

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

S.F. 2994 - K-12 Supplemental Budget Bill - Technical and Conforming (as amended in K-12 Budget Division)

Author: Senator Kelley

Prepared by: Ann Marie Butler, Senate Counsel (651/296-5301)

Shelby Winiecki, Senate Research (651/296-5259)

Date: April 26, 2006

Article 1

General Education

Section 1 [Age Limitations; Pupils.] clarifies the age eligibility for free public schooling to be age 21 until at least one of the following: the first September 1 after the pupil's 21st birthday, completion of graduation requirements, withdrawal from school for more than 21 consecutive days, or the end of the school year.

Section 2 [People to be served.] clarifies the upper age limit as defined in section 1.

Section 3 [Secondary School Programs.] clarifies enrollment eligibility for the pupil defined in section 1.

Section 4 [Part-time Student Fee.] clarifies to whom the board may charge a fee.

Section 5 [Eligible Pupils.] clarifies eligibility for the purposes of participating in the graduation incentives program.

Section 6 [Eligible Programs.] clarifies eligibility for the purposes of enrolling in area learning centers.

Section 7 [Pupil Unit.] clarifies the upper age limit as defined in section 1 for the purposes of

calculating pupil units.

Section 8 [Definitions.] clarifies the definition of high school to mean public and non-charter for the purposes of calculating secondary and elementary sparsity revenue.

Section 9 [Safe Schools Levy.] clarifies that the proceeds of the safe schools levy be reserved prior to their use and removes unnecessary language relating to the school district's levy limitations.

Section 10 [Repealer.] repeals Minnesota Statutes, section 120A.20, subdivision 3 (pupils, at least 21 years of age).

Article 2 Education Excellence

Section 1 [Parent Defined; Residency Determined.] paragraph (e) provides a process to determine a student's residency status if a district reasonably believes the student does not meet the district's residency requirements.

Section 2 [Rigorous course of study; waiver.] allows a student that satisfactorily completes an advanced placement or international baccalaureate course to satisfy the appropriate academic standards.

Section 3 [Benchmarks.]

Subdivision 1 [Benchmarks implement, supplement statewide academic standards.] directs the commissioner to conduct a periodic review of the academic standards, instead of on a four-year cycle.

Subdivision 2 [Revisions and reviews required.] paragraph (a) directs the commissioner to embed technology and information literacy standards into the state's academic standards. Directs the Commissioner to consider alignment of the standards and benchmarks with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

Paragraph (b) directs the commissioner to review the math standards in the 2006-2007 school year and for students to complete the revised standards beginning in the 2010-2011 school year. Requires eighth grade students to complete Algebra I. Requires Algebra II for students scheduled to graduate in the 2014-2015 school year.

Paragraph (c) directs the commissioner to review the arts standards in the 2007-2008 school year.

Paragraph (d) directs the commissioner to review the science standards in the 2008-2009 school year. A student scheduled to graduate in the 2014-2015 school year must

satisfactorily complete a chemistry or physics credit.

Paragraph (e) directs the commissioner to review the language arts standards in the 2009-2010 school year.

Paragraph (f) directs the commissioner to review the social studies standards in the 2010-2011 school year.

Paragraph (g) directs school districts and charter schools to review their local standards in health, physical education, world languages, and career and technical education in a school year determined by the district or charter school.

Effective Date: Makes this section effective immediately.

Section 4 [Graduation Requirements; Course Credits; Student Transfers.] requires students graduating in the 2014-2015 school year to complete Algebra II. Requires a high school student to take one credit in either chemistry or physics, beginning in the 2011-2012 school year. Directs school districts, area learning centers, and charter school to establish a process for transferring completed credit requirements.

Effective Date: Makes this section effective immediately.

Section 5 [Teacher and Support Personnel Qualifications.] requires teacher preparation programs to include technology and information literacy standards in the common core of teaching knowledge. The Board of Teaching must conduct a review of all standards of effective practice for teachers beginning in the 2007-2008 school year.

Effective Date: Makes this section effective immediately.

Section 6 [Online Learning Parameters.] allows a student with disabilities to enroll in an online learning course or program without a predetermination by the student's IEP team.

Section 7 [On-Line Learning Aid.] updates the aid payment percentage for the online learning program.

Section 8 [Transportation.] clarifies that a charter school must notify the school district whether or not it will be using the transportation services of the school district in which it is located.

Section 9 [Payment of Aids to Charter Schools.] updates the aid payment percentages for charter schools and allows for the return of state aids if a charter school closes.

Section 10 [General Requirements for Programs.] establishes minimal components for programs serving Limited English Proficiency (LEP) students.

Section 11 [Examination Fees; Teacher Training and Support Programs.] provides

flexibility in administering the Advanced Placement/International Baccalaureate programs so unused teacher training funding may be used for exam fees.

Effective Date: Makes this section effective immediately.

Section 12 [2006 School Accountability Report.] allows the department to delay posting the 2006 school performance reports cards and adequate yearly progress data until no later than November 30, 2006.

Article 3 Special Education

Section 1 [Approval of education programs.] removes outdated and unnecessary citations and clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

Section 2 [Responsibilities for Providing Education.] removes redundant language stating that placement in a licensed facility does not alter a student's eligibility for special education.

Section 3 [Education Programs for Students Placed in Licensed Facilities.] clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed facilities.

Section 4 [Exit Report Summarizing Education Progress.] clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

Section 5 [Minimum Education Services Required.] clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

Section 6 [Reimbursement for Education Services.] clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

Section 7 [Students Unable to Attend School But Not Covered Under This Section.] clarifies that students who are unable to attend school for 15 or more days due to accident or illness are entitled to education services set forth in Minnesota Rule 3525.2325.

Section 8 [Advisory Committees.] requires that the advisory committee submit an annual report in a form prescribed by the commissioner. Authorizes the department, rather than the Special Education Advisory Council, to establish an advisory committee for each resource center.

Section 9 [Travel Aid.] clarifies that district reimbursement for necessary travel and personnel is defined as a mileage reimbursement rather than the capital cost of vehicles purchased or leased

for use of essential personnel providing home-based services.

Section 10 [Department of Education Rules.] requires the department to amend rules to conform with the care and treatment facilities language changes.

Section 11 [Repealer.] repeals the definition of care and treatment placement.

**Article 4
Facilities, Technology and Accounting**

Section 1 [Errors in Distribution.] provides the department with additional authority to correct for errors in the distribution of school district aid.

**Article 5
State Agency**

Section 1 [Out-of-State Admissions.] conforms the law to reflect how the State Academies categorize the tuition received from other states as special revenue. This section is retroactive to fiscal year 2001.

**Article 6
Forecast**

Makes changes to the fiscal years 2006 and 2007 appropriations consistent with the February forecast.

**Article 7
Technical and Conforming Amendments**

Section 1 [Adopting Policies.] makes a technical correction.

Section 2 [Requirements for Immunization Statements.] deletes obsolete language.

Section 3 [Agreement.] makes a technical correction.

Section 4 [Governance.] makes a technical correction.

Section 5 [Equity Revenue.] makes a technical correction.

Section 6 [Definitions.] makes a technical correction.

AMB:SEW:mvm

Consolidated Fiscal Note – 2005-06 Session

Bill #: S2994-0 (R) **Complete Date:** 04/03/06

Chief Author: KELLEY, STEVE

Title: MISC EDUCATION PROVISIONS MODIFIED

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Education Department (04/03/06)

MN State Academies (03/27/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund			20		
Education Department			20		
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			20		
Education Department			20		
Total Cost <Savings> to the State			20		

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES

Date: 04/03/06 Phone: 296-8674

Fiscal Note – 2005-06 Session

Bill #: S2994-0 (R) **Complete Date:** 04/03/06

Chief Author: KELLEY, STEVE

Title: MISC EDUCATION PROVISIONS MODIFIED

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			20		
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			20		
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			20		
Total Cost <Savings> to the State			20		

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

The bill makes technical changes to clarify and to reflect current practices, correct errors in laws, make minor amendments to selected statutes, align state statutes with changes in federal education laws, and clarify and resolve conflict between state laws and state rules.

Section 8, Board of School Administrators; Rulemaking Authority provides rulemaking authority to reflect changes in duties, responsibilities and roles of administrators. Due to a misunderstanding, this item has a state cost.

Assumptions

The changes in the bill are primarily technical in nature.

Section 8 costs of rulemaking are due to a misunderstanding of how costs are budgeted. It was the intention of the Board of School Administrators is to use current general fund budgeted appropriation to cover the cost.

The Governor supports allowing BOSA to absorb these rulemaking costs within its current appropriation. However, for purposes of this fiscal note, the costs are shown.

Expenditure and/or Revenue Formula

BOSA Rulemaking \$20,000

Long-Term Fiscal Considerations

The changes would be permanent.

Local Government Costs

The technical and clarifying changes do not have a local impact.

References/Sources

Agency Contact Name: Bulger, John 651-582-8781
FN Coord Signature: AUDREY BOMSTAD
Date: 04/03/06 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 04/03/06 Phone: 296-8674

Fiscal Note – 2005-06 Session

Bill #: S2994-0 (R) **Complete Date:** 03/27/06

Chief Author: KELLEY, STEVE

Title: MISC EDUCATION PROVISIONS MODIFIED

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: MN State Academies

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

This bill version has no fiscal effect on our agency.

FN Coord Signature: TOM SCHOENBAUER
Date: 03/27/06 Phone: 332-5420

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/27/06 Phone: 296-8674

A bill for an act

1.2 relating to education; providing for prekindergarten through grade 12 education,
1.3 including education excellence, education funding, and special programs;
1.4 authorizing rulemaking; appropriating money; amending Minnesota Statutes
1.5 2004, sections 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023;
1.6 120B.024; 121A.035; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31,
1.7 subdivision 1, by adding a subdivision; 123B.77, subdivision 3, by adding
1.8 a subdivision; 123B.90, subdivision 2; 123B.91, by adding a subdivision;
1.9 124D.095, subdivision 3; 124D.10, subdivision 16; 124D.61; 125A.02,
1.10 subdivision 1; 125A.27, subdivision 11; 125A.29; 125A.30; 125A.32; 125A.33;
1.11 125A.48; 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.63, subdivision 4;
1.12 125A.75, subdivision 1, by adding a subdivision; 169.01, subdivision 6; 169.447,
1.13 subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503,
1.14 subdivision 20; 171.321, subdivisions 4, 5; 299F.30; 626.556, subdivisions 3b,
1.15 3c; Minnesota Statutes 2005 Supplement, sections 120B.021, subdivision 1a;
1.16 120B.131, subdivision 2; 122A.414, subdivisions 2b, 3; 123B.92, subdivisions
7 1, 5; 124D.095, subdivision 4; 125A.11, subdivision 1; 125A.28; 126C.17,
1.18 subdivision 9; 626.556, subdivision 3; Laws 2005, First Special Session chapter
1.19 5, article 2, section 84, subdivision 13; proposing coding for new law in
1.20 Minnesota Statutes, chapters 120B; 121A; 122A; 124D; repealing Minnesota
1.21 Statutes 2004, sections 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2;
1.22 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

1.24 **ARTICLE 1**

1.25 **EDUCATION EXCELLENCE**

1.26 Section 1. Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to
1.27 read:

Subd. 3. **Parent defined; residency determined.** (a) In this section and sections
1.29 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal
1.30 custody of a child.

2.1 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,
2.2 or other person having legal custody of a child under age 18. For an unmarried pupil age
2.3 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,
2.4 in which case it means the guardian or conservator.

2.5 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of
2.6 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and
2.7 who is placed in a center for care and treatment, shall be the school district in which the
2.8 pupil's biological or adoptive parent or designated guardian resides.

2.9 (d) For a married pupil age 18 or over, the school district of residence is the school
2.10 district in which the married pupil resides.

2.11 (e) If a district reasonably believes that a student does not meet the residency
2.12 requirements of the school district in which the student is attending school, the student
2.13 may be removed from the school only after the district sends the student's parents written
2.14 notice of the district's belief, including the facts upon which the belief is based, and an
2.15 opportunity to provide documentary evidence of residency in person to the superintendent
2.16 or designee, or, at the option of the parents, by sending the documentary evidence to the
2.17 superintendent, or a designee, who will then make a determination as to the residency
2.18 status of the student.

2.19 Sec. 2. Minnesota Statutes 2004, section 120B.021, subdivision 1, is amended to read:

2.20 Subdivision 1. **Required academic standards.** The following subject areas are
2.21 required for statewide accountability:

2.22 (1) language arts;

2.23 (2) mathematics;

2.24 (3) science;

2.25 (4) social studies, including history, geography, economics, and government and
2.26 citizenship;

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

2.29 (6) the arts, for which statewide or locally developed academic standards apply, as
2.30 determined by the school district. Public elementary and middle schools must offer at least
2.31 three and require at least two of the following four arts areas: dance; music; theater; and
2.32 visual arts. Public high schools must offer at least three and require at least one of the
2.33 following five arts areas: media arts; dance; music; theater; and visual arts.

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

3.1 For purposes of applicable federal law, the academic standards for language arts,
3.2 mathematics, and science apply to all public school students, except the very few students
3.3 with extreme cognitive or physical impairments for whom an individualized education
3.4 plan team has determined that the required academic standards are inappropriate.
3.5 An individualized education plan team that makes this determination must establish
3.6 alternative standards.

3.7 A school district, no later than the 2007-2008 school year, must adopt graduation
3.8 requirements that meet or exceed state graduation requirements established in law or
3.9 rule. A school district that incorporates these state graduation requirements before the
3.10 2007-2008 school year must provide students who enter the 9th grade in or before
3.11 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
3.12 established graduation requirements in effect when the students entered the 9th grade.
3.13 District efforts to develop, implement, or improve instruction or curriculum as a result
3.14 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
3.15 and 120B.20.

