Therefore, a third option was developed to provide a simpler, more uniform method of narrowing the gap between high and low referendum revenue districts. Under Option # 3, all districts in the state with referendum revenue per pupil unit below 28 percent of the formula allowance (currently \$1,288) would qualify for equity revenue. Minneapolis, St Paul and Duluth would be eligible for revenue on an equal basis with other districts, as would districts with no referendum revenue. The revenue would be allocated on a sliding scale, ranging up to \$76.06 for a district with no referendum revenue.

Option # 3 would maintain state total equity revenue at the current level, but total aid would decrease by \$203,000, and the total levy would increase by \$203,000, as a higher percentage of the revenue would be targeted to districts with low Adjusted Net Tax Capacity per pupil unit. On an 81.9-19.1% appropriations basis, the decrease appropriation required for FY 2006 would be \$166,000. Because school districts have already levied for FY 2006, there would need to be a double levy the first year.

Option # 3 would bring the FY 2006 revenue disparity ratio down to 1.200 by reallocating the current equity revenue. Districts with referendum revenue per pupil unit just below the 95th percentile would lose the full \$13 per pupil unit, while districts with lower referendum revenue would lose proportionately less, due to the higher amounts being allocated through the sliding scale. The maximum allowance would be slightly lower than under Option #2, due to the

inclusion of Minneapolis, St Paul and Duluth in the formula. There would be 277 “losers”, representing 80.2 percent of the total pupil units in the state, and 50 districts, representing 16.9 percent of the total pupil units in the state, would receive an increase.

Summary Statistics And District By District Impacts

The table below shows the FY 2006 statewide impact of each of the three options discussed above. The appendix provides a district-by-district spreadsheet showing the FY 2006 current law equity revenue per adjusted marginal cost pupil unit (AMCPU), and the change in equity revenue per AMCPU for each district under each of the three options.

**DISPARITY RATIO REDUCTION OPTIONS
SUMMARY**

		OPTION 1	OPTION 2	OPTION 3
REVENUE CHANGES	GAINS	4,147,100	4,241,488	8,295,095
	LOSSES	0	-4,241,512	-8,293,281
	NET CHANGE	4,147,100	-24	1,814
AID CHANGES	GAINS	3,295,312	3,370,411	6,166,538
	LOSSES	0	-3,224,173	-6,368,634
	NET CHANGE	3,295,312	146,238	-202,096
LEVY CHANGES	GAINS	851,788	871,077	2,128,557
	LOSSES	0	-1,017,339	-1,924,648
	NET CHANGE	851,788	-146,262	203,909
# DISTRICTS WITH REVENUE GAINS	42	71	50	
# DISTRICTS WITH REVENUE LOSSES	0	248	277	
DISPARITY RATIO'S 5 TH PERCENTILE		4,689.00	4,689.91	4,677.06
DISPARITY RATIO'S 95 TH PERCENTILE		5,624.31	5,614.69	5,610.57
DISPARITY RATIO		1.199	1.197	1.200

GENERAL EDUCATION DISPARITY REPORT APPENDIX A
 FY 2006 EQUITY REVENUE: CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
 01/12/05

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F
TOTAL	923,788	39,613,075	43,760,175	39,613,051	39,614,889	42.88	47.37	42.88	42.88	4,147,100	-24	1,814	4.49	0.00	0.00
1 1 AITKIN	1,451	127,723	127,723	129,044	110,393	88.00	88.00	88.91	76.06	0	1,321	-17,330	0.00	0.91	-11.94
1 3 MINNEAPOLIS	42,126	0	0	0	1,765,500	0.00	0.00	0.00	41.91	0	0	1,765,500	0.00	0.00	41.91
2 1 HILL CITY	387	5,031	34,056	34,408	29,435	13.00	88.00	88.91	76.06	29,025	29,377	24,404	75.00	75.91	63.06
4 1 MCGREGOR	613	53,885	53,885	54,437	46,568	87.93	87.93	88.83	75.99	0	552	-7,317	0.00	0.90	-11.94
6 3 SOUTH ST. PAUL	3,648	159,222	159,222	132,557	108,774	43.65	43.65	36.34	29.82	0	-26,665	-50,448	0.00	-7.31	-13.83
11 1 ANOKA-HENNEPIN	46,227	2,187,483	2,187,483	1,880,995	1,546,770	47.32	47.32	40.69	33.46	0	-306,488	-640,712	0.00	-6.63	-13.86
12 1 CENTENNIAL	8,163	718,251	718,251	725,761	602,583	87.99	87.99	88.91	73.82	0	7,510	-115,668	0.00	0.92	-14.17
13 1 COLUMBIA HEIGHTS	3,452	196,299	196,299	179,524	148,182	56.87	56.87	52.01	42.93	0	-16,775	-48,117	0.00	-4.86	-13.94
14 1 FRIDLEY	2,786	128,917	128,917	109,887	90,300	46.27	46.27	39.44	32.41	0	-19,030	-38,617	0.00	-6.83	-13.86
15 1 ST. FRANCIS	6,759	444,070	444,070	422,305	349,443	65.70	65.70	62.48	51.70	0	-21,764	-94,627	0.00	-3.22	-14.00
16 1 SPRING LAKE PAR	5,102	216,232	216,232	177,710	145,668	42.38	42.38	34.83	28.55	0	-38,522	-70,564	0.00	-7.55	-13.83