3.16 At a minimum, school districts must maintain the same physical education and
3.17 health education requirements for students in kindergarten through grade 8 adopted for the
3.18 2005-2006 school year through the 2008-2009 school year. Before a revision of the local
3.19 health and physical education standards, a school district must consult the grade-specific
3.20 benchmarks developed by the Department of Education's health and physical education
3.21 quality teaching network for the six national physical education standards and the seven
3.22 national health standards.

3.23 The commissioner must include the contributions of Minnesota American Indian
3.24 tribes and communities as they relate to each of the academic standards during the review
3.25 and revision of the required academic standards.

3.26 Sec. 3. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,
3.27 is amended to read:

3.28 Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's
3.29 application signed by the student's parent or guardian, a school district, area learning
3.30 center, or charter school must declare that a student meets or exceeds a specific academic
3.31 standard required for graduation under this section if the local school board, the school
3.32 board of the school district in which the area learning center is located, or the charter
3.33 school board of directors determines that the student:

3.34 (1) is participating in a course of study, including an advanced placement or
3.35 international baccalaureate course or program; a learning opportunity outside the

4.1 curriculum of the district, area learning center, or charter school; or an approved
4.2 preparatory program for employment or postsecondary education that is equally or more
4.3 rigorous than the corresponding state or local academic standard required by the district,
4.4 area learning center, or charter school;

4.5 (2) would be precluded from participating in the rigorous course of study, learning
4.6 opportunity, or preparatory employment or postsecondary education program if the student
4.7 were required to achieve the academic standard to be waived; and

4.8 (3) satisfactorily completes the requirements for the rigorous course of study,
4.9 learning opportunity, or preparatory employment or postsecondary education program.

4.10 Consistent with the requirements of this section, the local school board, the school board
4.11 of the school district in which the area learning center is located, or the charter school
4.12 board of directors also may formally determine other circumstances in which to declare
4.13 that a student meets or exceeds a specific academic standard that the site requires for
4.14 graduation under this section.

4.15 (b) A student who satisfactorily completes a postsecondary enrollment options
4.16 course or program under section 124D.09, or an advanced placement or international
4.17 baccalaureate course or program under section 120B.13 is not required to complete other
4.18 requirements of the academic standards corresponding to that specific rigorous course
4.19 of study.

4.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.21 Sec. 4. Minnesota Statutes 2004, section 120B.023, is amended to read:

4.22 **120B.023 BENCHMARKS.**

4.23 **Subdivision 1. Benchmarks implement, supplement statewide academic**
4.24 **standards.** (a) The commissioner must supplement required state academic standards with
4.25 grade-level benchmarks. High school benchmarks may cover more than one grade. The
4.26 benchmarks must implement statewide academic standards by specifying the academic
4.27 knowledge and skills that schools must offer and students must achieve to satisfactorily
4.28 complete a state standard. The commissioner must publish benchmarks ~~are published~~ to
4.29 inform and guide parents, teachers, school districts, and other interested persons and for to
4.30 use in developing tests consistent with the benchmarks.

4.31 (b) The commissioner shall publish benchmarks in the State Register and transmit
4.32 the benchmarks in any other manner that makes them accessible to the general public. The
4.33 commissioner may charge a reasonable fee for publications.

5.1 (c) Once established, the commissioner may change the benchmarks only with
5.2 specific legislative authorization and after completing a review under ~~paragraph (d)~~
5.3 subdivision 2.

5.4 (d) The commissioner must develop and implement a system for reviewing ~~on~~
5.5 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and
5.6 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent
5.7 with subdivision 2.

5.8 (e) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

5.9 Subd. 2. Revisions and reviews required. (a) The education commissioner must
5.10 revise and appropriately embed technology and information literacy standards consistent
5.11 with recommendations from school media specialists into the state's academic standards
5.12 and graduation requirements and implement a review cycle for state academic standards
5.13 and related benchmarks, consistent with this subdivision. During each review cycle, the
5.14 commissioner also must examine the alignment of each required academic standard and
5.15 related benchmark with the knowledge and skills students need for college readiness and
5.16 advanced work in the particular subject area.

5.17 (b) The commissioner in the 2006-2007 school year must revise and align the state's
5.18 academic standards and high school graduation requirements in mathematics to require
5.19 that students satisfactorily complete the revised mathematics standards, beginning in the
5.20 2010-2011 school year. Under the revised standards:

5.21 (1) students must satisfactorily complete an algebra I credit by the end of eighth
5.22 grade; and

5.23 (2) students scheduled to graduate in the 2014-2015 school year or later must
5.24 satisfactorily complete an algebra II credit or its equivalent.

5.25 The commissioner also must ensure that the statewide mathematics assessments
5.26 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school
5.27 year are aligned with the state academic standards in mathematics. The statewide 11th
5.28 grade math test administered to students under clause (2) beginning in the 2013-2014
5.29 school year must include algebra II test items that are aligned with corresponding state
5.30 academic standards in mathematics. The commissioner must implement a review of the
5.31 academic standards and related benchmarks in mathematics beginning in the 2015-2016
5.32 school year.

5.33 (c) The commissioner in the 2007-2008 school year must revise and align the state's
5.34 academic standards and high school graduation requirements in the arts to require that
5.35 students satisfactorily complete the revised arts standards beginning in the 2010-2011

6.1 school year. The commissioner must implement a review of the academic standards and
6.2 related benchmarks in arts beginning in the 2016-2017 school year.

6.3 (d) The commissioner in the 2008-2009 school year must revise and align the state's
6.4 academic standards and high school graduation requirements in science to require that
6.5 students satisfactorily complete the revised science standards, beginning in the 2011-2012
6.6 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
6.7 school year or later must satisfactorily complete a chemistry or physics credit. The
6.8 commissioner must implement a review of the academic standards and related benchmarks
6.9 in science beginning in the 2017-2018 school year.

6.10 (e) The commissioner in the 2009-2010 school year must revise and align the state's
6.11 academic standards and high school graduation requirements in language arts to require
6.12 that students satisfactorily complete the revised language arts standards beginning in the
6.13 2012-2013 school year. The commissioner must implement a review of the academic
6.14 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

6.15 (f) The commissioner in the 2010-2011 school year must revise and align the state's
6.16 academic standards and high school graduation requirements in social studies to require
6.17 that students satisfactorily complete the revised social studies standards beginning in the
6.18 2013-2014 school year. The commissioner must implement a review of the academic
6.19 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

6.20 (g) School districts and charter schools must revise and align local academic
6.21 standards and high school graduation requirements in health, physical education, world
6.22 languages and career and technical education to require students to complete the revised
6.23 standards beginning in a school year determined by the school district or charter school.
6.24 School districts and charter schools must formally establish a periodic review cycle for the
6.25 academic standards and related benchmarks in health, physical education, world languages
6.26 and career and technical education.

6.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.28 Sec. 5. Minnesota Statutes 2004, section 120B.024, is amended to read:

6.29 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**
6.30 **STUDENT TRANSFERS.**

6.31 (a) Students beginning 9th grade in the 2004-2005 school year and later must
6.32 successfully complete the following high school level course credits for graduation:

6.33 (1) four credits of language arts;

7.1 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
7.2 and probability sufficient to satisfy the academic standard and beginning the 2010-2011
7.3 school year for students scheduled to graduate in the 2014-2015 school year or later, one
7.4 algebra II credit or its equivalent;

7.5 (3) three credits of science, including at least one credit in biology and for the
7.6 2011-2012 school year and later, one credit in chemistry or physics;

7.7 (4) three and one-half credits of social studies, encompassing at least United
7.8 States history, geography, government and citizenship, world history, and economics or
7.9 three credits of social studies encompassing at least United States history, geography,
7.10 government and citizenship, and world history, and one-half credit of economics taught in
7.11 a school's social studies, agriculture education, or business department;

7.12 (5) one credit in the arts; ~~and~~

7.13 (6) one-half credit in physical education and one-half credit in health education; and

7.14 (7) a minimum of ~~seven~~ six elective course credits.

7.15 (b) A course credit is equivalent to a student successfully completing an academic
7.16 year of study or a student mastering the applicable subject matter, as determined by the
7.17 local school district.

7.18 (c) An agriculture science course may fulfill a science credit requirement under
7.19 this section.

7.20 (d) A district, area learning center, and charter school must establish processes by
7.21 which to transfer as completed:

7.22 (1) those course credit requirements that other school sites within the district or
7.23 other public schools verify on transcripts as completed; and

7.24 (2) the work that educational institutions outside the state accept for completing the
7.25 equivalent of course credit requirements and verify on transcripts as completed.

7.26 **EFFECTIVE DATE. This section is effective the day following final enactment.**

7.27 Sec. 6. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is
7.28 amended to read:

7.29 Subd. 2. **Reimbursement for examination fees.** The state may reimburse
7.30 college-level examination program (CLEP) fees for a Minnesota public or nonpublic
7.31 high school student who has successfully completed one or more college-level courses
7.32 in high school ~~and earned a satisfactory score on one or more CLEP examinations in the~~
7.33 subject matter of each examination in the following subjects: composition and literature,
7.34 mathematics and science, social sciences and history, foreign languages, and business and
7.35 humanities. The state may reimburse each ~~successful~~ student for up to six examination

8.1 fees. The commissioner shall establish application procedures and a process and schedule
8.2 for fee reimbursements. The commissioner must give priority to reimburse the CLEP
8.3 examination fees of students of low-income families.

8.4 **Sec. 7. [121A.02] SCHOOL SAFETY.**

8.5 **Subdivision 1. School safety advisory council.** A School Safety Advisory Council
8.6 is established under section 15.059. The advisory council is composed of 12 members
8.7 representing law enforcement agencies, mental health services, substance abuse services,
8.8 faith communities, school administrators, students, and school athletic departments and
8.9 extracurricular organizations. The members of the council shall be appointed by the
8.10 commissioner and must be from geographically diverse regions of the state.

8.11 **Subd. 2. Duties.** The advisory council shall advise the commissioner on issues
8.12 related to school safety. The advisory council, in cooperation with the commissioner,
8.13 shall make recommendations for the creation of a Center for School Safety for the state
8.14 that serves as the central point for the collection and dissemination of information about
8.15 successful school safety programs, provide services to schools to assess current school
8.16 environments, and provide materials, training, and technical assistance.

8.17 **Subd. 3. Center for school safety.** Consistent with the recommendations of
8.18 the advisory council, the commissioner shall establish the Center for School Safety.
8.19 The advisory council shall continue to advise the commissioner and the center on its
8.20 operations. The Center for School Safety shall, at a minimum:

- 8.21 (1) establish a clearinghouse for information and materials concerning school safety;
8.22 (2) provide safe school assessments;
8.23 (3) provide training and technical assistance customized to individual school needs
8.24 for school staff, students, and parents;
8.25 (4) provide services to enhance school climate;
8.26 (5) coordinate school efforts with the broader community; and
8.27 (6) evaluate and report on the implementation and effectiveness of the services
8.28 provided by the center.

8.29 Sec. 8. Minnesota Statutes 2004, section 121A.035, is amended to read:

8.30 **121A.035 CRISIS MANAGEMENT POLICY.**

8.31 **Subdivision 1. Model policy.** ~~By December 1, 1999,~~ The commissioner shall
8.32 maintain and make available to school boards and charter schools a model crisis
8.33 management policy that includes, among other items, school lock-down and tornado drills,
8.34 consistent with subdivision 2, and school fire drills under section 299F.30.

9.1 Subd. 2. School district and charter school policy. ~~By July 1, 2000,~~ A school
9.2 board and a charter school must adopt a ~~district~~ crisis management policy to address
9.3 potential violent crisis situations in the district or charter school. The policy must be
9.4 developed ~~in consultation~~ cooperatively with administrators, teachers, employees,
9.5 students, parents, community members, law enforcement agencies, other emergency
9.6 management officials, county attorney offices, social service agencies, emergency medical
9.7 responders, and any other appropriate individuals or organizations. The policy must
9.8 include at least five school lock-down drills, five school fire drills consistent with section
9.9 299F.30, and one tornado drill.

9.10 EFFECTIVE DATE. This section is effective for the 2006-2007 school year and
9.11 later.

9.12 Sec. 9. [121A.231] COMPREHENSIVE FAMILY LIFE AND SEXUALITY
9.13 EDUCATION PROGRAMS.

9.14 Subdivision 1. Definitions. (a) "Comprehensive family life and sexuality education"
9.15 means education in grades 7 through 12 that:

9.16 (1) respects community values and encourages family communication;

9.17 (2) develops skills in communication, decision making, and conflict resolution;

9.18 (3) contributes to healthy relationships;

9.19 (4) provides human development and sexuality education that is age appropriate
9.20 and medically accurate;

9.21 (5) includes an abstinence-first approach to delaying initiation of sexual activity that
9.22 emphasizes abstinence while also including education about the use of protection and
9.23 contraception; and

9.24 (6) promotes individual responsibility.

9.25 (b) "Age appropriate" refers to topics, messages, and teaching methods suitable to
9.26 particular ages or age groups of children and adolescents, based on developing cognitive,
9.27 emotional, and behavioral capacity typical for the age or age group.

9.28 (c) "Medically accurate" means verified or supported by research conducted in
9.29 compliance with scientific methods and published in peer-reviewed journals, where
9.30 appropriate, and recognized as accurate and objective by professional organizations
9.31 and agencies in the relevant field, such as the federal Centers for Disease Control
9.32 and Prevention, the American Public Health Association, the American Academy of
9.33 Pediatrics, or the American College of Obstetricians and Gynecologists.

9.34 Subd. 2. Curriculum requirements. (a) A school district may offer and may
9.35 independently establish policies, procedures, curriculum, and services for providing

10.1 comprehensive family life and sexuality education that is age appropriate and medically
10.2 accurate for kindergarten through grade 6.

10.3 (b) A school district must offer and may independently establish policies, procedures,
10.4 curriculum, and services for providing comprehensive family life and sexuality education
10.5 that is age appropriate and medically accurate for grades 7 through 12.

10.6 Subd. 3. Notice and parental options. (a) It is the legislature's intent to encourage
10.7 pupils to communicate with their parents or guardians about human sexuality and to respect
10.8 rights of parents or guardians to supervise their children's education on these subjects.

10.9 (b) Parents or guardians may excuse their children from all or part of a
10.10 comprehensive family life and sexuality education program.

10.11 (c) A school district must establish procedures for providing parents or guardians
10.12 reasonable notice with the following information:

10.13 (1) if the district is offering a comprehensive family life and sexuality education
10.14 program to the parents' or guardians' child during the course of the year;

10.15 (2) how the parents or guardians may inspect the written and audio/visual
10.16 educational materials used in the program and the process for inspection;

10.17 (3) if the program is presented by school district personnel or outside consultants,
10.18 and if outside consultants are used, who they may be; and

10.19 (4) parents' or guardians' right to choose not to have their child participate in the
10.20 program and the procedure for exercising that right.

10.21 (d) A school district must establish procedures for reasonably restricting the
10.22 availability of written and audio/visual educational materials from public view of students
10.23 who have been excused from all or part of a comprehensive family life and sexuality
10.24 education program at the request of a parent or guardian.

10.25 Subd. 4. Assistance to school districts. (a) The Department of Education may
10.26 offer services to school districts to help them implement effective comprehensive family
10.27 life and sexuality education programs. In providing these services, the department may
10.28 contract with a school district, or a school district in partnership with a local health agency
10.29 or a nonprofit organization, to establish up to eight regional training sites, taking into
10.30 account geographical balance, to provide:

10.31 (1) training for teachers, parents, and community members in the development of
10.32 comprehensive family life and sexuality education curriculum or services and in planning
10.33 for monitoring and evaluation activities;

10.34 (2) resource staff persons to provide expert training, curriculum development and
10.35 implementation, and evaluation services;

- 11.1 (3) technical assistance to promote and coordinate community, parent, and youth
11.2 forums in communities identified as having high needs for comprehensive family life
11.3 and sexuality education;
- 11.4 (4) technical assistance for issue management and policy development training for
11.5 school boards, superintendents, principals, and administrators across the state; and
- 11.6 (5) funding for grants to school-based comprehensive family life and sexuality
11.7 education programs to promote innovation and to recognize outstanding performance and
11.8 promote replication of demonstrably effective strategies.
- 11.9 (b) Technical assistance provided by the department to school districts or regional
11.10 training sites may:
- 11.11 (1) promote instruction and use of materials that are age appropriate;
11.12 (2) provide information that is medically accurate and objective;
11.13 (3) provide instruction and promote use of materials that are respectful of marriage
11.14 and commitments in relationships;
- 11.15 (4) provide instruction and promote use of materials that are appropriate for use
11.16 with pupils and family experiences based on race, gender, sexual orientation, ethnic
11.17 and cultural background, and appropriately accommodate alternative learning based on
11.18 language or disability;
- 11.19 (5) provide instruction and promote use of materials that encourage pupils to
11.20 communicate with their parents or guardians about human sexuality;
- 11.21 (6) provide instruction and promote use of age-appropriate materials that teach
11.22 abstinence from sexual intercourse as the only certain way to prevent unintended
11.23 pregnancy or sexually transmitted infections, including HIV, and provide information
11.24 about the role and value of abstinence while also providing medically accurate information
11.25 on other methods of preventing and reducing risk for unintended pregnancy and sexually
11.26 transmitted infections;
- 11.27 (7) provide instruction and promote use of age-appropriate materials that are
11.28 medically accurate in explaining transmission modes, risks, symptoms, and treatments for
11.29 sexually transmitted infections, including HIV;
- 11.30 (8) provide instruction and promote use of age-appropriate materials that address
11.31 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted
11.32 infections, including HIV, in an age-appropriate manner;
- 11.33 (9) provide instruction and promote use of age-appropriate materials that provide
11.34 information about the effectiveness and safety of all FDA-approved methods for
11.35 preventing and reducing risk for unintended pregnancy and sexually transmitted
11.36 infections, including HIV;

12.1 (10) provide instruction and promote use of age-appropriate materials that provide
12.2 instruction in skills for making and implementing responsible decisions about sexuality;

12.3 (11) provide instruction and promote use of age-appropriate materials that provide
12.4 instruction in skills for making and implementing responsible decisions about finding and
12.5 using health services; and

12.6 (12) provide instruction and promote use of age-appropriate materials that do not
12.7 teach or promote religious doctrine nor reflect or promote bias against any person on the
12.8 basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

12.9 Sec. 10. Minnesota Statutes 2004, section 122A.09, subdivision 4, is amended to read:

12.10 Subd. 4. **License and rules.** (a) The board must adopt rules to license public school
12.11 teachers and interns subject to chapter 14.

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

12.18 (c) The board must adopt rules to approve teacher preparation programs. The board,
12.19 upon the request of a postsecondary student preparing for teacher licensure or a licensed
12.20 graduate of a teacher preparation program, shall assist in resolving a dispute between the
12.21 person and a postsecondary institution providing a teacher preparation program when the
12.22 dispute involves an institution's recommendation for licensure affecting the person or the
12.23 person's credentials. At the board's discretion, assistance may include the application
12.24 of chapter 14.

12.25 (d) The board must provide the leadership and shall adopt rules for the redesign of
12.26 teacher education programs to implement a research based, results-oriented curriculum that
12.27 focuses on the skills teachers need in order to be effective. The board shall implement new
12.28 systems of teacher preparation program evaluation to assure program effectiveness based
12.29 on proficiency of graduates in demonstrating attainment of program outcomes. The board
12.30 must require that persons enrolled in a teacher preparation program receive instruction
12.31 in historical and cultural competencies related to Minnesota American Indian tribes and
12.32 communities and their contributions to Minnesota, consistent with sections 124D.71 to
12.33 124D.82. The competencies related to Minnesota American Indian tribes and communities
12.34 must include, among other components, standards for instructional practices most effective
12.35 for successfully teaching elementary and secondary American Indian students.

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

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

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

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

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

13.14 (j) The board must grant life licenses to those who qualify according to requirements
13.15 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and
13.16 214.10. The board must not establish any expiration date for application for life licenses.

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

13.22 (l) In adopting rules to license public school teachers who provide health-related
13.23 services for disabled children, the board shall adopt rules consistent with license or
13.24 registration requirements of the commissioner of health and the health-related boards who
13.25 license personnel who perform similar services outside of the school.

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

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

14.1 (o) The board must adopt rules to include instruction and other development
14.2 activities to improve the understanding and effective instruction of and communication
14.3 with Minnesota American Indian tribes and communities, consistent with paragraph (d)
14.4 and sections 124D.71 to 124D.82, in the 125 clock hours of professional development that
14.5 teachers must complete to renew their professional teaching license.

14.6 EFFECTIVE DATE. This section is effective for the 2006-2007 school year and
14.7 later.

14.8 Sec. 11. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 2b,
14.9 is amended to read:

14.10 Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section
14.11 and sections 122A.413 and 122A.415, the department must prepare and transmit to
14.12 interested school districts, intermediate school districts, school sites, and charter schools
14.13 a standard form for applying to participate in the alternative teacher professional pay
14.14 system. An interested school district, intermediate school district, school site, or charter
14.15 school must submit to the commissioner a completed application executed by the district
14.16 superintendent and the exclusive bargaining representative of the teachers if the applicant
14.17 is a school district, intermediate school district, or school site, or executed by the charter
14.18 school board of directors if the applicant is a charter school. The application must include
14.19 the proposed alternative teacher professional pay system agreement under subdivision
14.20 2. The department must convene a review committee that at least includes teachers and
14.21 administrators within 30 days of receiving a completed application to recommend to
14.22 the commissioner whether to approve or disapprove the application. The commissioner
14.23 must approve applications on a first-come, first-served basis. The applicant's alternative
14.24 teacher professional pay system agreement must be legally binding on the applicant
14.25 and the collective bargaining representative before the applicant receives alternative
14.26 compensation revenue. The commissioner must approve or disapprove an application
14.27 based solely on the explicit requirements under subdivisions 2 and 2a and may not impose
14.28 any other conditions for approval.

14.29 (b) If the commissioner disapproves an application, the commissioner must give the
14.30 applicant timely notice of the specific reasons in detail for disapproving the application.
14.31 The applicant may revise and resubmit its application and related documents to the
14.32 commissioner within 30 days of receiving notice of the commissioner's disapproval and
14.33 the commissioner must approve or disapprove the revised application, consistent with this
14.34 subdivision. Applications that are revised and then approved are considered submitted on
14.35 the date the applicant initially submitted the application.

15.1 Sec. 12. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 3,
15.2 is amended to read:

15.3 Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate
15.4 school districts, school sites, and charter schools must report on the implementation and
15.5 effectiveness of the alternative teacher professional pay system, particularly addressing
15.6 each requirement under subdivision 2 and make annual recommendations by June 15 to
15.7 their school boards. The school board or board of directors shall transmit a copy of the
15.8 report with a summary of the findings and recommendations of the district, intermediate
15.9 school district, school site, or charter school to the commissioner.

15.10 (b) If the commissioner determines that a school district, intermediate school district,
15.11 school site, or charter school that receives alternative teacher compensation revenue is not
15.12 complying with the requirements of this section, the commissioner may withhold funding
15.13 from that participant. Before making the determination, the commissioner must notify the
15.14 participant of any deficiencies and provide the participant an opportunity to comply.

15.15 (c) The commissioner's review and evaluation of an alternative teacher professional
15.16 pay system must be judged relative to the participant's approved plan and may not impose
15.17 any criteria other than are contained in the plan or the explicit requirements of this section.

15.18 Sec. 13. Minnesota Statutes 2004, section 123B.90, subdivision 2, is amended to read:

15.19 Subd. 2. **Student training.** (a) Each district must provide public school pupils
15.20 enrolled in kindergarten through grade 10 with age-appropriate school bus safety training,
15.21 as described in this section, of the following concepts:

- 15.22 (1) transportation by school bus is a privilege and not a right;
15.23 (2) district policies for student conduct and school bus safety;
15.24 (3) appropriate conduct while on the school bus;
15.25 (4) the danger zones surrounding a school bus;
15.26 (5) procedures for safely boarding and leaving a school bus;
15.27 (6) procedures for safe street or road crossing; and
15.28 (7) school bus evacuation.

15.29 (b) Each nonpublic school located within the district must provide all nonpublic
15.30 school pupils enrolled in kindergarten through grade 10 who are transported by school
15.31 bus at public expense and attend school within the district's boundaries with training as
32 required in paragraph (a).

15.33 (c) Students enrolled in kindergarten through grade 6 who are transported by school
15.34 bus and are enrolled during the first or second week of school must receive the school bus
15.35 safety training competencies by the end of the third week of school. Students enrolled in

16.1 grades 7 through 10 who are transported by school bus and are enrolled during the first or
16.2 second week of school and have not previously received school bus safety training must
16.3 receive the training or receive bus safety instructional materials by the end of the sixth
16.4 week of school. ~~Students taking driver's training instructional classes and other students in~~
16.5 ~~grades 9 and~~ grade 9 or 10 must receive training in the laws and proper procedures when
16.6 operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten
16.7 through grade 10 who enroll in a school after the second week of school and are
16.8 transported by school bus and have not received training in their previous school district
16.9 shall undergo school bus safety training or receive bus safety instructional materials
16.10 within four weeks of the first day of attendance. Upon request of the superintendent
16.11 of schools, the school transportation safety director in each district must certify to the
16.12 superintendent ~~of schools annually~~ that all students transported by school bus within
16.13 the district have received the school bus safety training according to this section. Upon
16.14 request of the superintendent of the school district where the nonpublic school is located,
16.15 the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to
16.16 the school transportation safety director of the district in which the school is located that
16.17 the school's students transported by school bus at public expense have received training
16.18 according to this section.

16.19 (d) A district and a nonpublic school with students transported by school bus at
16.20 public expense may provide kindergarten pupils with bus safety training before the first
16.21 day of school.

16.22 (e) A district and a nonpublic school with students transported by school bus at
16.23 public expense may also provide student safety education for bicycling and pedestrian
16.24 safety, for students enrolled in kindergarten through grade 5.

16.25 (f) A district and a nonpublic school with students transported by school bus at
16.26 public expense must make reasonable accommodations for the school bus safety training
16.27 of pupils known to speak English as a second language and pupils with disabilities.

16.28 (g) The district and a nonpublic school with students transported by school bus at
16.29 public expense must provide students enrolled in kindergarten through grade 3 school bus
16.30 safety training twice during the school year.

16.31 (h) A district and a nonpublic school with students transported by school bus at public
16.32 expense must conduct a school bus evacuation drill at least once during the school year.

16.33 **EFFECTIVE DATE. This section is effective July 1, 2006.**

16.34 Sec. 14. Minnesota Statutes 2004, section 123B.91, is amended by adding a
16.35 subdivision to read:

17.1 Subd. 1a. Compliance by nonpublic and charter school students. A nonpublic or
17.2 charter school student transported by a public school district shall comply with student bus
17.3 conduct and student bus discipline policies of the transporting public school district.