22 1 DETROIT LAKES	3,107	209,467	209,467	200,457	180,417	67.42	67.42	64.52	58.07	0	-9,010	-29,049	0.00	-2.90	-9.35
23 1 FRAZEE	1,275	16,570	112,169	113,329	96,950	13.00	88.00	88.91	76.06	95,599	96,759	80,379	75.00	75.91	63.06
25 1 PINE POINT	72	937	6,343	6,409	5,482	13.00	88.00	88.91	76.06	5,406	5,472	4,545	75.00	75.91	63.06
31 1 BEMIDJI	5,309	267,024	267,024	234,748	228,802	50.30	50.30	44.22	43.10	0	-32,276	-38,222	0.00	-6.08	-7.20
32 1 BLACKDUCK	853	75,044	75,044	75,812	64,863	87.94	87.94	88.84	76.01	0	768	-10,180	0.00	0.90	-11.93
36 1 KELLIHER	318	27,214	27,214	27,360	23,513	85.59	85.59	86.05	73.95	0	146	-3,701	0.00	0.46	-11.64
38 1 RED LAKE	1,787	44,092	44,092	24,744	36,981	24.68	24.68	13.85	20.70	0	-19,348	-7,110	0.00	-10.83	-3.98
47 1 SAUK RAPIDS	4,179	54,324	367,732	371,534	317,837	13.00	88.00	88.91	76.06	313,408	317,210	263,513	75.00	75.91	63.06
51 1 FOLEY	1,895	24,637	166,772	168,497	144,144	13.00	88.00	88.91	76.06	142,136	143,860	119,508	75.00	75.91	63.06
62 1 ORTONVILLE	553	29,078	29,078	25,947	24,940	52.57	52.57	46.91	45.09	0	-3,131	-4,137	0.00	-5.66	-7.48
75 1 ST. CLAIR	697	53,217	53,217	52,352	45,919	76.35	76.35	75.11	65.88	0	-864	-7,298	0.00	-1.24	-10.47
77 1 MANKATO	8,102	471,782	471,782	434,431	405,345	58.23	58.23	53.62	50.03	0	-37,350	-66,437	0.00	-4.61	-8.20
81 1 COMFREY	177	3,616	3,616	1,560	3,006	20.44	20.44	8.82	16.99	0	-2,056	-610	0.00	-11.62	-3.45
84 1 SLEEPY EYE	677	8,796	59,543	60,159	51,464	13.00	88.00	88.91	76.06	50,747	51,363	42,668	75.00	75.91	63.06
85 1 SPRINGFIELD	742	35,000	35,000	30,057	29,953	47.16	47.16	40.50	40.36	0	-4,943	-5,047	0.00	-6.66	-6.80
88 1 NEW ULM	2,597	150,710	150,710	138,633	129,491	58.03	58.03	53.38	49.86	0	-12,077	-21,218	0.00	-4.65	-8.17
91 1 BARNUM	697	52,184	52,184	51,117	45,010	74.85	74.85	73.32	64.56	0	-1,067	-7,174	0.00	-1.53	-10.29
93 1 CARLTON	715	32,997	32,997	28,096	28,225	46.12	46.12	39.27	39.45	0	-4,901	-4,772	0.00	-6.85	-6.67
94 1 CLOQUET	2,883	236,245	236,245	235,639	204,015	81.95	81.95	81.74	70.77	0	-605	-32,230	0.00	-0.21	-11.18
95 1 CROMWELL	344	4,466	30,228	30,541	26,127	13.00	88.00	88.91	76.06	25,763	26,075	21,661	75.00	75.91	63.06
97 1 MOOSE LAKE	879	63,046	63,046	61,191	54,351	71.71	71.71	69.60	61.82	0	-1,855	-8,695	0.00	-2.11	-9.89
99 1 ESKO	1,293	82,181	82,181	77,514	70,725	63.56	63.56	59.95	54.70	0	-4,668	-11,456	0.00	-3.61	-8.86
100 1 WRENSHALL	428	5,570	37,707	38,097	32,591	13.00	88.00	88.91	76.06	32,137	32,527	27,021	75.00	75.91	63.06
108 1 NORWOOD	1,094	66,963	66,963	62,534	51,685	61.23	61.23	57.18	47.26	0	-4,429	-15,278	0.00	-4.05	-13.97
110 1 WACONIA	2,932	145,234	145,234	126,995	104,564	49.53	49.53	43.31	35.66	0	-18,239	-40,670	0.00	-6.22	-13.87
111 1 WATERTOWN-MAY	1,787	137,443	137,443	135,405	112,278	76.90	76.90	75.76	62.82	0	-2,038	-25,165	0.00	-1.14	-14.08
112 1 CHASKA	10,113	455,285	455,285	383,887	315,321	45.02	45.02	37.96	31.18	0	-71,397	-139,963	0.00	-7.06	-13.84
113 1 WALKER-AKLEY	1,132	14,718	99,631	100,661	86,113	13.00	88.00	88.91	76.06	84,913	85,943	71,395	75.00	75.91	63.06
115 1 CASS LAKE	1,345	17,484	118,354	119,578	102,295	13.00	88.00	88.91	76.06	100,870	102,094	84,811	75.00	75.91	63.06
116 1 PILLAGER	872	11,338	76,753	77,546	66,339	13.00	88.00	88.91	76.06	65,414	66,208	55,000	75.00	75.91	63.06
118 1 REMER	573	34,937	34,937	32,581	30,040	60.93	60.93	56.82	52.39	0	-2,357	-4,897	0.00	-4.11	-8.54
129 1 MONTEVIDEO	1,703	96,015	96,015	87,585	82,459	56.38	56.38	51.43	48.42	0	-8,430	-13,556	0.00	-4.95	-7.96
138 1 NORTH BRANCH	4,680	60,835	411,805	416,063	355,930	13.00	88.00	88.91	76.06	350,970	355,228	295,096	75.00	75.91	63.06
139 1 RUSH CITY	1,207	15,696	106,249	107,348	91,833	13.00	88.00	88.91	76.06	90,554	91,652	76,137	75.00	75.91	63.06
146 1 BARNESVILLE	884	63,420	63,420	61,565	54,672	71.77	71.77	69.67	61.87	0	-1,856	-8,748	0.00	-2.10	-9.90
150 1 HAWLEY	1,040	56,425	56,425	50,859	48,415	54.24	54.24	48.89	46.54	0	-5,566	-8,010	0.00	-5.35	-7.70
152 1 MOORHEAD	6,872	588,534	588,534	591,763	508,473	85.64	85.64	86.11	73.99	0	3,230	-80,061	0.00	0.47	-11.65
162 1 BAGLEY	1,246	16,202	109,676	110,810	94,795	13.00	88.00	88.91	76.06	93,474	94,608	78,593	75.00	75.91	63.06
166 1 COOK COUNTY	718	45,152	45,152	42,460	38,843	62.91	62.91	59.16	54.12	0	-2,691	-6,309	0.00	-3.75	-8.79
173 1 MOUNTAIN LAKE	591	21,243	21,243	16,069	18,056	35.93	35.93	27.18	30.54	0	-5,173	-3,187	0.00	-8.75	-5.39
177 1 WINDOM	1,106	67,747	67,747	63,266	58,255	61.24	61.24	57.19	52.66	0	-4,480	-9,492	0.00	-4.05	-8.58