17.4 EFFECTIVE DATE. This section is effective July 1, 2006.

17.5 Sec. 15. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is
17.6 amended to read:

17.7 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
17.8 terms defined in this subdivision have the meanings given to them.

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

17.11 (1) the sum of:

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

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

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

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

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

17.26 (1) Regular transportation is:

17.27 (i) transportation to and from school during the regular school year for resident
17.28 elementary pupils residing one mile or more from the public or nonpublic school they
17.29 attend, and resident secondary pupils residing two miles or more from the public
17.30 or nonpublic school they attend, excluding desegregation transportation and noon
17.31 kindergarten transportation; but with respect to transportation of pupils to and from
17.32 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

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

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

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

18.6 (v) transportation to and from school during the regular school year required under
18.7 subdivision 3 for nonresident elementary pupils when the distance from the attendance
18.8 area border to the public school is one mile or more, and for nonresident secondary pupils
18.9 when the distance from the attendance area border to the public school is two miles or
18.10 more, excluding desegregation transportation and noon kindergarten transportation.

18.11 For the purposes of this paragraph, a district may designate a licensed day care
18.12 facility, school day care facility, respite care facility, the residence of a relative, or the
18.13 residence of a person chosen by the pupil's parent or guardian as the home of a pupil for
18.14 part or all of the day, if requested by the pupil's parent or guardian, and if that facility or
18.15 residence is within the attendance area of the school the pupil attends.

18.16 (2) Excess transportation is:

18.17 (i) transportation to and from school during the regular school year for resident
18.18 secondary pupils residing at least one mile but less than two miles from the public or
18.19 nonpublic school they attend, and transportation to and from school for resident pupils
18.20 residing less than one mile from school who are transported because of extraordinary
18.21 traffic, drug, or crime hazards; and

18.22 (ii) transportation to and from school during the regular school year required under
18.23 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
18.24 border to the school is at least one mile but less than two miles from the public school
18.25 they attend, and for nonresident pupils when the distance from the attendance area border
18.26 to the school is less than one mile from the school and who are transported because of
18.27 extraordinary traffic, drug, or crime hazards.

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

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

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

18.35 (ii) necessary transportation of pupils with disabilities from home or from school to
18.36 other buildings, including centers such as developmental achievement centers, hospitals,

19.1 and treatment centers where special instruction or services required by sections 125A.03
19.2 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
19.3 where services are provided;

19.4 (iii) necessary transportation for resident pupils with disabilities required by sections
19.5 125A.12, and 125A.26 to 125A.48;

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

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

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

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

19.21 For purposes of computing special education base revenue under section 125A.76,
19.22 subdivision 2, the cost of providing transportation for children with disabilities includes
19.23 (A) the additional cost of transporting a homeless student from a temporary nonshelter
19.24 home in another district to the school of origin, or a formerly homeless student from a
19.25 permanent home in another district to the school of origin but only through the end of the
19.26 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
19.27 2005, and used primarily for transportation of pupils with disabilities, calculated according
19.28 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
19.29 transportation category must be excluded in calculating the actual expenditure per pupil
19.30 transported in the regular and excess transportation categories according to paragraph (a).

19.31 (5) "Nonpublic nonregular transportation" is:

19.32 (i) transportation from one educational facility to another within the district for
19.33 resident pupils enrolled on a shared-time basis in educational programs, excluding
19.34 transportation for nonpublic pupils with disabilities under clause (4);

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

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

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

20.10 **EFFECTIVE DATE.** This section is effective July 1, 2006.

20.11 Sec. 16. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is
20.12 amended to read:

20.13 Subd. 5. **District reports.** (a) Each district must report data to the department as
20.14 required by the department to account for transportation expenditures.

20.15 (b) Salaries and fringe benefits of district employees whose primary duties are
20.16 other than transportation, including central office administrators and staff, building
20.17 administrators and staff, teachers, social workers, school nurses, and instructional aides,
20.18 must not be included in a district's transportation expenditures, except that a district may
20.19 include salaries and benefits according to paragraph (c) for (1) an employee designated
20.20 as the district transportation director, (2) an employee providing direct support to the
20.21 transportation director, or (3) an employee providing direct transportation services such as
20.22 a bus driver or bus aide.

20.23 (c) Salaries and fringe benefits of ~~other~~ the district employees listed in paragraph
20.24 (b), clauses (1), (2), and (3), who work part time in transportation and part time in other
20.25 areas must not be included in a district's transportation expenditures unless the district
20.26 maintains documentation of the employee's time spent on pupil transportation matters in
20.27 the form and manner prescribed by the department.

20.28 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
20.29 leased buses, student board and lodging, crossing guards, and aides on buses, must
20.30 be allocated among transportation categories based on cost-per-mile, cost-per-student,
20.31 cost-per-hour, or cost-per-route, regardless of whether the transportation services are
20.32 provided on district-owned or contractor-owned school buses. Districts using contracted
20.33 services will be exempt from the standard cost allocation method for authorized categories
20.34 if the district's cost-per-mile, cost-per-hour, or cost-per-route for authorized categories
20.35 does not vary more than 15 percent among authorized categories, excluding salaries and

21.1 fringe benefits of bus aides. Both district-owned and contractor-owned operations shall
 21.2 report a cost-per-mile, cost-per-hour, or cost-per-route for nonauthorized categories that is
 21.3 within 15 percent of what is used for authorized categories, excluding salaries and fringe
 21.4 benefits of bus aides. If the costs reported by either district-owned or contractor-owned
 21.5 operations vary more than the parameters outlined above, the department can require
 21.6 the district to reallocate its transportation costs among categories. Expenditures for
 21.7 school bus driver salaries and fringe benefits may either be directly charged to the
 21.8 appropriate transportation category or may be allocated among transportation categories
 21.9 based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures
 21.10 by private contractors or individuals who provide transportation exclusively in one
 21.11 transportation category must be charged directly to the appropriate transportation category.
 21.12 Transportation services provided by contractor-owned school bus companies incorporated
 21.13 under different names but owned by the same individual or group of individuals must be
 21.14 treated as the same company for cost allocation purposes.

21.15 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

21.16 Sec. 17. Minnesota Statutes 2004, section 124D.095, subdivision 3, is amended to read:

21.17 **Subd. 3. Authorization; notice; limitations on enrollment.** (a) A student may
 21.18 apply to an on-line learning provider to enroll in on-line learning. A student age 17 or
 21.19 younger must have the written consent of a parent or guardian to apply. No school district
 21.20 or charter school may prohibit a student from applying to enroll in on-line learning. An
 21.21 on-line learning provider that accepts a student under this section must, within ten days,
 21.22 notify the student and the enrolling district if the enrolling district is not the on-line
 21.23 learning provider. The notice must report the student's course or program and hours
 21.24 of instruction.

21.25 (b) An on-line learning student must notify the enrolling district at least ~~30~~ 45
 21.26 days before taking an on-line learning course or program ~~if the enrolling district is not~~
 21.27 ~~providing the on-line learning.~~ An on-line learning provider must notify the commissioner
 21.28 that it is delivering on-line learning and report the number of on-line learning students it is
 21.29 accepting and the on-line learning courses and programs it is delivering.

21.30 (c) An on-line learning provider may limit enrollment if the provider's school board
 21.31 or board of directors adopts by resolution specific standards for accepting and rejecting
 21.32 students' applications.

21.33 (d) An enrolling district may reduce an on-line learning student's regular classroom
 21.34 instructional membership in proportion to the student's membership in on-line learning
 21.35 courses.

22.1 Sec. 18. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4,
22.2 is amended to read:

22.3 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
22.4 academic credit for completing the requirements of an online learning course or program.
22.5 Secondary credits granted to an online learning student must be counted toward the
22.6 graduation and credit requirements of the enrolling district. The enrolling district must
22.7 apply the same graduation requirements to all students, including online learning students,
22.8 and must continue to provide nonacademic services to online learning students. If a
22.9 student completes an online learning course or program that meets or exceeds a graduation
22.10 standard or grade progression requirement at the enrolling district, that standard or
22.11 requirement is met. The enrolling district must use the same criteria for accepting online
22.12 learning credits or courses as it does for accepting credits or courses for transfer students
22.13 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher
22.14 contact time of an online learning student in proportion to the number of online learning
22.15 courses the student takes from an online learning provider that is not the enrolling district.

22.16 (b) An online learning student may:

22.17 (1) enroll during a single school year in a maximum of 12 semester-long courses or
22.18 their equivalent delivered by an online learning provider or the enrolling district;

22.19 (2) complete course work at a grade level that is different from the student's current
22.20 grade level; and

22.21 (3) enroll in additional courses with the online learning provider under a separate
22.22 agreement that includes terms for payment of any tuition or course fees.

22.23 ~~(c) A student with a disability may enroll in an online learning course or program~~
22.24 ~~if the student's IEP team determines that online learning is appropriate education for~~
22.25 ~~the student.~~

22.26 ~~(d)~~ (c) An online learning student has the same access to the computer hardware
22.27 and education software available in a school as all other students in the enrolling district.
22.28 An online learning provider must assist an online learning student whose family qualifies
22.29 for the education tax credit under section 290.0674 to acquire computer hardware and
22.30 educational software for online learning purposes.

22.31 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.
22.32 Such online learning does not generate online learning funds under this section. An
22.33 enrolling district that offers online learning only to its enrolled students is not subject
22.34 to the reporting requirements or review criteria under subdivision 7. A teacher with a
22.35 Minnesota license must assemble and deliver instruction to enrolled students receiving
22.36 online learning from an enrolling district. The delivery of instruction occurs when the

23.1 student interacts with the computer or the teacher and receives ongoing assistance and
23.2 assessment of learning. The instruction may include curriculum developed by persons
23.3 other than a teacher with a Minnesota license.

23.4 (f) (e) An online learning provider that is not the enrolling district is subject to
23.5 the reporting requirements and review criteria under subdivision 7. A teacher with a
23.6 Minnesota license must assemble and deliver instruction to online learning students. The
23.7 delivery of instruction occurs when the student interacts with the computer or the teacher
23.8 and receives ongoing assistance and assessment of learning. The instruction may include
23.9 curriculum developed by persons other than a teacher with a Minnesota license. Unless
23.10 the commissioner grants a waiver, a teacher providing online learning instruction must not
23.11 instruct more than 40 students in any one online learning course or program.

23.12 Sec. 19. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

23.13 Subd. 16. **Transportation.** (a) ~~By July 1 of each year, a charter school~~ A charter
23.14 school after its first fiscal year of operation by March 1 of each fiscal year and a charter
23.15 school by July 1 of its first fiscal year of operation must notify the district in which the
23.16 school is located and the Department of Education if it will provide ~~transportation for~~
23.17 ~~pupils enrolled in the school~~ its own transportation or use the transportation services of the
23.18 district in which it is located for the fiscal year.

23.19 (b) If a charter school elects to provide transportation for pupils, the transportation
23.20 must be provided by the charter school within the district in which the charter school is
23.21 located. The state must pay transportation aid to the charter school according to section
23.22 124D.11, subdivision 2.

23.23 For pupils who reside outside the district in which the charter school is located, the
23.24 charter school is not required to provide or pay for transportation between the pupil's
23.25 residence and the border of the district in which the charter school is located. A parent
23.26 may be reimbursed by the charter school for costs of transportation from the pupil's
23.27 residence to the border of the district in which the charter school is located if the pupil is
23.28 from a family whose income is at or below the poverty level, as determined by the federal
23.29 government. The reimbursement may not exceed the pupil's actual cost of transportation
23.30 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
23.31 more than 250 miles per week.

23.32 At the time a pupil enrolls in a charter school, the charter school must provide the
23.33 parent or guardian with information regarding the transportation.

23.34 (c) If a charter school does not elect to provide transportation, transportation for
23.35 pupils enrolled at the school must be provided by the district in which the school is

24.1 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
 24.2 pupil residing in the same district in which the charter school is located. Transportation
 24.3 may be provided by the district in which the school is located, according to sections
 24.4 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
 24.5 district. If the district provides the transportation, the scheduling of routes, manner and
 24.6 method of transportation, control and discipline of the pupils, and any other matter relating
 24.7 to the transportation of pupils under this paragraph shall be within the sole discretion,
 24.8 control, and management of the district.

24.9 Sec. 20. Minnesota Statutes 2004, section 124D.61, is amended to read:

24.10 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

24.11 A district ~~which receives aid pursuant to section 124D.65 must comply with that~~
 24.12 enrolls one or more children of limited English proficiency must implement an educational
 24.13 program that includes at a minimum the following program requirements:

24.14 (1) identification and reclassification criteria for children of limited English
 24.15 proficiency and program entrance and exit criteria for children with limited English
 24.16 proficiency must be documented by the district, applied uniformly to children of limited
 24.17 English proficiency, and made available to parents and other stakeholders upon request;

24.18 (2) a written plan of services that describes programming by English proficiency
 24.19 level made available to parents upon request. The plan must articulate the amount and
 24.20 scope of service offered to children of limited English proficiency through an educational
 24.21 program for children of limited English proficiency;

24.22 (3) professional development opportunities for ESL, bilingual education,
 24.23 mainstream, and all staff working with children of limited English proficiency which are:
 24.24 (i) coordinated with the district's professional development activities; (ii) related to the
 24.25 needs of children of limited English proficiency; and (iii) ongoing;

24.26 (4) to the extent possible, the district must avoid isolating children of limited English
 24.27 proficiency for a substantial part of the school day; and

24.28 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical
 24.29 education, permit pupils of limited English proficiency ~~shall be permitted~~ to participate
 24.30 fully and on an equal basis with their contemporaries in public school classes provided
 24.31 for these subjects. To the extent possible, the district must assure to pupils enrolled in a
 24.32 program for limited English proficient students an equal and meaningful opportunity to
 24.33 participate fully with other pupils in all extracurricular activities.