GENERAL EDUCATION DISPARITY REPORT APPENDIX A
 FY 2006 EQUITY REVENUE; CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
 01/12/05

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F
181 1 BRAINERD	8,324	625,941	625,941	613,789	539,958	75.20	75.20	73.74	64.87	0	-12,153	-85,984	0.00	-1.46	-10.33
182 1 CROSBY	1,538	86,576	86,576	78,934	74,336	56.30	56.30	51.33	48.34	0	-7,643	-12,241	0.00	-4.97	-7.96
186 1 PEQUOT LAKES	1,627	143,110	143,110	144,591	123,696	87.94	87.94	88.85	76.01	0	1,481	-19,414	0.00	0.91	-11.93
191 1 BURNSVILLE	12,309	491,629	491,629	393,033	321,639	39.94	39.94	31.93	26.13	0	-98,597	-169,990	0.00	-8.01	-13.81
192 1 FARMINGTON	6,842	544,221	544,221	539,706	447,679	79.54	79.54	78.88	65.43	0	-4,516	-96,542	0.00	-0.66	-14.11
194 1 LAKEVILLE	12,575	509,275	509,275	409,935	335,618	40.50	40.50	32.60	26.69	0	-99,340	-173,656	0.00	-7.90	-13.81
195 1 RANDOLPH	549	32,514	32,514	30,081	24,851	59.19	59.19	54.76	45.24	0	-2,433	-7,663	0.00	-4.43	-13.95
196 1 ROSEMOUNT-APP	31,080	1,644,738	1,644,738	1,471,003	1,212,730	52.92	52.92	47.33	39.02	0	-173,736	-432,008	0.00	-5.59	-13.90
197 1 WEST ST. PAUL	5,687	214,123	214,123	166,237	135,754	37.65	37.65	29.23	23.87	0	-47,886	-78,370	0.00	-8.42	-13.78
199 1 INVER GROVE	4,230	154,725	154,725	118,265	96,439	36.58	36.58	27.96	22.80	0	-36,461	-58,286	0.00	-8.62	-13.78
200 1 HASTINGS	5,843	287,494	287,494	250,797	206,388	49.20	49.20	42.92	35.32	0	-36,696	-81,106	0.00	-6.28	-13.88
203 1 HAYFIELD	1,073	65,690	65,690	61,333	56,482	61.21	61.21	57.15	52.63	0	-4,357	-9,208	0.00	-4.06	-8.58
204 1 KASSON-MANTOR'	2,246	29,195	197,626	199,670	170,812	13.00	88.00	88.91	76.06	168,431	170,475	141,617	75.00	75.91	63.06
206 1 ALEXANDRIA	4,736	292,591	292,591	273,883	251,624	61.78	61.78	57.83	53.13	0	-18,707	-40,966	0.00	-3.95	-8.65
207 1 BRANDON	351	20,078	20,078	18,388	17,246	57.14	57.14	52.33	49.08	0	-1,690	-2,832	0.00	-4.81	-8.06
208 1 EVANSVILLE	240	4,754	4,754	3,946	3,946	19.83	19.83	8.10	16.46	0	-2,812	-808	0.00	-11.73	-3.37
213 1 OSAKIS	781	10,158	68,761	69,472	59,431	13.00	88.00	88.91	76.06	58,603	59,314	49,273	75.00	75.91	63.06
227 1 CHATFIELD	1,052	69,137	69,137	65,749	59,531	65.71	65.71	62.49	56.58	0	-3,388	-9,606	0.00	-3.22	-9.13
229 1 LANESBORO	400	29,467	29,467	28,762	25,410	73.58	73.58	71.82	63.45	0	-705	-4,057	0.00	-1.76	-10.13
238 1 MABEL-CANTON	362	18,897	18,897	16,828	16,202	52.23	52.23	46.51	44.78	0	-2,070	-2,695	0.00	-5.72	-7.45
239 1 RUSHFORD-PETEF	713	20,067	20,067	12,798	16,921	28.13	28.13	17.94	23.72	0	-7,269	-3,146	0.00	-10.19	-4.41
241 1 ALBERT LEA	4,124	221,368	221,368	198,893	189,944	53.68	53.68	48.23	46.06	0	-22,475	-31,424	0.00	-5.45	-7.62
242 1 ALDEN	468	31,030	31,030	29,581	26,719	66.37	66.37	63.27	57.15	0	-1,449	-4,311	0.00	-3.10	-9.22
252 1 CANNON FALLS	1,574	85,144	85,144	76,677	73,057	54.10	54.10	48.72	46.42	0	-8,467	-12,087	0.00	-5.38	-7.68
253 1 GOODHUE	705	56,226	56,226	55,796	48,542	79.76	79.76	79.15	68.86	0	-430	-7,684	0.00	-0.61	-10.90
255 1 PINE ISLAND	1,442	86,452	86,452	80,282	74,328	59.97	59.97	55.69	51.56	0	-6,170	-12,124	0.00	-4.28	-8.41
256 1 RED WING	3,307	153,164	153,164	130,608	131,005	46.31	46.31	39.49	39.61	0	-22,556	-22,159	0.00	-6.82	-6.70
261 1 ASHBY	327	4,255	28,802	29,100	24,894	13.00	88.00	88.91	76.06	24,548	24,845	20,640	75.00	75.91	63.06
264 1 HERMAN-NORCRC	136	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
270 1 HOPKINS	9,289	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
271 1 BLOOMINGTON	12,339	465,904	465,904	362,137	295,755	37.76	37.76	29.35	23.97	0	-103,767	-170,149	0.00	-8.41	-13.79
272 1 EDEN PRAIRIE	11,479	434,373	434,373	337,948	276,075	37.84	37.84	29.44	24.05	0	-96,425	-158,298	0.00	-8.40	-13.79
273 1 EDINA	8,726	150,007	150,007	43,370	31,066	17.19	17.19	4.97	3.56	0	-106,637	-118,941	0.00	-12.22	-13.63
276 1 MINNETONKA	8,807	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
277 1 WESTONKA	2,714	84,763	84,763	58,653	47,470	31.23	31.23	21.61	17.49	0	-26,110	-37,292	0.00	-9.62	-13.74
278 1 ORONO	2,873	127,005	127,005	106,288	87,237	44.20	44.20	36.99	30.36	0	-20,717	-39,768	0.00	-7.21	-13.84
279 1 OSSEO	24,787	931,234	931,234	722,035	589,674	37.57	37.57	29.13	23.79	0	-209,199	-341,560	0.00	-8.44	-13.78
280 1 RICHFIELD	4,651	187,297	187,297	150,367	123,113	40.27	40.27	32.33	26.47	0	-36,929	-64,184	0.00	-7.94	-13.80
281 1 ROBBINSDALE	15,607	614,748	614,748	488,334	399,376	39.39	39.39	31.29	25.59	0	-126,414	-215,373	0.00	-8.10	-13.80
282 1 ST. ANTHONY-NEV	1,929	86,456	86,456	72,760	59,759	44.82	44.82	37.72	30.98	0	-13,696	-26,697	0.00	-7.10	-13.84
283 1 ST. LOUIS PARK	4,996	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
284 1 WAYZATA	11,434	447,755	447,755	354,683	289,966	39.16	39.16	31.02	25.36	0	-93,073	-157,789	0.00	-8.14	-13.80
286 1 BROOKLYN CENTE	1,910	114,948	114,948	106,832	88,288	60.19	60.19	55.94	46.23	0	-8,116	-26,660	0.00	-4.25	-13.96
294 1 HOUSTON	842	41,397	41,397	36,098	35,457	49.14	49.14	42.85	42.09	0	-5,299	-5,939	0.00	-6.29	-7.05
297 1 SPRING GROVE	423	13,553	13,553	9,553	11,477	32.05	32.05	22.59	27.14	0	-4,000	-2,076	0.00	-9.46	-4.91
299 1 CALEDONIA	1,044	39,477	39,477	30,709	33,601	37.82	37.82	29.42	32.19	0	-8,768	-5,877	0.00	-8.40	-5.63
300 1 LACRESCENT	1,732	152,332	152,332	153,891	131,649	87.94	87.94	88.84	76.00	0	1,559	-20,683	0.00	0.90	-11.94
306 1 LAPORTE	348	4,526	30,639	30,956	26,482	13.00	88.00	88.91	76.06	26,113	26,430	21,956	75.00	75.91	63.06
308 1 NEVIS	592	49,329	49,329	49,365	42,612	83.35	83.35	83.41	72.00	0	36	-6,717	0.00	0.06	-11.35
309 1 PARK RAPIDS	2,095	27,230	184,323	186,229	159,314	13.00	88.00	88.91	76.06	157,094	159,000	132,084	75.00	75.91	63.06
314 1 BRAHAM	1,046	69,889	69,889	66,731	60,184	66.83	66.83	63.81	57.55	0	-3,158	-9,705	0.00	-3.02	-9.28
316 1 GREENWAY	1,497	36,098	36,098	19,734	30,259	24.11	24.11	13.18	20.21	0	-16,365	-5,839	0.00	-10.93	-3.90
317 1 DEER RIVER	1,169	15,197	102,874	103,938	88,916	13.00	88.00	88.91	76.06	87,677	88,740	73,718	75.00	75.91	63.06
318 1 GRAND RAPIDS	4,359	56,668	383,598	387,565	331,551	13.00	88.00	88.91	76.06	326,930	330,897	274,883	75.00	75.91	63.06

GENERAL EDUCATION DISPARITY REPORT APPENDIX A
 FY 2006 EQUITY REVENUE, CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F
319 1 NASHWAUK-KEEW	776	62,081	62,081	61,638	53,596	79.97	79.97	79.40	69.04	0	-442	-8,485	0.00	-0.57	-10.93
323 2 FRANCONIA	34	0	0	0	169	0.00	0.00	0.00	5.03	0	0	169	0.00	0.00	5.03
330 1 HERON LAKE-OKA	357	0	0	0	567	0.00	0.00	0.00	1.59	0	0	567	0.00	0.00	1.59
332 1 MORA	2,088	167,230	167,230	166,082	144,384	80.08	80.08	79.53	69.14	0	-1,149	-22,846	0.00	-0.55	-10.94
333 1 OGILVIE	829	10,777	12,953	73,707	63,055	13.00	88.00	88.91	76.06	62,176	62,930	52,277	75.00	75.91	63.06
345 1 NEW LONDON-SPH	1,907	122,733	122,733	116,115	105,627	64.36	64.36	60.89	55.39	0	-6,617	-17,106	0.00	-3.47	-8.97
347 1 WILLMAR	4,658	255,293	255,293	230,886	219,102	54.81	54.81	49.57	47.04	0	-24,407	-36,191	0.00	-5.24	-7.77
356 1 LANCASTER	243	0	0	0	151	0.00	0.00	0.00	0.62	0	0	151	0.00	0.00	0.62
361 1 INTERNATIONAL F.	1,636	81,126	81,126	70,965	69,492	49.58	49.58	43.37	42.47	0	-10,161	-11,634	0.00	-6.21	-7.11
362 1 LITTLEFORK-BIG F	392	34,437	34,437	34,789	29,762	87.95	87.95	88.85	76.01	0	352	-4,675	0.00	0.90	-11.94
363 1 SOUTH KOOCHICH	419	36,834	36,834	37,215	31,835	87.97	87.97	88.88	76.03	0	381	-4,999	0.00	0.91	-11.94
371 1 BELLINGHAM	136	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
378 1 DAWSON	655	24,136	24,136	18,526	20,529	36.87	36.87	28.30	31.36	0	-5,610	-3,607	0.00	-8.57	-5.51
381 1 LAKE SUPERIOR	1,780	23,135	156,604	158,223	135,356	13.00	88.00	88.91	76.06	133,469	135,089	112,221	75.00	75.91	63.06
390 1 LAKE OF THE WOC	770	61,159	61,159	60,643	52,792	79.46	79.46	78.79	68.59	0	-516	-8,366	0.00	-0.67	-10.87
391 1 CLEVELAND	456	29,134	29,134	27,510	25,074	63.86	63.86	60.30	54.96	0	-1,624	-4,060	0.00	-3.56	-8.90
392 1 LECENTER	782	54,650	54,650	52,742	47,090	69.90	69.90	67.46	60.23	0	-1,908	-7,560	0.00	-2.44	-9.67
394 1 MONTGOMERY	1,292	16,790	113,652	114,827	98,231	13.00	88.00	88.91	76.06	96,863	98,038	81,442	75.00	75.91	63.06
402 1 HENDRICKS	176	5,346	5,346	3,620	4,519	30.32	30.32	20.53	25.63	0	-1,726	-827	0.00	-9.79	-4.69
403 1 IVANHOE	234	14,013	14,013	13,004	12,044	59.86	59.86	55.55	51.45	0	-1,009	-1,969	0.00	-4.31	-8.41
404 1 LAKE BENTON	271	12,594	12,594	10,755	10,774	46.50	46.50	39.71	39.78	0	-1,839	-1,820	0.00	-6.79	-6.72
409 1 TYLER	334	29,362	29,362	29,663	25,380	87.90	87.90	88.80	75.98	0	301	-3,982	0.00	0.90	-11.92
411 1 BALATON	170	4,166	4,166	2,313	3,492	24.44	24.44	13.57	20.49	0	-1,853	-673	0.00	-10.87	-3.95
413 1 MARSHALL	2,512	188,624	188,624	184,906	162,725	75.09	75.09	73.61	64.78	0	-3,718	-25,898	0.00	-1.48	-10.31
414 1 MINNEOTA	537	42,049	42,049	41,571	36,291	78.28	78.28	77.39	67.56	0	-478	-5,758	0.00	-0.89	-10.72
415 1 LYND	158	3,664	3,664	1,911	3,065	23.20	23.20	12.10	19.41	0	-1,753	-598	0.00	-11.10	-3.79
417 1 TRACY	877	53,849	53,849	50,313	46,312	61.37	61.37	57.34	52.78	0	-3,536	-7,537	0.00	-4.03	-8.59
418 1 RUSSELL	157	7,115	7,115	6,021	6,084	45.44	45.44	38.45	38.85	0	-1,095	-1,032	0.00	-6.99	-6.59
423 1 HUTCHINSON	3,389	120,271	120,271	90,347	102,174	35.49	35.49	26.66	30.15	0	-29,924	-18,097	0.00	-8.83	-5.34
424 1 LESTER PRAIRIE	557	30,978	30,978	28,141	26,597	55.58	55.58	50.49	47.72	0	-2,837	-4,381	0.00	-5.09	-7.86
432 1 MAHNOMEN	854	11,103	75,160	75,937	64,962	13.00	88.00	88.91	76.06	64,057	64,834	53,859	75.00	75.91	63.06
435 1 WAUBUN	702	9,125	61,768	62,407	53,387	13.00	88.00	88.91	76.06	52,643	53,282	44,262	75.00	75.91	63.06
441 1 NEWFOLDEN	412	15,969	15,969	12,582	13,600	38.75	38.75	30.53	33.00	0	-3,388	-2,370	0.00	-8.22	-5.75
447 1 GRYGLA	227	18,125	18,125	17,987	15,647	79.79	79.79	79.18	68.88	0	-139	-2,478	0.00	-0.61	-10.91
458 1 TRUMAN	460	14,818	14,818	10,484	12,552	32.24	32.24	22.81	27.31	0	-4,334	-2,266	0.00	-9.43	-4.93
463 1 EDEN VALLEY	942	68,929	68,929	67,215	59,438	73.21	73.21	71.39	63.13	0	-1,714	-9,491	0.00	-1.82	-10.08
465 1 LITCHFIELD	2,300	154,604	154,604	147,842	133,145	67.22	67.22	64.28	57.89	0	-6,762	-21,459	0.00	-2.94	-9.33
466 1 DASSEL-COKATO	2,493	199,693	199,693	198,347	172,423	80.11	80.11	79.57	69.17	0	-1,346	-27,271	0.00	-0.54	-10.94
473 1 ISLE	656	8,527	57,723	58,320	49,891	13.00	88.00	88.91	76.06	49,196	49,792	41,364	75.00	75.91	63.06
477 1 PRINCETON	4,036	52,472	355,193	358,866	306,999	13.00	88.00	88.91	76.06	302,721	306,394	254,528	75.00	75.91	63.06
480 1 ONAMIA	834	73,343	73,343	74,094	63,384	87.93	87.93	88.83	75.99	0	751	-9,959	0.00	0.90	-11.94
482 1 LITTLE FALLS	3,023	91,337	91,337	61,677	77,187	30.21	30.21	20.40	25.53	0	-29,659	-14,149	0.00	-9.81	-4.68
484 1 PIERZ	1,121	66,525	66,525	61,579	57,172	59.32	59.32	54.91	50.98	0	-4,946	-9,353	0.00	-4.41	-8.34
485 1 ROYALTON	804	70,696	70,696	71,419	61,104	87.93	87.93	88.83	76.00	0	724	-9,592	0.00	0.90	-11.93
486 1 SWANVILLE	353	11,907	11,907	8,673	10,099	33.72	33.72	24.56	28.60	0	-3,235	-1,808	0.00	-9.16	-5.12
487 1 UPSALA	448	35,833	35,833	35,578	30,935	79.97	79.97	79.40	69.04	0	-255	-4,898	0.00	-0.57	-10.93
492 1 AUSTIN	4,533	174,760	174,760	137,315	148,784	38.55	38.55	30.29	32.82	0	-37,445	-25,976	0.00	-8.26	-5.73
495 1 GRAND MEADOW	406	12,794	12,794	8,916	10,830	31.54	31.54	21.98	26.70	0	-3,878	-1,963	0.00	-9.56	-4.84
497 1 LYLE	294	10,790	10,790	8,262	9,176	36.71	36.71	28.11	31.22	0	-2,528	-1,614	0.00	-8.60	-5.49
499 1 LEROY	423	10,107	10,107	5,466	8,465	23.88	23.88	12.89	20.00	0	-4,652	-1,642	0.00	-10.99	-3.88
500 1 SOUTHLAND	708	53,816	53,816	52,888	46,427	75.97	75.97	74.66	65.54	0	-928	-7,388	0.00	-1.31	-10.43
505 1 FULDA	530	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
507 1 NICOLLET	338	9,595	9,595	6,161	8,093	28.36	28.36	18.21	23.92	0	-3,434	-1,502	0.00	-10.15	-4.44
508 1 ST. PETER	2,039	126,590	126,590	118,658	108,890	62.08	62.08	58.19	53.40	0	-7,932	-17,700	0.00	-3.89	-8.68

GENERAL EDUCATION DISPARITY REPORT APPENDIX A
 FY 2006 EQUITY REVENUE; CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
 01/12/05