24.34 Sec. 21. Minnesota Statutes 2004, section 169.01, subdivision 6, is amended to read:

25.1 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils
25.2 to or from a school defined in section 120A.22, or to or from school-related activities, by
25.3 the school or a school district, or by someone under an agreement with the school or a
25.4 school district. A school bus does not include a motor vehicle transporting children to or
25.5 from school for which parents or guardians receive direct compensation from a school
25.6 district, a motor coach operating under charter carrier authority, a transit bus providing
25.7 services as defined in section 174.22, subdivision 7, a multifunction school activity bus
25.8 as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying
25.9 as a type III vehicle under paragraph (5), when the vehicle is properly registered and
25.10 insured and being driven by an employee or agent of a school district for nonscheduled
25.11 or nonregular transportation. A school bus may be type A, type B, type C, or type D, or
25.12 type III as follows:

13 (1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway
25.14 front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~
25.15 ~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight
25.16 rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a
25.17 GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

25.18 (2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance
25.19 door is behind the front wheels. This definition includes two classifications: type B-I,
25.20 with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater
25.21 than 10,000 pounds.

25.22 (3) A "type C school bus" is constructed utilizing a chassis with a hood and front
23 fender assembly. The entrance door is behind the front wheels. A "type C school bus" also
25.24 includes a cutaway truck chassis or truck chassis with cab with or without a left side door
25.25 and with a GVWR greater than 21,500 pounds.

25.26 (4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance
25.27 door is ahead of the front wheels.

25.28 (5) Type III school buses and type III Head Start buses are restricted to passenger
25.29 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating
25.30 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of
25.31 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value
25.32 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school
23 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type
25.34 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a
25.35 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must
25.36 have been originally manufactured to comply with the passenger safety standards.

26.1 **EFFECTIVE DATE.** This section is effective January 1, 2007.

26.2 Sec. 22. Minnesota Statutes 2004, section 169.447, subdivision 2, is amended to read:

26.3 Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses manufactured
26.4 after December 31, 1994, must be equipped with driver seat belts and seat belt assemblies
26.5 of the type described in section 169.685, subdivision 3. School bus drivers and Head
26.6 Start bus drivers must use these seat belts.

26.7 **EFFECTIVE DATE.** This section is effective July 1, 2006.

26.8 Sec. 23. Minnesota Statutes 2004, section 169.4501, subdivision 1, is amended to read:

26.9 Subdivision 1. **National standards adopted.** Except as provided in sections
26.10 169.4502 and 169.4503, the construction, design, equipment, and color of types A,
26.11 B, C, and D school buses used for the transportation of school children shall meet the
26.12 requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005
26.13 edition of the "National School Transportation Specifications and Procedures" adopted
26.14 by the National ~~Conference~~ Congress on School Transportation. Except as provided
26.15 in section 169.4504, the construction, design, and equipment of types A, B, C, and D
26.16 school buses used for the transportation of students with disabilities also shall meet the
26.17 requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National
26.18 School Transportation Specifications and Procedures. The "bus chassis standards," "bus
26.19 body standards," and "specially equipped school bus standards" sections of the ~~2000~~
26.20 2005 edition of the "National School Transportation Specifications and Procedures" are
26.21 incorporated by reference in this chapter.

26.22 **EFFECTIVE DATE.** This section is effective January 1, 2007.

26.23 Sec. 24. Minnesota Statutes 2004, section 169.4501, subdivision 2, is amended to read:

26.24 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections
26.25 169.4502 and 169.4503, govern the construction, design, equipment, and color of school
26.26 buses used for the transportation of school children, when owned or leased and operated
26.27 by a school or privately owned or leased and operated under a contract with a school.
26.28 Each school, its officers and employees, and each person employed under the contract is
26.29 subject to these standards.

26.30 (b) The standards apply to school buses manufactured after ~~October 31, 2004~~
26.31 December 31, 2006. Buses complying with the standards when manufactured need not
26.32 comply with standards established later except as specifically provided for by law.

27.1 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,
27.2 2006, must conform to the Minnesota standards in effect on the date the vehicle was
27.3 manufactured except as specifically provided for in law.

27.4 (d) A new bus body may be remounted on a used chassis provided that the remounted
27.5 vehicle meets state and federal standards for new buses which are current at the time of the
27.6 remounting. Permission must be obtained from the commissioner of public safety before
27.7 the remounting is done. A used bus body may not be remounted on a new or used chassis.

27.8 **EFFECTIVE DATE. This section is effective January 1, 2007.**

27.9 Sec. 25. Minnesota Statutes 2004, section 169.4502, subdivision 5, is amended to read:

27.10 Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the
27.11 manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal
27.12 devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the
27.13 battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus
27.14 with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050
27.15 cold cranking amperes.

27.16 (b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and
27.17 type C and D buses, the battery shall be temporarily mounted on the chassis frame. The
27.18 final location of the battery and the appropriate cable lengths in these buses must comply
27.19 with the SBMI design objectives booklet.

27.20 (c) All batteries shall be mounted according to chassis manufacturers'
27.21 recommendations.

27.22 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least
27.23 550 cold cranking amperes may be installed in the engine compartment only if used in
27.24 combination with a generator or alternator of at least ~~120~~ 130 amperes.

27.25 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be
27.26 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used
27.27 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not
27.28 apply to those buses with wheelchair lifts or diesel engines.

27.29 **EFFECTIVE DATE. This section is effective January 1, 2007.**

27.30 Sec. 26. Minnesota Statutes 2004, section 169.4503, subdivision 20, is amended to
27.31 read:

27.32 Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats
27.33 shall be covered with a material that has fire retardant or fire block characteristics.

28.1 (b) All seats must have a minimum cushion depth of 15 inches and a seat back
28.2 height of at least 20 inches above the seating reference point.

28.3 **EFFECTIVE DATE.** This section is effective January 1, 2007.

28.4 Sec. 27. Minnesota Statutes 2004, section 171.321, subdivision 4, is amended to read:

28.5 Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when
28.6 transporting school children to or from school or upon a school-related trip or activity
28.7 without having demonstrated sufficient skills and knowledge to transport students in
28.8 a safe and legal manner.

28.9 (b) A bus driver must have training or experience that allows the driver to meet at
28.10 least the following competencies:

28.11 (1) safely operate the type of school bus the driver will be driving;

28.12 (2) understand student behavior, including issues relating to students with
28.13 disabilities;

28.14 (3) encourage orderly conduct of students on the bus and handle incidents of
28.15 misconduct appropriately;

28.16 (4) know and understand relevant laws, rules of the road, and local school bus
28.17 safety policies;

28.18 (5) handle emergency situations; and

28.19 (6) safely load and unload students.

28.20 (c) The commissioner of public safety shall develop a comprehensive model
28.21 school bus driver training program and model assessments for school bus driver training
28.22 competencies, which are not subject to chapter 14. A school district, nonpublic school, or
28.23 private contractor may use alternative assessments for bus driver training competencies
28.24 with the approval of the commissioner of public safety. After completion of bus driver
28.25 training competencies, a driver may receive at least eight hours of school bus in-service
28.26 training any year, as an alternative to being assessed for bus driver competencies. The
28.27 employer shall keep the assessment and a record of the in-service training for the current
28.28 period available for inspection by representatives of the commissioner.

28.29 **EFFECTIVE DATE.** This section is effective July 1, 2006.

28.30 Sec. 28. Minnesota Statutes 2004, section 171.321, subdivision 5, is amended to read:

28.31 Subd. 5. **Annual evaluation and license verification.** (a) A school district,
28.32 nonpublic school, or private contractor shall provide in-service training annually by June
28.33 30 of each year to each school bus driver.

29.1 (b) A school district, nonpublic school, or private contractor shall ~~annually~~ by June
29.2 30 of each year verify the validity of the driver's license of each employee who regularly
29.3 transports students for the district in a type A school bus, a type B school bus, a type C
29.4 school bus, or type D school bus, or regularly transports students for the district in a type
29.5 III vehicle with the National Driver Register or with the Department of Public Safety.

29.6 (c) Members of a nonprofit bus drivers' trade association under private contract
29.7 with an independent school district shall not be charged a fee greater than the fee, if any,
29.8 imposed upon an independent school district for accessing an employee's driver's license
29.9 records from the Department of Public Safety in compliance with this section.

29.10 **EFFECTIVE DATE.** This section is effective July 1, 2006.

29.11 Sec. 29. Minnesota Statutes 2004, section 299F.30, is amended to read:

29.12 **299F.30 FIRE DRILL IN SCHOOL; DOORS AND EXITS.**

29.13 Subdivision 1. **Duties of fire marshal.** Consistent with section 121A.035 and this
29.14 section, it shall be the duty of the state fire marshal, deputies and assistants, to require
29.15 public and private schools and educational institutions to have ~~at least nine~~ fire drills each
29.16 school year and to keep all doors and exits unlocked from the inside of the building during
29.17 school hours. The fire marshal must require private schools and educational institutions
29.18 not subject to section 121A.035 to have at least one fire drill each month during the school
29.19 year.

29.20 Subd. 2. **Fire drill.** Each superintendent, principal or other person in charge of a
29.21 public or private school, educational institution, children's home or orphanage housing 20
29.22 or more students or other persons, shall instruct and train such students or other persons to
29.23 quickly and expeditiously quit the premises in case of fire or other emergency by means of
29.24 drills or rapid dismissals ~~at least once each month~~ while such school, institution, home or
29.25 orphanage is in operation. Records of such drills shall be posted so that such records are
29.26 available for review by the state fire marshal at all times and shall include the drill date
29.27 and the time required to evacuate the building.

29.28 Subd. 3. **School doors and exits.** Consistent with section 121A.035 and this
29.29 section, each superintendent, principal or other person in charge of a public or private
29.30 school, educational institution, children's home or orphanage shall keep all doors and exits
29.31 of such school, institution, home or orphanage unlocked so that persons can leave by such
29.32 doors or exits at any time during the hours of normal operation.

29.33 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
29.34 later.

30.1 Sec. 30. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 3, is
30.2 amended to read:

30.3 Subd. 3. **Persons mandated to report.** (a) Subject to paragraph (c), a person who
30.4 knows or has reason to believe a child is being neglected or physically or sexually abused,
30.5 as defined in subdivision 2, or has been neglected or physically or sexually abused within
30.6 the preceding three years, shall immediately report the information to the local welfare
30.7 agency, agency responsible for assessing or investigating the report, police department, or
30.8 the county sheriff if the person is:

30.9 (1) a professional or professional's delegate who is engaged in the practice of
30.10 the healing arts, social services, hospital administration, psychological or psychiatric
30.11 treatment, child care, education, correctional supervision, probation and correctional
30.12 services, or law enforcement; or

30.13 (2) employed as a member of the clergy and received the information while
30.14 engaged in ministerial duties, provided that a member of the clergy is not required by
30.15 this subdivision to report information that is otherwise privileged under section 595.02,
30.16 subdivision 1, paragraph (c).

30.17 The police department or the county sheriff, upon receiving a report, shall
30.18 immediately notify the local welfare agency or agency responsible for assessing or
30.19 investigating the report, orally and in writing. The local welfare agency, or agency
30.20 responsible for assessing or investigating the report, upon receiving a report, shall
30.21 immediately notify the local police department or the county sheriff orally and in writing.
30.22 The county sheriff and the head of every local welfare agency, agency responsible for
30.23 assessing or investigating reports, and police department shall each designate a person
30.24 within their agency, department, or office who is responsible for ensuring that the
30.25 notification duties of this paragraph and paragraph (b) are carried out. Nothing in this
30.26 subdivision shall be construed to require more than one report from any institution, facility,
30.27 school, or agency. If the agency receiving a report determines that it is not responsible for
30.28 assessing or investigating the report, the agency shall immediately notify the agency it
30.29 determines is responsible for assessing or investigating the report under this section.

30.30 (b) Any person may voluntarily report to the local welfare agency, agency
30.31 responsible for assessing or investigating the report, police department, or the county
30.32 sheriff if the person knows, has reason to believe, or suspects a child is being or has been
30.33 neglected or subjected to physical or sexual abuse. The police department or the county
30.34 sheriff, upon receiving a report, shall immediately notify the local welfare agency or
30.35 agency responsible for assessing or investigating the report, orally and in writing. The
30.36 local welfare agency or agency responsible for assessing or investigating the report, upon

31.1 receiving a report, shall immediately notify the local police department or the county
31.2 sheriff orally and in writing.

31.3 (c) A person mandated to report physical or sexual child abuse or neglect occurring
31.4 within a ~~licensed facility~~ or a school as defined under subdivision 3b, shall report the
31.5 information to the agency responsible for licensing the facility under sections 144.50 to
31.6 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; ~~or a nonlicensed personal care~~
31.7 ~~provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625,~~
31.8 ~~subdivision 19~~ or to the agency responsible for assessing or investigating the report, if the
31.9 facility is not licensed. A health or corrections agency receiving a report may request the
31.10 local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A
31.11 board or other entity whose licensees perform work within a school facility, upon receiving
31.12 a complaint of alleged maltreatment, shall provide information about the circumstances of
31.13 the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4,
31.14 applies to data received by the commissioner of education from a licensing entity.

31.15 (d) Any person mandated to report shall receive a summary of the disposition of
31.16 any report made by that reporter, including whether the case has been opened for child
31.17 protection or other services, or if a referral has been made to a community organization,
31.18 unless release would be detrimental to the best interests of the child. Any person who is
31.19 not mandated to report shall, upon request to the local welfare agency, receive a concise
31.20 summary of the disposition of any report made by that reporter, unless release would be
31.21 detrimental to the best interests of the child.

31.22 (e) For purposes of this subdivision, "immediately" means as soon as possible but in
31.23 no event longer than 24 hours.

31.24 Sec. 31. Minnesota Statutes 2004, section 626.556, subdivision 3b, is amended to read:

31.25 Subd. 3b. ~~Agency~~ **Department of Education responsible for assessing or**
31.26 **investigating reports of maltreatment**. The Department of Education is the agency
31.27 responsible for assessing or investigating allegations of child maltreatment in schools
31.28 as defined in sections ~~120A.05, subdivisions 9, 11, and 13;~~ 120A.05, subdivisions 9,
31.29 11, 13, and 17, and 124D.10, unless the alleged maltreatment occurred in a program or
31.30 facility licensed by the commissioner of human services. "School" includes a school-age
31.31 care program, Head Start program, early childhood family education program, school
31.32 district-administered day treatment facility, or other program licensed or administered
31.33 by the commissioner of education that provides services for minors and is located in
31.34 or operated by a school.

32.1 Sec. 32. Minnesota Statutes 2004, section 626.556, subdivision 3c, is amended to read:

32.2 Subd. 3c. ~~Agency~~ Local welfare agency, Department of Human Services
32.3 or Department of Health responsible for assessing or investigating reports of
32.4 maltreatment. ~~The following agencies are the administrative agencies responsible for~~
32.5 ~~assessing or investigating reports of alleged child maltreatment in facilities made under~~
32.6 ~~this section:~~

32.7 ~~(1)~~ (a) The county local welfare agency is the agency responsible for assessing or
32.8 investigating:

32.9 (1) allegations of maltreatment in child foster care, family child care, and legally
32.10 unlicensed child care and in juvenile correctional facilities licensed under section 241.021
32.11 located in the local welfare agency's county; and

32.12 (2) other allegations of maltreatment that are not the responsibility of another agency
32.13 under this subdivision or subdivision 3b.

32.14 ~~(2)~~ (b) The Department of Human Services is the agency responsible for assessing
32.15 or investigating allegations of maltreatment in facilities licensed under chapters 245A and
32.16 245B, except for child foster care and family child care; ~~and.~~

32.17 ~~(3)~~ (c) The Department of Health is the agency responsible for assessing or
32.18 investigating allegations of child maltreatment in facilities licensed under sections 144.50
32.19 to 144.58, and in unlicensed home health care.

32.20 Sec. 33. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
32.21 13, is amended to read:

32.22
32.23 Subd. 13. **Examination fees; teacher training and support programs.** (a) For
32.24 students' advanced placement and international baccalaureate examination fees under
32.25 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
32.26 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
32.27 subdivision 1:

32.28	\$	4,500,000	.....	2006
32.29	\$	4,500,000	.....	2007

32.30 (b) The advanced placement program shall receive 75 percent of the appropriation
32.31 each year and the international baccalaureate program shall receive 25 percent of the
32.32 appropriation each year. The department, in consultation with representatives of the
32.33 advanced placement and international baccalaureate programs selected by the Advanced
32.34 Placement Advisory Council and IBMN, respectively, shall determine the amounts of

33.1 the expenditures each year for examination fees and training and support programs for
33.2 each program.

33.3 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
33.4 \$500,000 each year is for teachers to attend subject matter summer training programs
33.5 and follow-up support workshops approved by the advanced placement or international
33.6 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~
33.7 ~~advanced placement or international baccalaureate summer training program or workshop~~
33.8 ~~shall be the same. The commissioner shall determine the payment process and the amount~~
33.9 ~~of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for
33.10 teaching in the advanced placement or international baccalaureate program. Any reserved
33.11 funding not expended for teacher training may be used for exam fees and other support
33.12 programs for each program.

33.13 (d) The commissioner shall pay all examination fees for all students of low-income
33.14 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
33.15 of available appropriations shall also pay examination fees for students sitting for an
33.16 advanced placement examination, international baccalaureate examination, or both.

33.17 Any balance in the first year does not cancel but is available in the second year.

33.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

33.19 Sec. 34. **ADVISORY TASK FORCE ON SCHOOL AND STAFF**
33.20 **EMERGENCY/ALL HAZARD PREPAREDNESS.**

33.21 (a) An advisory task force on school and staff emergency/all hazard preparedness is
33.22 established to consider and recommend to the legislature proposals for strengthening K-12
33.23 crisis management and school safety efforts including, at least, whether or not to:

33.24 (1) develop specific K-12 teacher and school administrator competencies related to
33.25 emergency/all hazard preparedness;

33.26 (2) provide emergency/all hazard preparedness training to currently licensed K-12
33.27 teachers and school administrators;

33.28 (3) incorporate emergency/all hazard preparedness competencies into existing
33.29 teacher and school administrator preparation curriculum;

33.30 (4) identify key emergency/all hazard preparedness competencies appropriate to
33.31 teacher and school administrator preparation curriculum and ongoing teacher and school
33.32 administrator training; and

33.33 (5) expect federal funds to supplement state emergency/all hazard preparedness
33.34 initiatives.

34.1 (b) The commissioner of education shall appoint an advisory task force on school
34.2 and staff emergency/all hazard preparedness that is composed of a representative from
34.3 each of the following entities: the state Board of Teaching; the state Board of School
34.4 Administrators; the state fire marshal; law enforcement agencies; emergency responders;
34.5 school principals; school counselors; other school employees; the Minnesota Association
34.6 of School Administrators; the Minnesota School Boards Association; Education
34.7 Minnesota; the Minnesota Department of Education; the Minnesota Department of
34.8 Health; the Minnesota Department of Public Safety; and others recommended by task
34.9 force members. Task force members' terms and other task force matters are subject to
34.10 Minnesota Statutes, section 15.059. The task force must submit by February 15, 2007, to
34.11 the education policy and finance committees of the legislature a written report that includes
34.12 recommendations on strengthening K-12 crisis management and school safety efforts.

34.13 (c) Upon request, the commissioner of education must provide the task force on
34.14 strengthening K-12 crisis management and school safety efforts with technical, fiscal,
34.15 and other support services.

34.16 (d) The task force expires February 16, 2007.

34.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.18 **Sec. 35. CHARACTER DEVELOPMENT EDUCATION REVENUE; PILOT**
34.19 **PROGRAM.**

34.20 Subdivision 1. **Pilot program created.** A pilot program is created to allow school
34.21 districts to receive character development education revenue to purchase comprehensive
34.22 curriculum for the purposes of Minnesota Statutes, section 120B.232. Character
34.23 development education revenue for school districts equals \$30 times the district's adjusted
34.24 marginal cost pupil units.

34.25 Subd. 2. **Approved provider list.** The commissioner of education shall maintain
34.26 a character development education curriculum approved provider list. The character
34.27 development education curriculum of approved providers shall be research based and
34.28 evaluated by an independent party. Approved character development education curriculum
34.29 must include:

34.30 (1) age appropriate character development for the classroom in elementary or
34.31 secondary grades;

34.32 (2) teacher training workshops and in-service training;

34.33 (3) midyear consulting between the school district and the provider; and

34.34 (4) an assessment program.

35.1 Subd. 3. Application and selection process. A school district may submit to
35.2 the commissioner an application for funding in the form and manner specified by the
35.3 commissioner. The commissioner shall approve applications that propose to use an
35.4 approved provider and that agree to use the program as recommended by the provider.
35.5 The commissioner must approve or disapprove an application within 30 days of receipt on
35.6 a first-come, first-served basis.

35.7 EFFECTIVE DATE. This section is effective the day following final enactment.

35.8 **Sec. 36. 2006 SCHOOL ACCOUNTABILITY REPORT.**

35.9 Notwithstanding Minnesota Statutes, section 120B.36, for 2006 reporting only, the
35.10 Department of Education may delay the release to the public and the posting of the 2006
35.11 school performance report cards and adequate yearly progress data on its public Web
35.12 site to no later than November 30, 2006.

35.13 **Sec. 37. ADVISORY TASK FORCE ON OPTIONS FOR ACCELERATED K-12**
35.14 **SCIENCE AND MATHEMATICS PROGRAMS THROUGHOUT MINNESOTA.**

35.15 (a) An advisory task force on options for accelerated K-12 science and mathematics
35.16 programs throughout Minnesota is established to consider and recommend to the
35.17 legislature alternatives for delivering accelerated science and mathematics programs
35.18 to eligible students throughout Minnesota. Recommended programs must provide
35.19 accelerated science and mathematics instruction to eligible students in grades 6 through
35.20 12 and be cost effective and efficiently implemented and operated. Other recommended
35.21 programs may offer accelerated science and mathematics instruction to other eligible
35.22 elementary grade students and provide out-of-school and summer school K-12 science
35.23 and mathematics instruction throughout the state.

35.24 (b) The advisory task force at least must:

35.25 (1) evaluate and compare at least five alternatives for delivering accelerated science
35.26 and mathematics programs to Minnesota students, which may include online learning,
35.27 satellite science and mathematics centers, a consortium of available accelerated science
35.28 and mathematics or accelerated education programs, and residential and nonresidential
35.29 accelerated science and mathematics academies that may be patterned after the Perpich
35.30 Center for Arts Education under Minnesota Statutes, chapter 129C, among other
35.31 alternatives;

35.32 (2) identify and evaluate possible members for a science, mathematics, engineering,
35.33 and technology leadership consortium composed of representatives of corporations,

36.1 organizations, educational institutions, and research facilities to help implement
36.2 accelerated K-12 science and mathematics programs in Minnesota;

36.3 (3) evaluate and compare at least three alternatives for preparing and assisting
36.4 educational leaders who are literate in science and mathematics to help implement
36.5 accelerated K-12 science and mathematics programs in Minnesota, which may include
36.6 gifted education and accelerated science and mathematics teacher training programs and
36.7 residential and nonresidential accelerated science and mathematics academies that also
36.8 provide professional development and educational outreach programs; and

36.9 (4) identify and evaluate postsecondary career and technical education programs
36.10 offering or requiring accelerated science and mathematics instruction.

36.11 (c) The commissioner of education shall appoint an advisory task force on options
36.12 for accelerated K-12 science and mathematics programs throughout Minnesota that is
36.13 composed of the following representatives: a gifted education coordinator, an educator
36.14 holding a gifted education certificate or an instructor in a graduate level gifted education
36.15 program; a currently licensed or retired high school physical science teacher; a currently
36.16 licensed or retired high school mathematics teacher; a faculty member providing
36.17 instruction under the Minnesota postsecondary enrollment options program or an educator
36.18 providing instruction under the college in the schools program; a faculty member or
36.19 educator providing instruction in the Minnesota talented youth mathematics program; a
36.20 University of Minnesota mathematics or engineering professor; a University of Minnesota
36.21 physical science professor; a manager or director in a high technology field, corporation,
36.22 organization, or facility; a manager or director in a medical field or profession; a manager
36.23 or director in a research-based field, corporation, organization, or facility; one parent of a
36.24 high school student gifted in mathematics or science from each congressional district; a
36.25 physical science teacher and a biology teacher, one of whom is licensed to teach middle
36.26 level students and one of whom is licensed to teach high school level students; a high
36.27 school career and technical instructor; a faculty member in a postsecondary institution
36.28 offering technical two-year degrees who provides career and technical instruction; a
36.29 manager or director in a mathematics or science industry who employs persons with
36.30 associate degrees in a technical field; a manager or director in the biosciences industry;
36.31 and two at-large members. Notwithstanding any other law to the contrary, the task force
36.32 may conduct meetings of its members by telephone or other electronic means where all
36.33 members can hear one another and all the discussion, at least one member is physically
36.34 present at the regular meeting location, and interested members of the public can hear all
36.35 the discussion. Task force members' terms and other task force matters are subject to
36.36 Minnesota Statutes, section 15.059. The task force must submit by January 30, 2007, a

37.1 written report and presentation to the Education Policy and Finance committees of the
37.2 legislature that include recommendations on alternatives for delivering accelerated science
37.3 and mathematics programs to eligible students throughout Minnesota.

37.4 (d) Upon request, the commissioner of education must provide the task force with
37.5 technical, fiscal, and other support services.

37.6 (e) The task force expires February 1, 2007.

37.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

37.8 Sec. 38. **ADVISORY TASK FORCE ON MINNESOTA AMERICAN INDIAN**
37.9 **TRIBES AND COMMUNITIES AND K-12 STANDARDS-BASED REFORM.**

37.10 (a) An advisory task force on Minnesota American Indian tribes and communities
37.11 and K-12 standards-based reform is established to examine the impact of state and
37.12 federal standards-based reform on Minnesota's K-12 students, including American
37.13 Indian students, and to recommend to the legislature changes to the state's performance
37.14 standards, content requirements, assessments measures, and teacher preparation programs
37.15 to most effectively meet the education needs of all students, including American Indian
37.16 students, enrolled in Minnesota schools. The task force, in consultation with American
37.17 Indian educators and parents, and others who advocate for American Indian children, at
37.18 least must determine if (1) state education standards and assessments are appropriate
37.19 for American Indian students; (2) American Indian students are fairly compared; (3)
37.20 American Indian students receive the assistance they need to achieve the state standards;
37.21 and (4) schools receive financial and technical assistance sufficient to meet the education
37.22 needs of American Indian students.