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O		
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F		
511	1	ADRIAN	725	46,187	46,187	43,577	39,742	63.71	63.71	60.11	54.82	0	-2,610	-6,445	0.00	-3.60	-8.89
513	1	BREWSTER	219	6,592	6,592	4,439	5,569	30.10	30.10	20.27	25.43	0	-2,153	-1,023	0.00	-9.83	-4.67
514	1	ELLSWORTH	203	11,572	11,572	10,590	9,940	56.99	56.99	52.15	48.95	0	-983	-1,633	0.00	-4.84	-8.04
516	1	ROUND LAKE	150	4,632	4,632	3,181	3,917	30.91	30.91	21.23	26.14	0	-1,451	-715	0.00	-9.68	-4.77
518	1	WORTHINGTON	2,551	150,401	150,401	138,997	129,251	58.95	58.95	54.48	50.66	0	-11,404	-21,151	0.00	-4.47	-8.29
531	1	BYRON	1,782	142,986	142,986	142,059	123,453	80.23	80.23	79.71	69.27	0	-927	-19,533	0.00	-0.52	-10.96
533	1	DOVER-EYOTA	1,421	118,132	118,132	118,146	102,031	83.13	83.13	83.14	71.80	0	14	-16,101	0.00	0.01	-11.33
534	1	STEWARTVILLE	1,950	63,580	63,580	45,325	53,887	32.60	32.60	23.24	27.63	0	-18,255	-9,693	0.00	-9.36	-4.97
535	1	ROCHESTER	18,630	1,059,849	1,059,849	969,308	910,252	56.89	56.89	52.03	48.86	0	-90,541	-149,597	0.00	-4.86	-8.03
542	1	BATTLE LAKE	608	7,899	53,471	54,024	46,216	13.00	88.00	88.91	76.06	45,572	46,125	38,317	75.00	75.91	63.06
544	1	FERGUS FALLS	3,011	178,563	178,563	165,286	153,454	59.31	59.31	54.90	50.97	0	-13,277	-25,109	0.00	-4.41	-8.34
545	1	HENNING	401	0	0	0	2,504	0.00	0.00	0.00	6.25	0	0	2,504	0.00	0.00	6.25
547	1	PARKERS PRAIRIE	654	41,664	41,664	39,324	35,853	63.74	63.74	60.16	54.85	0	-2,340	-5,811	0.00	-3.58	-8.89
548	1	PELICAN RAPIDS	1,268	16,489	111,616	112,770	96,471	13.00	88.00	88.91	76.06	95,127	96,281	79,983	75.00	75.91	63.06
549	1	PERHAM	1,781	153,508	153,508	154,523	132,650	86.18	86.18	86.75	74.47	0	1,015	-20,858	0.00	0.57	-11.71
550	1	UNDERWOOD	538	6,989	47,312	47,802	40,893	13.00	88.00	88.91	76.06	40,323	40,812	33,904	75.00	75.91	63.06
553	1	NEW YORK MILLS	851	64,540	64,540	63,399	55,680	75.83	75.83	74.49	65.42	0	-1,140	-8,860	0.00	-1.34	-10.41
561	1	GOODRIDGE	195	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
564	1	THIEF RIVER FALL	2,401	87,100	87,100	66,262	74,040	36.28	36.28	27.60	30.84	0	-20,839	-13,060	0.00	-8.68	-5.44
577	1	WILLOW RIVER	536	42,855	42,855	42,539	36,998	79.89	79.89	79.30	68.97	0	-316	-5,858	0.00	-0.59	-10.92
578	1	PINE CITY	1,963	61,580	61,580	42,755	52,118	31.37	31.37	21.78	26.55	0	-18,825	-9,462	0.00	-9.59	-4.82
581	1	EDGERTON	343	20,172	20,172	18,634	17,335	58.87	58.87	54.38	50.59	0	-1,539	-2,837	0.00	-4.49	-8.28
584	1	RUTHTON	138	4,495	4,495	3,209	3,809	32.69	32.69	23.34	27.70	0	-1,286	-686	0.00	-9.35	-4.99
592	1	CLIMAX	188	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
593	1	CROOKSTON	1,593	71,273	71,273	59,928	60,916	44.73	44.73	37.61	38.23	0	-11,345	-10,357	0.00	-7.12	-6.50
595	1	EAST GRAND FOR	1,976	158,283	158,283	157,196	136,650	80.12	80.12	79.57	69.17	0	-1,087	-21,632	0.00	-0.55	-10.95
599	1	FERTILE-BELTRAM	612	11,466	11,466	4,171	9,491	18.75	18.75	6.82	15.52	0	-7,295	-1,975	0.00	-11.93	-3.23
600	1	FISHER	346	18,050	18,050	16,068	15,480	52.18	52.18	46.45	44.75	0	-1,982	-2,570	0.00	-5.73	-7.43
601	1	FOSSTON	815	65,241	65,241	64,793	56,328	80.08	80.08	79.53	69.14	0	-448	-8,913	0.00	-0.55	-10.94
611	1	CYRUS	123	3,436	3,436	2,184	2,898	28.01	28.01	17.80	23.62	0	-1,253	-539	0.00	-10.21	-4.39
621	1	MOUNDS VIEW	11,474	452,653	452,653	359,713	294,310	39.45	39.45	31.35	25.65	0	-92,940	-158,342	0.00	-8.10	-13.80
622	1	NORTH ST. PAUL-I	12,996	535,969	535,969	434,988	356,360	41.24	41.24	33.47	27.42	0	-100,982	-179,610	0.00	-7.77	-13.82
623	1	ROSEVILLE	7,246	177,597	177,597	98,907	78,401	24.51	24.51	13.65	10.82	0	-78,690	-99,196	0.00	-10.86	-13.69
624	1	WHITE BEAR LAKE	10,125	449,672	449,672	377,072	309,535	44.41	44.41	37.24	30.57	0	-72,600	-140,136	0.00	-7.17	-13.84
625	1	ST. PAUL	45,456	0	0	0	2,425,544	0.00	0.00	0.00	53.36	0	0	2,425,544	0.00	0.00	53.36
627	1	OKLEE	231	13,860	13,860	12,872	11,914	60.04	60.04	55.76	51.61	0	-988	-1,946	0.00	-4.28	-8.43
628	1	PLUMMER	173	6,257	6,257	4,753	5,318	36.19	36.19	27.49	30.76	0	-1,504	-939	0.00	-8.70	-5.43
630	1	RED LAKE FALLS	457	9,880	9,880	4,673	8,236	21.63	21.63	10.23	18.03	0	-5,207	-1,644	0.00	-11.40	-3.60
635	1	MILROY	150	4,683	4,683	3,240	3,963	31.21	31.21	21.59	26.41	0	-1,444	-720	0.00	-9.62	-4.80
640	1	WABASSO	460	23,866	23,866	21,208	20,463	51.91	51.91	46.13	44.51	0	-2,657	-3,402	0.00	-5.78	-7.40
656	1	FARIBAULT	4,703	404,159	404,159	406,652	349,231	85.94	85.94	86.47	74.26	0	2,492	-54,929	0.00	0.53	-11.68
659	1	NORTHFIELD	4,443	221,478	221,478	194,065	159,810	49.85	49.85	43.68	35.97	0	-27,413	-61,667	0.00	-6.17	-13.88
671	1	HILLS-BEAVER CR	347	10,470	10,470	7,070	8,848	30.21	30.21	20.40	25.53	0	-3,400	-1,622	0.00	-9.81	-4.68
676	1	BADGER	237	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
682	1	ROSEAU	1,630	129,569	129,569	128,477	111,849	79.48	79.48	78.81	68.61	0	-1,092	-17,720	0.00	-0.67	-10.87
690	1	WARROAD	1,398	111,072	111,072	110,135	95,888	79.44	79.44	78.77	68.58	0	-937	-15,184	0.00	-0.67	-10.86
695	1	CHISHOLM	850	23,092	23,092	14,281	19,447	27.18	27.18	16.81	22.89	0	-8,810	-3,645	0.00	-10.37	-4.29
696	1	ELY	634	47,075	47,075	46,043	40,601	74.31	74.31	72.68	64.09	0	-1,033	-6,474	0.00	-1.63	-10.22
698	1	FLOODWOOD	477	6,204	41,999	42,433	36,300	13.00	88.00	88.91	76.06	35,795	36,229	30,096	75.00	75.91	63.06
700	1	HERMANTOWN	2,266	199,239	199,239	201,278	172,210	87.94	87.94	88.84	76.01	0	2,039	-27,029	0.00	0.90	-11.93
701	1	HIBING	2,889	141,823	141,823	123,594	121,456	49.09	49.09	42.78	42.04	0	-18,230	-20,368	0.00	-6.31	-7.05
704	1	PROCTOR	2,087	183,533	183,533	185,411	158,632	87.93	87.93	88.83	76.00	0	1,879	-24,901	0.00	0.90	-11.93
706	1	VIRGINIA	1,814	153,156	153,156	153,592	132,308	84.41	84.41	84.65	72.92	0	435	-20,848	0.00	0.24	-11.49
707	1	NETT LAKE	139	4,774	4,774	3,514	4,051	34.28	34.28	25.23	29.09	0	-1,260	-723	0.00	-9.05	-5.19