37.23 (b) The commissioner of education shall appoint an advisory task force on
37.24 Minnesota American Indian tribes and communities and K-12 standards-based reform
37.25 that is composed of the following representatives: education department staff experienced
37.26 in working with American Indian students and programs; Minnesota American Indian
37.27 tribes and communities; Minnesota School Boards Association; school administrators;
37.28 Education Minnesota; the state Board of Teaching; a minority member and majority
37.29 member both from the Minnesota House of Representatives and from the Minnesota
37.30 Senate; the Minnesota Council on Indian Affairs; postsecondary faculty who serve as
37.31 instructors in teacher preparation programs; local community service providers who work
37.32 with Minnesota American Indian tribes and communities; and other representatives
37.33 recommended by task force members. Task force members' terms and other task
37.34 force matters are subject to Minnesota Statutes, section 15.059, subject to the limits of
37.35 available appropriations. The task force must submit to the legislative committees having

38.1 jurisdiction over education policy and finance a preliminary written report by February 15,
38.2 2007, and a final report by February 15, 2008, that includes any recommended changes to
38.3 the state's performance standards, content requirements, assessment measures, and teacher
38.4 preparation programs to most effectively meet the educational needs of all students,
38.5 including American Indian students, enrolled in Minnesota schools.

38.6 (c) Upon request, the commissioner of education must provide the task force with
38.7 technical, fiscal, and other support.

38.8 (d) The task force expires on February 16, 2008.

38.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

38.10 Sec. 39. **REPORT ON OUT-OF-SCHOOL CARE FOR CHILDREN BETWEEN**
38.11 **THE AGES OF TEN TO 18.**

38.12 The commissioner of education, in consultation with the commissioners of human
38.13 services and public safety, shall provide a report to the legislature by January 20, 2007,
38.14 which surveys and analyzes out-of-school time opportunities for children ages ten to 18.
38.15 The commissioner must gather representative information from urban, suburban, and
38.16 rural areas regarding where children go after their school day is over and during school
38.17 breaks. Further, the commissioner shall communicate with members of the community,
38.18 parents of children ages ten to 18, child care providers, middle school personnel, and other
38.19 interested individuals to gather information and develop positive, supervised out-of-school
38.20 alternatives for children ages ten to 18, in order to reduce the incidence of sexual activity,
38.21 underage drinking and smoking, use of illegal substances, and other criminal activity.

38.22 Sec. 40. **OPPORTUNITIES FOR YOUTH DURING OUT-OF-SCHOOL TIME.**

38.23 Subdivision 1. **Establishment.** A competitive statewide after-school enrichment
38.24 grant program is established to provide implementation grants to community or nonprofit
38.25 organizations, to political subdivisions, or to school-based programs. The commissioner
38.26 of education shall develop criteria for after-school enrichment programs.

38.27 Subd. 2. **Program outcomes.** The expected outcomes of the after-school
38.28 enrichment programs are to:

38.29 (1) increase the number of children participating in adult-supervised programs
38.30 in nonschool hours;

38.31 (2) increase the number of youth engaged in community services and other activities
38.32 designed to support character improvement, strengthen families, and instill community
38.33 values;

38.34 (3) increase skills in technology, the arts, sports, and other activities;

- 39.1 (4) reduce the amount of juvenile crime;
- 2 (5) increase and support the academic achievement and character development of
- 39.3 adolescent parents;
- 39.4 (6) increase school attendance and reduce the number of school suspensions; and
- 39.5 (7) support academic achievement, including the areas of reading and math.

39.6 Subd. 3. Plan. An applicant shall develop a plan for an after-school enrichment
 39.7 program for youth. The plan must include:

39.8 (1) collaboration with and leverage of existing community resources that have
 39.9 demonstrated effectiveness;

39.10 (2) outreach to children and youth;

39.11 (3) involvement of local governments, including park and recreation boards or
 39.12 schools, unless no government agency is appropriate; and

39.13 (4) community control over the design of the enrichment program and identification
 39.14 of the sources of nonpublic funding.

39.15 Subd. 4. Plan approval; grants. An applicant shall submit a plan developed under
 39.16 subdivision 3 to the commissioner for approval. The commissioner shall award a grant for
 39.17 the implementation of an approved plan.

39.18 **Sec. 41. APPROPRIATION.**

39.19 Subdivision 1. Department of Education. The sum indicated in this section is
 39.20 appropriated from the general fund to the Department of Education for the fiscal years
 39.21 designated.

39.22 Subd. 2. Character development education revenue. For the character
 39.23 development education revenue pilot program:

39.24 \$ 2007

39.25 Subd. 3. After-school enrichment grants. For the after-school enrichment grant
 39.26 program:

39.27 \$ 2007

39.28 **Sec. 42. REPEALER.**

39.29 (a) Minnesota Statutes 2004, section 121A.23, is repealed.

39.30 (b) Minnesota Statutes 2004, sections 169.4502, subdivision 15; and 169.4503,
 39.31 subdivisions 17, 18, and 26, are repealed.

40.1 EFFECTIVE DATE. Paragraph (b) of this section is effective January 1, 2007.

40.2 **ARTICLE 2**

40.3 **EDUCATION FUNDING**

40.4 Section 1. [120B.132] RAISED ACADEMIC ACHIEVEMENT; ADVANCED
40.5 PLACEMENT, INTERNATIONAL BACCALAUREATE, AND CONCURRENT
40.6 ENROLLMENT PROGRAMS.

40.7 Subdivision 1. Establishment; eligibility. A program is established to raise K-12
40.8 academic achievement through increased student participation in advanced placement,
40.9 international baccalaureate, and concurrent enrollment programs, consistent with sections
40.10 120B.13 and 124D.04. Schools and charter schools eligible to participate under this
40.11 section must:

40.12 (1) have a three-year plan approved by the local school board to establish a new
40.13 international baccalaureate program leading to international baccalaureate authorization,
40.14 or expand an existing program that leads to international baccalaureate authorization, or
40.15 expand an existing authorized international baccalaureate program; or

40.16 (2) have a three-year plan approved by the local school board to create a new or
40.17 expand an existing program to implement the college board advanced placement courses
40.18 and exams, preadvanced placement initiative, or concurrent enrollment programs; and

40.19 (3) have entered into an agreement to provide courses under section 124D.09,
40.20 subdivision 10; and

40.21 (4) propose to further raise students' academic achievement by:

40.22 (i) increasing the availability of and all students' access to advanced placement,
40.23 international baccalaureate, or concurrent enrollment courses or programs;

40.24 (ii) expanding the breadth of advanced placement, international baccalaureate, or
40.25 concurrent enrollment courses or programs that are available to students;

40.26 (iii) increasing the number and the diversity of the students who participate in
40.27 advanced placement, international baccalaureate, or concurrent enrollment courses or
40.28 programs and succeed;

40.29 (iv) providing low-income and other disadvantaged students with increased access
40.30 to advanced placement, international baccalaureate, or concurrent enrollment courses
40.31 or programs; or

40.32 (v) increasing the number of high school students, including low-income and other
40.33 disadvantaged students, who receive college credit by successfully completing advanced
40.34 placement, international baccalaureate, or concurrent enrollment courses or programs and
40.35 achieving satisfactory grades or scores on related exams.

41.1 Subd. 2. Application and review process; funding priority. (a) Charter schools
41.2 and school districts in which eligible schools under subdivision 1 are located may apply to
41.3 the commissioner, in the form and manner the commissioner determines, for competitive
41.4 funding to further raise students' academic achievement. The application must detail the
41.5 specific efforts the applicant intends to undertake in further raising students' academic
41.6 achievement consistent with subdivision 1, and a proposed budget detailing the district or
41.7 charter school's current and proposed expenditures for advanced placement, preadvanced
41.8 placement, international baccalaureate, and concurrent enrollment courses and programs.
41.9 The proposed budget must demonstrate that the applicant's efforts will supplement but not
41.10 supplant any expenditures for advanced placement, preadvanced placement, international
41.11 baccalaureate, and concurrent enrollment courses and programs the applicant currently
41.12 makes available to students. Expenditures for administration must not exceed five percent
41.13 of the proposed budget. The commissioner may require an applicant to provide additional
41.14 information.

41.15 (b) When reviewing applications, the commissioner must determine whether
41.16 the applicant satisfied all the requirements in this subdivision and subdivision 1.
41.17 The commissioner may give funding priority to an otherwise qualified applicant that
41.18 demonstrates:

41.19 (1) a focus on developing or expanding advanced placement, international
41.20 baccalaureate, or concurrent enrollment courses or programs or increasing students'
41.21 participation in, access to, or success with the courses or programs, including the
41.22 participation, access, or success of low-income and other disadvantaged students;

41.23 (2) a compelling need for access to advanced placement, international baccalaureate,
41.24 or concurrent enrollment courses or programs;

41.25 (3) an effective ability to actively involve local business and community
41.26 organizations in student activities that are integral to advanced placement, international
41.27 baccalaureate, or concurrent enrollment courses or programs;

41.28 (4) access to additional public or nonpublic funds or in-kind contributions that are
41.29 available for advanced placement, international baccalaureate, or concurrent enrollment
41.30 courses or programs; or

41.31 (5) an intent to implement activities that target low-income and other disadvantaged
41.32 students.

41.33 Subd. 3. Funding; permissible funding uses. (a) The commissioner shall award
41.34 grants to applicant school districts and charter schools that meet the requirements of
41.35 subdivisions 1 and 2. The commissioner must award grants on an equitable geographical
41.36 basis to the extent feasible and consistent with this section. Grant awards must not exceed

42.1 the lesser of: (1) \$85 times the number of pupils enrolled at the participating sites on
42.2 October 1 of the previous fiscal year, or (2) the approved supplemental expenditures
42.3 based on the budget submitted under subdivision 2. For charter schools in their first
42.4 year of operation, the maximum grant award must be calculated using the number of
42.5 pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust
42.6 the maximum grant award computed using prior year data for changes in enrollment
42.7 attributable to school closings, school openings, grade level reconfigurations, or school
42.8 district reorganizations between the prior fiscal year and the current fiscal year.

42.9 (b) School districts and charter schools that submit an application and receive
42.10 funding under this section must use the funding, consistent with the application, to:

42.11 (1) provide teacher training and instruction to more effectively serve students,
42.12 including low-income and other disadvantaged students, who participate in advanced
42.13 placement, international baccalaureate, or concurrent enrollment courses or programs;

42.14 (2) further develop advanced placement, international baccalaureate, or concurrent
42.15 enrollment courses or programs;

42.16 (3) improve the transition between grade levels to better prepare students, including
42.17 low-income and other disadvantaged students, for succeeding in advanced placement,
42.18 international baccalaureate, or concurrent enrollment courses or programs;

42.19 (4) purchase books and supplies;

42.20 (5) pay course or program fees;

42.21 (6) increase students participation in and success with advanced placement,
42.22 international baccalaureate, or concurrent enrollment courses or programs;

42.23 (7) expand students' access to advanced placement, international baccalaureate, or
42.24 concurrent enrollment courses or programs through online learning;

42.25 (8) hire appropriately licensed personnel to teach additional advanced placement,
42.26 international baccalaureate, or concurrent enrollment courses or programs; or

42.27 (9) engage in other activity directly related to expanding students' access to,
42.28 participation in, and success with advanced placement, international baccalaureate,
42.29 or concurrent enrollment courses or programs, including low-income and other
42.30 disadvantaged students.

42.31 Subd. 4. Annual reports. (a) Each school district and charter school that receives
42.32 a grant under this section annually must collect demographic and other student data to
42.33 demonstrate and measure the extent to which the district or charter school raised students'
42.34 academic achievement under this program and must report the data to the commissioner
42.35 in the form and manner the commissioner determines. The commissioner annually, by

43.1 February 15, must make summary data about this program available to the education
 2 policy and finance committees of the legislature.

43.3 (b) Each school district and charter school that receives a grant under this section
 43.4 annually must report to the commissioner, consistent with the uniform financial accounting
 43.5 and reporting standards, its actual expenditures for advanced placement, preadvanced
 43.6 placement, international baccalaureate, and concurrent enrollment courses and programs.
 43.7 The report must demonstrate that the school district or charter school has maintained its
 43.8 effort from other sources for advanced placement, preadvanced placement, international
 43.9 baccalaureate, and concurrent enrollment courses and programs compared with the
 43.10 previous fiscal year, and the district or charter school has expended all grant funds,
 43.11 consistent with its approved budget.

43.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
 43.13 and applies to the 2006-2007 school year and later.

43.14 Sec. 2. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

43.15 **Subd. 2. Teacher and support personnel qualifications.** (a) The Board of
 43.16 Teaching must issue licenses under its jurisdiction to persons the board finds to be
 43.17 qualified and competent for their respective positions.

43.18 (b) The board must require a person to successfully complete an examination of
 43.19 skills in reading, writing, and mathematics before being granted an initial teaching license
 43.20 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
 43.21 education programs. The board must require colleges and universities offering a board
 43.22 approved teacher preparation program to provide remedial assistance that includes a
 43.23 formal diagnostic component to persons enrolled in their institution who did not achieve a
 43.24 qualifying score on the skills examination, including those for whom English is a second
 43.25 language. The colleges and universities must provide assistance in the specific academic
 43.26 areas of deficiency in which the person did not achieve a qualifying score. School
 43.27 districts must provide similar, appropriate, and timely remedial assistance that includes a
 43.28 formal diagnostic component and mentoring to those persons employed by the district
 43.29 who completed their teacher education program outside the state of Minnesota, received
 43.30 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
 43.31 skills examination, including those persons for whom English is a second language. The
 32 Board of Teaching shall report annually to the education committees of the legislature
 43.33 on the total number of teacher candidates during the most recent school year taking the
 43.34 skills examination, the number who achieve a qualifying score on the examination, the
 43.35 number who do not achieve a qualifying score on the examination, the distribution of all

44.1 candidates' scores, the number of candidates who have taken the examination at least once
 44.2 before, and the number of candidates who have taken the examination at least once before
 44.3 and achieve a qualifying score.