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OCT_2004_FOLLOWUP_20050110
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F
709 1 DULUTH	12,219	0	0	0	610,569	0.00	0.00	0.00	49.97	0	0	610,569	0.00	0.00	49.97
712 1 MOUNTAIN IRON-E	642	25,581	25,581	20,440	21,801	39.86	39.86	31.85	33.97	0	-5,141	-3,780	0.00	-8.01	-5.89
716 1 BELLE PLAINE	1,745	22,685	153,560	159,807	132,725	13.00	88.00	91.58	76.06	130,875	137,122	110,040	75.00	78.58	63.06
717 1 JORDAN	1,854	167,152	167,152	169,599	140,869	90.18	90.18	91.50	76.00	0	2,447	-26,283	0.00	1.32	-14.18
719 1 PRIOR LAKE	7,352	286,066	286,066	225,853	184,608	38.91	38.91	30.72	25.11	0	-60,213	-101,457	0.00	-8.19	-13.80
720 1 SHAKOPEE	6,141	353,184	353,184	324,013	267,575	57.51	57.51	52.76	43.57	0	-29,171	-85,609	0.00	-4.75	-13.94
721 1 NEW PRAGUE	3,729	238,311	238,311	225,034	186,136	63.90	63.90	60.34	49.91	0	-13,277	-52,175	0.00	-3.56	-13.99
726 1 BECKER	3,024	115,382	115,382	90,158	98,233	38.15	38.15	29.81	32.48	0	-25,224	-17,148	0.00	-8.34	-5.67
727 1 BIG LAKE	3,801	332,554	332,554	335,709	287,441	87.50	87.50	88.33	75.63	0	3,155	-45,113	0.00	0.83	-11.87
728 1 ELK RIVER	13,041	528,533	528,533	425,644	450,681	40.53	40.53	32.64	34.56	0	-102,890	-77,852	0.00	-7.89	-5.97
738 1 HOLDINGFORD	1,232	86,151	86,151	83,158	74,241	69.95	69.95	67.52	60.28	0	-2,993	-11,910	0.00	-2.43	-9.67
739 1 KIMBALL	926	12,036	81,474	82,316	70,419	13.00	88.00	88.91	76.06	69,438	70,281	58,383	75.00	75.91	63.06
740 1 MELROSE	1,758	102,035	102,035	93,878	87,672	58.04	58.04	53.40	49.87	0	-8,157	-14,363	0.00	-4.64	-8.17
741 1 PAYNESVILLE	1,244	75,259	75,259	70,047	64,699	60.51	60.51	56.32	52.02	0	-5,211	-10,559	0.00	-4.19	-8.49
742 1 ST. CLOUD	10,897	553,345	553,345	488,073	474,234	50.78	50.78	44.79	43.52	0	-65,272	-79,112	0.00	-5.99	-7.26
743 1 SAUK CENTRE	1,307	57,651	57,651	48,202	49,247	44.11	44.11	36.88	37.68	0	-9,450	-8,404	0.00	-7.23	-6.43
745 1 ALBANY	1,831	111,045	111,045	103,429	95,482	60.65	60.65	56.49	52.15	0	-7,617	-15,563	0.00	-4.16	-8.50
748 1 SARTELL	3,335	226,794	226,794	217,457	195,348	68.01	68.01	65.21	58.58	0	-9,337	-31,446	0.00	-2.80	-9.43
750 1 COLD SPRING	2,799	223,950	223,950	222,354	193,332	80.02	80.02	79.45	69.08	0	-1,595	-30,617	0.00	-0.57	-10.94
756 1 BLOOMING PRAIRI	845	53,319	53,319	50,194	45,877	63.12	63.12	59.42	54.31	0	-3,126	-7,442	0.00	-3.70	-8.81
761 1 OWATONNA	5,641	233,086	233,086	189,368	198,788	41.32	41.32	33.57	35.24	0	-43,718	-34,297	0.00	-7.75	-6.08
763 1 MEDFORD	887	67,685	67,685	66,576	58,401	76.33	76.33	75.08	65.86	0	-1,108	-9,284	0.00	-1.25	-10.47
768 1 HANCOCK	253	8,141	8,141	5,762	6,896	32.24	32.24	22.82	27.31	0	-2,379	-1,245	0.00	-9.42	-4.93
769 1 MORRIS	1,097	76,360	76,360	73,618	65,796	69.61	69.61	67.11	59.98	0	-2,742	-10,564	0.00	-2.50	-9.63
771 1 CHOKIO-ALBERTA	235	5,624	5,624	3,050	4,711	23.97	23.97	13.00	20.08	0	-2,574	-913	0.00	-10.97	-3.89
775 1 KERKHOVEN-MUR	709	40,084	40,084	36,588	34,417	56.52	56.52	51.59	48.53	0	-3,496	-5,667	0.00	-4.93	-7.99
777 1 BENSON	1,186	79,029	79,029	75,398	68,054	66.61	66.61	63.55	57.36	0	-3,631	-10,975	0.00	-3.06	-9.25
786 1 BERTHA-HEWITT	508	40,773	40,773	40,509	35,200	80.26	80.26	79.74	69.29	0	-264	-5,573	0.00	-0.52	-10.97
787 1 BROWERVILLE	563	45,016	45,016	44,683	38,863	79.90	79.90	79.31	68.98	0	-332	-6,152	0.00	-0.59	-10.92
801 1 BROWNS VALLEY	140	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
803 1 WHEATON	507	19,884	19,884	15,762	16,938	39.22	39.22	31.09	33.41	0	-4,122	-2,946	0.00	-8.13	-5.81
806 1 ELGIN-MILLVILLE	588	31,646	31,646	28,461	27,151	53.86	53.86	48.44	46.21	0	-3,185	-4,495	0.00	-5.42	-7.65
810 1 PLAINVIEW	1,265	101,335	101,335	100,639	87,487	80.13	80.13	79.58	69.18	0	-696	-13,848	0.00	-0.55	-10.95
811 1 WABASHA	804	63,059	63,059	62,359	54,428	78.39	78.39	77.52	67.66	0	-700	-8,632	0.00	-0.87	-10.73
813 1 LAKE CITY	1,629	77,182	77,182	66,384	66,042	47.39	47.39	40.76	40.55	0	-10,798	-11,140	0.00	-6.63	-6.84
815 2 PRINSBURG	0	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
818 1 VERNDALE	517	6,715	45,455	45,925	39,287	13.00	88.00	88.91	76.06	38,740	39,210	32,572	75.00	75.91	63.06
820 1 SEBEKA	655	22,000	22,000	15,986	18,659	33.58	33.58	24.40	28.48	0	-6,014	-3,341	0.00	-9.18	-5.10
821 1 MENAHA	876	11,388	77,087	77,884	66,628	13.00	88.00	88.91	76.06	65,699	66,496	55,240	75.00	75.91	63.06
829 1 WASECA	2,394	116,745	116,745	101,517	99,985	48.76	48.76	42.40	41.76	0	-15,228	-16,760	0.00	-6.36	-7.00
831 1 FOREST LAKE	8,701	423,226	423,226	367,625	302,453	48.64	48.64	42.25	34.76	0	-55,601	-120,773	0.00	-6.39	-13.88
832 1 MAHTOMEDI	3,538	136,123	136,123	106,860	87,328	38.47	38.47	30.20	24.68	0	-29,263	-48,795	0.00	-8.27	-13.79
833 1 SOUTH WASHINGT	18,749	691,097	691,097	530,416	432,732	36.86	36.86	28.29	23.08	0	-160,681	-258,365	0.00	-8.57	-13.78
834 1 STILLWATER	11,128	479,052	479,052	396,484	325,155	43.05	43.05	35.63	29.22	0	-82,568	-153,898	0.00	-7.42	-13.83
836 1 BUTTERFIELD	227	7,357	7,357	5,228	6,235	32.45	32.45	23.06	27.50	0	-2,129	-1,122	0.00	-9.39	-4.95
837 1 MADELIA	685	54,334	54,334	53,854	46,905	79.28	79.28	78.58	68.44	0	-480	-7,429	0.00	-0.70	-10.84
840 1 ST. JAMES	1,451	71,893	71,893	62,884	61,579	49.56	49.56	43.35	42.45	0	-9,008	-10,314	0.00	-6.21	-7.11
846 1 BRECKENRIDGE	1,029	13,375	90,541	91,477	78,256	13.00	88.00	88.91	76.06	77,165	78,102	64,881	75.00	75.91	63.06
850 1 ROTHSAY	257	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
852 1 CAMPBELL-TINTA	152	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
857 1 LEWISTON	849	50,800	50,800	47,139	43,666	59.81	59.81	55.50	51.41	0	-3,661	-7,135	0.00	-4.31	-8.40
858 1 ST. CHARLES	1,203	15,642	105,882	106,977	91,515	13.00	88.00	88.91	76.06	90,240	91,335	75,874	75.00	75.91	63.06
861 1 WINONA	4,266	218,230	218,230	192,978	187,048	51.16	51.16	45.24	43.85	0	-25,253	-31,182	0.00	-5.92	-7.31
876 1 ANNANDALE	2,040	116,488	116,488	106,653	100,062	57.09	57.09	52.27	49.04	0	-9,835	-16,425	0.00	-4.82	-8.05

GENERAL EDUCATION DISPARITY REPORT APPENDIX A
 FY 2006 EQUITY REVENUE; CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
 01/12/05

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
		AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F	
877	1	BUFFALO	6,372	343,306	343,306	308,771	294,562	53.88	53.88	48.46	46.23	0	-34,534	-48,743	0.00	-5.42	-7.65
879	1	DELANO	2,276	134,860	134,860	124,802	115,903	59.26	59.26	54.84	50.93	0	-10,059	-18,957	0.00	-4.42	-8.33
881	1	MAPLE LAKE	1,042	49,351	49,351	42,451	42,232	47.35	47.35	40.73	40.52	0	-6,900	-7,119	0.00	-6.62	-6.83
882	1	MONTICELLO	4,646	345,720	345,720	338,240	298,149	74.42	74.42	72.81	64.18	0	-7,479	-47,570	0.00	-1.61	-10.24
883	1	ROCKFORD	2,022	176,114	176,114	177,630	152,197	87.11	87.11	87.86	75.28	0	1,516	-23,917	0.00	0.75	-11.83
885	1	ST. MICHAEL-ALBE	4,704	250,350	250,350	224,337	214,787	53.22	53.22	47.69	45.66	0	-26,013	-35,563	0.00	-5.53	-7.56
891	1	CANBY	708	37,896	37,896	34,007	32,512	53.50	53.50	48.01	45.90	0	-3,889	-5,383	0.00	-5.49	-7.60
911	1	CAMBRIDGE-ISAN	6,110	496,340	496,340	494,263	428,585	81.24	81.24	80.90	70.15	0	-2,077	-67,755	0.00	-0.34	-11.09
912	1	MILACA	2,135	187,712	187,712	189,633	162,244	87.93	87.93	88.83	76.00	0	1,921	-25,468	0.00	0.90	-11.93
914	1	ULEN-HITTERDAL	329	9,198	9,198	5,828	7,752	27.92	27.92	17.69	23.53	0	-3,370	-1,446	0.00	-10.23	-4.39
2071	1	LAKE CRYSTAL-WI	936	33,570	33,570	25,381	28,526	35.87	35.87	27.12	30.48	0	-8,189	-5,044	0.00	-8.75	-5.39
2125	1	TRITON	1,304	75,885	75,885	69,876	65,196	58.21	58.21	53.60	50.01	0	-6,010	-10,690	0.00	-4.61	-8.20
2134	1	UNITED SOUTH CE	1,128	44,509	44,509	35,386	37,924	39.47	39.47	31.38	33.63	0	-9,123	-6,586	0.00	-8.09	-5.84
2135	1	MAPLE RIVER	1,442	46,042	46,042	32,362	38,993	31.94	31.94	22.45	27.05	0	-13,680	-7,049	0.00	-9.49	-4.89
2137	1	KINGSLAND	977	64,199	64,199	61,055	55,264	65.74	65.74	62.52	56.59	0	-3,145	-8,936	0.00	-3.22	-9.15
2142	1	ST. LOUIS COUNT	2,632	204,749	204,749	202,170	176,695	77.80	77.80	76.82	67.14	0	-2,579	-28,054	0.00	-0.98	-10.66
2143	1	WATERVILLE-ELY	1,150	63,864	63,864	57,987	54,824	55.53	55.53	50.42	47.67	0	-5,877	-9,040	0.00	-5.11	-7.86
2144	1	CHISAGO LAKES A	4,076	247,032	247,032	230,036	212,388	60.61	60.61	56.44	52.11	0	-16,996	-34,644	0.00	-4.17	-8.50
2149	1	MINNEWASKA	1,560	137,261	137,261	138,681	118,647	87.97	87.97	88.88	76.04	0	1,420	-18,615	0.00	0.91	-11.93
2154	1	EVELETH-GILBERT	1,563	99,535	99,535	93,907	85,653	63.67	63.67	60.07	54.79	0	-5,628	-13,882	0.00	-3.60	-8.88
2155	1	WADENA-DEER CF	1,390	112,468	112,468	111,912	97,110	80.92	80.92	80.52	69.87	0	-556	-15,358	0.00	-0.40	-11.05
2159	1	BUFFALO LAKE-HE	634	16,777	16,777	10,122	14,109	26.47	26.47	15.97	22.26	0	-6,655	-2,668	0.00	-10.50	-4.21
2164	1	DILWORTH-GLYNC	1,541	20,033	135,611	137,013	117,211	13.00	88.00	88.91	76.06	115,577	116,980	75.00	75.91	63.06	
2165	1	HINCKLEY-FINLAY	1,181	93,348	93,348	92,463	80,575	79.07	79.07	78.32	68.25	0	-885	-12,774	0.00	-0.75	-10.82
2167	1	LAKEVIEW	632	35,586	35,586	32,443	30,559	56.27	56.27	51.30	48.32	0	-3,143	-5,028	0.00	-4.97	-7.95
2168	1	NRHEG	1,112	14,455	97,852	98,863	84,575	13.00	88.00	88.91	76.06	83,396	84,408	75.00	75.91	63.06	
2169	1	MURRAY COUNTY	849	25,084	25,084	16,652	21,187	29.54	29.54	19.61	24.95	0	-8,432	-3,898	0.00	-9.93	-4.59
2170	1	STAPLES-MOTLEY	1,665	138,599	138,599	138,665	119,717	83.24	83.24	83.28	71.90	0	67	-18,882	0.00	0.04	-11.34
2171	1	KITTSON CENTRAI	425	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
2172	1	KENYON-WANAMII	1,046	63,446	63,446	59,097	54,548	60.68	60.68	56.52	52.17	0	-4,350	-8,898	0.00	-4.16	-8.51
2174	1	PINE RIVER-BACKI	1,179	103,699	103,699	104,761	89,628	87.92	87.92	88.82	75.99	0	1,062	-14,071	0.00	0.90	-11.93
2176	1	WARREN-ALVARAI	574	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
2180	1	MACCRAY	921	34,963	34,963	27,265	29,761	37.97	37.97	29.61	32.32	0	-7,698	-5,203	0.00	-8.36	-5.65
2184	1	LIVERNE	1,458	92,588	92,588	87,295	79,669	63.50	63.50	59.87	54.64	0	-5,293	-12,919	0.00	-3.63	-8.86
2190	1	YELLOW MEDICINI	1,231	68,007	68,007	61,641	58,378	55.23	55.23	50.06	47.41	0	-6,366	-9,629	0.00	-5.17	-7.82
2198	1	FILMORE CENTRA	762	43,673	43,673	40,041	37,512	57.35	57.35	52.58	49.26	0	-3,632	-6,161	0.00	-4.77	-8.09
2215	1	NORMAN COUNTY	442	20,676	20,676	17,702	17,688	46.78	46.78	40.05	40.02	0	-2,975	-2,988	0.00	-6.73	-6.76
2310	1	SIBLEY EAST	1,454	108,301	108,301	106,004	93,415	74.50	74.50	72.92	64.26	0	-2,297	-14,886	0.00	-1.58	-10.24
2311	1	CLEARBROOK-GO	620	51,154	51,154	51,092	44,179	82.51	82.51	82.41	71.26	0	-62	-6,975	0.00	-0.10	-11.25
2342	1	WEST CENTRAL AI	949	56,138	56,138	51,923	48,250	59.14	59.14	54.70	50.83	0	-4,215	-7,888	0.00	-4.44	-8.31
2358	1	KARLSTAD-STRAN	306	0	0	0	3,210	0.00	0.00	0.00	10.48	0	0	3,210	0.00	0.00	10.48
2364	1	BELGRADE-BROO	862	24,567	24,567	15,840	20,721	28.49	28.49	18.37	24.03	0	-8,726	-3,846	0.00	-10.12	-4.46
2365	1	G.F.W.	1,000	53,284	53,284	47,752	45,712	53.27	53.27	47.74	45.70	0	-5,531	-7,572	0.00	-5.53	-7.57
2396	1	A.C.G.C.	1,000	33,725	33,725	24,574	28,614	33.72	33.72	24.57	28.61	0	-9,151	-5,111	0.00	-9.15	-5.11
2397	1	LESUEUR-HENDEF	1,530	101,497	101,497	96,753	87,404	66.33	66.33	63.23	57.12	0	-4,744	-14,093	0.00	-3.10	-9.21
2448	1	MARTIN COUNTY	1,008	67,291	67,291	64,236	57,944	66.74	66.74	63.71	57.47	0	-3,055	-9,346	0.00	-3.03	-9.27
2527	1	HALSTAD-HENDRI	369	9,821	9,821	5,952	8,259	26.60	26.60	16.12	22.37	0	-3,869	-1,562	0.00	-10.48	-4.23
2534	1	OLIVIA-BIRD ISLA	986	59,996	59,996	55,934	51,586	60.85	60.85	56.73	52.32	0	-4,062	-8,410	0.00	-4.12	-8.53
2536	1	GRANADA HUNTLE	339	10,199	10,199	6,866	8,619	30.08	30.08	20.25	25.42	0	-3,333	-1,580	0.00	-9.83	-4.66
2580	1	SANDSTONE-ASKC	1,054	90,059	90,059	90,522	77,813	85.46	85.46	85.90	73.84	0	464	-12,245	0.00	0.44	-11.62
2609	1	WIN-E-MAC	592	7,694	52,080	52,619	45,014	13.00	88.00	88.91	76.06	44,387	44,925	73,320	75.00	75.91	63.06
2683	1	GREENBUSH-MIDI	530	16,154	16,154	10,985	13,659	30.50	30.50	20.74	25.79	0	-5,169	-2,495	0.00	-9.76	-4.71
2687	1	HOWARD LAKE-WV	1,183	94,086	94,086	93,317	81,225	79.52	79.52	78.87	68.65	0	-769	-12,861	0.00	-0.65	-10.87
2689	1	PIPESTONE-JASPE	1,445	86,236	86,236	79,963	74,138	59.66	59.66	55.32	51.29	0	-6,273	-12,099	0.00	-4.34	-8.37

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 FY 2006 EQUITY REVENUE; CURRENT LAW VS. THREE OPTIONS

OCT_2004_FOLLOWUP_20050110
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	AMCPU	CURRENT REVENUE	OPTION 1 REVENUE	OPTION 2 REVENUE	OPTION 3 REVENUE	CURRENT REVENUE /AMCPU = B/A	OPTION 1 REVENUE /AMCPU = C/A	OPTION 2 REVENUE /AMCPU = D/A	OPTION 3 REVENUE /AMCPU = E/A	OPTION 1 CHANGE IN REVENUE = C-B	OPTION 2 CHANGE IN REVENUE = D-B	OPTION 3 CHANGE IN REVENUE = E-B	OPTION 1 CHANGE IN REV/PU = G-F	OPTION 2 CHANGE IN REV/PU = H-F	OPTION 3 CHANGE IN REV/PU = I-F
2711 1 MESABI EAST	1,037	80,946	80,946	79,982	69,858	78.04	78.04	77.11	67.35	0	-965	-11,088	0.00	-0.93	-10.69
2752 1 FAIRMONT AREA	2,045	109,029	109,029	97,739	93,526	53.31	53.31	47.79	45.73	0	-11,289	-15,502	0.00	-5.52	-7.58
2753 1 LONG PRAIRIE-GR	1,274	76,019	76,019	70,489	65,354	59.66	59.66	55.32	51.29	0	-5,530	-10,665	0.00	-4.34	-8.37
2754 1 CEDAR MOUNTAIN	457	23,912	23,912	21,306	20,505	52.29	52.29	46.59	44.84	0	-2,607	-3,407	0.00	-5.70	-7.45
2759 1 EAGLE BEND-CLAF	412	7,793	7,793	2,894	6,451	18.93	18.93	7.03	15.67	0	-4,899	-1,342	0.00	-11.90	-3.26
2805 1 ZUMBROTA-MAZEI	1,359	100,411	100,411	98,086	86,587	73.87	73.87	72.16	63.70	0	-2,324	-13,824	0.00	-1.71	-10.17
2835 1 JANESVILLE-WALL	656	40,569	40,569	37,977	34,892	61.82	61.82	57.87	53.17	0	-2,592	-5,676	0.00	-3.95	-8.65
2853 1 MADISON-MARIET	1,245	63,017	63,017	55,520	54,001	50.60	50.60	44.58	43.36	0	-7,497	-9,017	0.00	-6.02	-7.24
2854 1 ADA-BORUP	608	38,821	38,821	36,643	33,407	63.81	63.81	60.23	54.91	0	-2,178	-5,415	0.00	-3.58	-8.90
2856 1 STEPHEN-ARGYLE	420	0	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
2859 1 GLENCOE-SILVER	1,945	77,170	77,170	61,515	65,774	39.68	39.68	31.63	33.82	0	-15,656	-11,397	0.00	-8.05	-5.86
2860 1 BLUE EARTH-DELA	1,488	64,560	64,560	53,606	55,139	43.38	43.38	36.02	37.05	0	-10,953	-9,421	0.00	-7.36	-6.33
2884 1 RED ROCK CENTR	556	13,514	13,514	7,452	11,328	24.30	24.30	13.40	20.37	0	-6,062	-2,186	0.00	-10.90	-3.93
2886 1 GLENVILLE-EMMO	491	10,115	10,115	4,421	8,411	20.59	20.59	9.00	17.12	0	-5,694	-1,705	0.00	-11.59	-3.47
2887 1 MCLEOD WEST SC	564	24,987	24,987	20,934	21,351	44.32	44.32	37.13	37.87	0	-4,054	-3,636	0.00	-7.19	-6.45
2888 1 CLINTON-GRACEV	564	44,518	44,518	44,078	38,423	78.88	78.88	78.10	68.08	0	-440	-6,095	0.00	-0.78	-10.80
2889 1 LAKE PARK-AUDUI	734	39,365	39,365	35,358	33,774	53.65	53.65	48.19	46.03	0	-4,006	-5,591	0.00	-5.46	-7.62
2890 1 DRSH	769	20,554	20,554	12,521	17,295	26.74	26.74	16.29	22.50	0	-8,033	-3,259	0.00	-10.45	-4.24
2895 1 JACKSON COUNTY	1,389	117,432	117,432	117,808	101,442	84.53	84.53	84.80	73.02	0	375	-15,990	0.00	0.27	-11.51
2897 1 REDWOOD AREA	1,651	21,465	145,299	146,801	125,584	13.00	88.00	88.91	76.06	123,834	125,337	104,120	75.00	75.91	63.06
2898 1 WESTBROOK-WAL	607	40,575	40,575	38,755	34,945	66.88	66.88	63.88	57.60	0	-1,820	-5,630	0.00	-3.00	-9.28

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. [AID 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 ~~aid~~ 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~~

1 ~~entire-districts-or-sites-or-to-applications-that-align-measures~~
 2 ~~of-teacher-performance-with-student-academic-achievement-and~~
 3 ~~progress-under-section-120B.357-subdivision-1.~~

4 (b) Alternative compensation aid revenue for a qualifying
 5 school district, or site, or portion of a district or school
 6 site is as follows:

7 (1) ~~for a school district~~ in which the school board and the
 8 exclusive representative of the teachers agree to place all
 9 teachers in the district or at the site on the alternative
 10 compensation schedule, alternative compensation aid revenue
 11 equals \$~~150~~ \$225 times the district's or the site's number of
 12 pupils enrolled on October 1 of the previous fiscal year, ~~or~~

13 (2) ~~for a district in which the school board and the~~
 14 ~~exclusive representative of the teachers agree that at least 25~~
 15 ~~percent of the district's licensed teachers will be paid on the~~
 16 ~~alternative compensation schedule, alternative compensation aid~~
 17 ~~equals \$150 times the percentage of participating teachers times~~
 18 ~~the district's number of pupils enrolled as of October 1 of the~~
 19 ~~previous fiscal year.~~

20 (c) Charter school applications must be submitted by the
 21 chair of the charter school board of directors and must
 22 contain: (1) an agreement that implements an alternative
 23 teacher compensation program consistent with section 122A.414;
 24 (2) a resolution by the charter school board of directors
 25 adopting the agreement; and (3) documentation of a vote of the
 26 teachers showing that at least 70 percent of the teachers
 27 supporting the agreement that implements the alternative teacher
 28 compensation program.

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

32 Sec. 5. Minnesota Statutes 2004, section 122A.415,
 33 subdivision 3, is amended to read:

34 Subd. 3. [AID REVENUE TIMING.] (a) Districts or, school
 35 sites, or charter schools with approved applications must
 36 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) 7 clause~~
 26 ~~(1) 7 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) 7 clause (2) 7 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 ~~2002~~ 2006 is ~~\$37,964.~~ ~~The~~
10 ~~formula allowance for fiscal year 2002 is \$47,068.~~ ~~The formula~~
11 ~~allowance for fiscal year 2003 and subsequent years is~~
12 ~~\$47,601~~ \$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 ~~\$47,601~~ \$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~~, supplemental revenue, transition~~
24 revenue~~, 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 17 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 ~~±8.6~~ 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.107,~~
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.107-subdivision-2, for the current school year to the~~
 34 ~~formula-allowance-pursuant-to-section-126C.107-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 27, for the current school year to the~~
10 ~~formula allowance pursuant to section 126C.107, subdivision 27~~
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 27, 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 ~~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 appropriation 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 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-IIIs) 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 \$1707~~ \$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 ~~\$1,500~~ \$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-IIIs) 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	<u>\$527,768,000</u>	<u>.....</u>	<u>2006</u>
24	<u>\$526,102,000</u>	<u>.....</u>	<u>2007</u>

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	<u>\$2,030,000</u>	<u>.....</u>	<u>2007</u>
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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 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	<u>\$ 818,000</u>	<u>.....</u>	<u>2006</u>
20	<u>\$ 575,000</u>	<u>.....</u>	<u>2007</u>

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	<u>\$25,882,000</u>	<u>.....</u>	<u>2006</u>
28	<u>\$21,769,000</u>	<u>.....</u>	<u>2007</u>

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	<u>\$19,287,000</u>	<u>.....</u>	<u>2006</u>
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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 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 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

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.