44.4 (c) A person who has completed an approved teacher preparation program and
 44.5 obtained a one-year license to teach, but has not successfully completed the skills
 44.6 examination, may renew the one-year license for two additional one-year periods. Each
 44.7 renewal of the one-year license is contingent upon the licensee:

44.8 (1) providing evidence of participating in an approved remedial assistance program
 44.9 provided by a school district or postsecondary institution that includes a formal diagnostic
 44.10 component in the specific areas in which the licensee did not obtain qualifying scores; and

44.11 (2) attempting to successfully complete the skills examination during the period
 44.12 of each one-year license.

44.13 (d) The Board of Teaching must grant continuing licenses only to those persons who
 44.14 have met board criteria for granting a continuing license, which includes successfully
 44.15 completing the skills examination in reading, writing, and mathematics.

44.16 (e) All colleges and universities approved by the board of teaching to prepare
 44.17 persons for teacher licensure must include in their teacher preparation programs a common
 44.18 core of teaching knowledge and skills to be acquired by all persons recommended
 44.19 for teacher licensure. This common core shall meet the standards developed by the
 44.20 interstate new teacher assessment and support consortium in its 1992 "model standards
 44.21 for beginning teacher licensing and development;" and must include technology and
 44.22 information literacy standards that are consistent with recommendations from media
 44.23 specialists and the department's educator licensing and teacher quality division. The board
 44.24 must develop and implement a system for reviewing on a seven-year cycle all standards of
 44.25 effective practice for teachers beginning in the 2007-2008 school year. Amendments to
 44.26 standards adopted under this paragraph are covered by chapter 14. The board of teaching
 44.27 shall report annually to the education committees of the legislature on the performance
 44.28 of teacher candidates on common core assessments of knowledge and skills under this
 44.29 paragraph during the most recent school year.

44.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

44.31 Sec. 3. Minnesota Statutes 2004, section 122A.31, subdivision 1, is amended to read:

44.32 Subdivision 1. **Requirements for American sign language/English interpreters.**

44.33 (a) Except as provided under subdivision 1a and in addition to any other requirements
 44.34 that a school district establishes, any person employed to provide American sign

45.1 language/English interpreting or sign transliterating services on a full-time or part-time
2 basis for a school district after July 1, 2000, must:

45.3 (1) hold current interpreter and transliterator certificates awarded by the Registry
45.4 of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate
45.5 awarded by the National Association of the Deaf (NAD), or a comparable state
45.6 certification from the commissioner of education; and

45.7 (2) satisfactorily complete an interpreter/transliterator training program affiliated
45.8 with an accredited educational institution.

45.9 (b) New graduates of an interpreter/transliterator program affiliated with an
45.10 accredited education institution shall be granted a two-year provisional certificate by
45.11 the commissioner. During the two-year provisional period, the interpreter/transliterator
45.12 must develop and implement an education plan in collaboration with a mentor under
45.13 paragraph (c).

45.14 (c) A mentor of a provisionally certified interpreter/transliterator must be an
45.15 interpreter/transliterator who has either NAD level IV or V certification or RID
45.16 certified interpreter and certified transliterator certification and have at least three
45.17 years interpreting/transliterating experience in any educational setting. The mentor, in
45.18 collaboration with the provisionally certified interpreter/transliterator, shall develop and
45.19 implement an education plan designed to meet the requirements of paragraph (a), clause
45.20 (1), and include a weekly on-site mentoring process.

45.21 (d) Consistent with the requirements of this paragraph, a person holding a
45.22 provisional certificate may apply to the commissioner for one time-limited extension. The
45.23 commissioner, in consultation with the Commission Serving Deaf and Hard-of-Hearing
45.24 People, must grant the person a time-limited extension of the provisional certificate based
45.25 on the following documentation:

45.26 (1) letters of support from the person's mentor, a parent of a pupil the person serves,
45.27 the special education director of the district in which the person is employed, and a
45.28 representative from the regional service center of the deaf and hard-of-hearing;

45.29 (2) records of the person's formal education, training, experience, and progress on
45.30 the person's education plan; and

45.31 (3) an explanation of why the extension is needed.

45.32 As a condition of receiving the extension, the person must comply with a plan
33 and the accompanying time line for meeting the requirements of this subdivision. A
45.34 committee composed of the director of the Minnesota Resource Center Serving Deaf and
45.35 Hard-of-Hearing, or the director's designee, a representative of the Minnesota Association
45.36 of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf,

46.1 and other appropriate persons selected by the commissioner must develop the plan and
46.2 time line for the person receiving the extension.

46.3 (e) A school district may employ ~~only~~ an interpreter/transliterators who has been
46.4 certified under paragraph (a) or (b), or for whom a time-limited extension has been
46.5 granted under paragraph (d), or a person qualified as an interpreter/transliterators under
46.6 subdivision 1a.

46.7 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
46.8 later.

46.9 Sec. 4. Minnesota Statutes 2004, section 122A.31, is amended by adding a subdivision
46.10 to read:

46.11 **Subd. 1a. Qualified deaf and hard-of-hearing interpreters/transliterators.** In
46.12 addition to employing a qualified interpreter/transliterators under subdivision 1, a school
46.13 district or charter school also may employ as an interpreter/transliterators a person who is
46.14 deaf or hard of hearing and holds a current reverse skills certificate (RSC) or a certified
46.15 deaf interpreter (CDI) certificate awarded by the Registry of Interpreters for the Deaf
46.16 (RID). The qualified deaf or hard-of-hearing person must be able to interpret between
46.17 American sign language and English-based sign language or transliterate between spoken
46.18 English and a signed code for English. The district or charter school may employ a
46.19 qualified person under this subdivision for a broad range of interpreting or transliterating
46.20 assignments.

46.21 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
46.22 later.

46.23 Sec. 5. **[122A.416] ALTERNATIVE TEACHER COMPENSATION REVENUE**
46.24 **FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT**
46.25 **INTEGRATION COLLABORATIVES.**

46.26 Notwithstanding sections 122A.413, 122A.414, 122A.415, and 126C.10,
46.27 multidistrict integration collaboratives and the Perpich Center for Arts Education are
46.28 eligible to receive alternative teacher compensation revenue as if they were intermediate
46.29 school districts. To qualify for alternative teacher compensation revenue, a multidistrict
46.30 integration collaborative or the Perpich Center for Arts Education must meet all of the
46.31 requirements of sections 122A.413, 122A.414, and 122A.415 that apply to intermediate
46.32 school districts, must report its enrollment as of October 1 of each year to the department,
46.33 and must annually report its expenditures for the alternative teacher professional pay

47.1 system consistent with the uniform financial accounting and reporting standards to the
47.2 department by November 30 of each year.

47.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007.

47.4 Sec. 6. Minnesota Statutes 2004, section 123B.77, is amended by adding a subdivision
47.5 to read:

47.6 Subd. 1a. **School district consolidated financial statement.** The commissioner,
47.7 in consultation with the advisory committee on financial management, accounting, and
47.8 reporting, shall develop and maintain a school district consolidated financial statement
47.9 format that converts uniform financial accounting and reporting standards data under
47.10 subdivision 1 into a more understandable format.

47.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

47.12 Sec. 7. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

47.13 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the
47.14 calendar year of the submission of the unaudited financial data, the district must provide to
47.15 the commissioner audited financial data for the preceding fiscal year. The audit must be
47.16 conducted in compliance with generally accepted governmental auditing standards, the
47.17 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office
47.18 of the State Auditor. An audited financial statement prepared in a form which will allow
47.19 comparison with and correction of material differences in the unaudited financial data
47.20 shall be submitted to the commissioner and the state auditor by December 31. The audited
47.21 financial statement must also provide a statement of assurance pertaining to uniform
47.22 financial accounting and reporting standards compliance and a copy of the management
47.23 letter submitted to the district by the school district's auditor.

47.24 (b) By January 15 of the calendar year following the submission of the unaudited
47.25 financial data, the commissioner shall convert the audited financial data required by this
47.26 subdivision into the consolidated financial statement format required under subdivision 1a
47.27 and publish the information on the department's Web site.

47.28 **EFFECTIVE DATE.** This section is effective for financial statements prepared in
47.29 2006 and later.

47.30 Sec. 8. [124D.935] **HIGH SCHOOL REDESIGN GRANTS.**

47.31 Subdivision 1. **Establishment; eligibility.** A ten-year grant program is established
47.32 to improve student achievement in, improve teaching and learning of, and provide

48.1 expanded access to science, technology, engineering, and mathematics in a high school
48.2 through innovative strategies that better prepare students to succeed at postsecondary
48.3 education or complex work. School districts, charter schools, intermediate districts,
48.4 groups of districts that cooperate for a particular purpose, and other public educational
48.5 institutions interested in participating in this grant program must:

48.6 (1) design new or improve and adapt existing courses, programs, or a series of
48.7 aligned learning opportunities in science, technology, engineering, and mathematics to
48.8 incorporate algebra I in grade 8 and algebra II in high school and to integrate algebra II
48.9 into career and technical education programs where appropriate;

48.10 (2) use applied learning strategies to improve the quality of and access to science,
48.11 technology, engineering, and mathematics courses, curricula, and laboratories for all
48.12 students, with strategies to aggressively increase the number of low-income and other
48.13 educationally at-risk students enrolling in these courses;

48.14 (3) improve science, technology, engineering, and mathematics instruction for
48.15 students in underserved rural or urban areas or economically disadvantaged areas and for
48.16 other students who are educationally at-risk;

48.17 (4) develop innovative ways to integrate technology into teaching and learning using
48.18 modern computers, networking, high quality educational software, multimedia across
48.19 curriculum, and affordable Internet connections;

48.20 (5) advance the use of new technology, assistive technology, and media and materials
48.21 effective in educating youth with disabilities;

48.22 (6) improve the content, interdisciplinary, and pedagogical knowledge of teachers,
48.23 administrators, and other educators who play a significant role in providing students with
48.24 challenging science, technology, engineering, and mathematics education, and focus on
48.25 teacher professional development;

48.26 (7) use the ACT explore and plan system in grades 8 and 10 or other appropriate
48.27 education and career planning resources to identify the academic strengths and remedial
48.28 needs of individual students and provide individual students with education and career
48.29 planning information sufficient to select an appropriate planned high school course
48.30 sequence and make a successful transition to postsecondary education or advanced work;

48.31 (8) enable teachers to individualize student instruction and allow students to
48.32 experiment, acquire skills, and apply content knowledge in science, technology,
48.33 engineering, and mathematics;

48.34 (9) sustain educational improvements in science, technology, engineering, and
48.35 mathematics by providing expert and peer advice and identifying, documenting, and
48.36 disseminating best practices and lessons to teachers and administrators statewide; and

49.1 (10) develop partnerships with postsecondary institutions, business organizations,
2 professional organizations, and community-based organizations interested in science,
49.3 technology, engineering, or mathematics.

49.4 Subd. 2. Application and review process; funding priority. (a) School districts,
49.5 charter schools, intermediate districts, groups of districts that cooperate for a particular
49.6 purpose, and other public educational institutions interested in participating in this grant
49.7 program may apply to the commissioner, in the form and manner the commissioner
49.8 determines, for competitive funding to improve student achievement in, improve teaching
49.9 and learning of, and provide expanded access to science, technology, engineering, and
49.10 mathematics in a high school, consistent with subdivision 1. The application must detail
49.11 the specific efforts the applicant intends to undertake to successfully implement innovative
49.12 strategies that affect the learning environment, academic content, and educational practices
49.13 in high school, and must include a proposed budget detailing the applicant's current and
49.14 proposed expenditures for these purposes. The proposed budget must demonstrate that the
49.15 applicant's efforts will supplement but not supplant expenditures the applicant currently
49.16 makes for science, technology, engineering, and mathematics teaching and learning.
49.17 Administrative expenditures must not exceed five percent of the proposed budget. The
49.18 commissioner may require an applicant to provide additional information.

49.19 (b) When reviewing applications, the commissioner must determine whether
49.20 the applicant satisfied all the requirements in this subdivision and subdivision 1. The
49.21 commissioner may give funding priority to an otherwise qualified candidate that:

49.22 (1) combines day and evening programs;

49.23 (2) restructures grade 12 to allow students to complete out-of-school learning
49.24 experiences aligned with their in-school program;

49.25 (3) uses online learning options;

49.26 (4) embeds higher level science, technology, engineering, and mathematics into
49.27 redesigned career and technical programs;

49.28 (5) enables students to receive both high school and college credit for successfully
49.29 completing science, technology, engineering, and mathematics programs and meeting
49.30 postsecondary institution placement requirements;

49.31 (6) targets low-income and other educationally at-risk students to improve their
49.32 participation and performance in science, technology, engineering, and mathematics
33 courses and careers; or

49.34 (7) strongly supports all students in exploring and preparing for careers in science,
49.35 technology, engineering, or mathematics.

50.1 The commissioner shall give funding priority to an otherwise qualified recipient
50.2 that received a grant for the previous fiscal year if the annual reports the recipient
50.3 submitted under subdivision 4 demonstrate that the recipient continues to improve student
50.4 achievement in and teaching and learning of and provide expanded access to science,
50.5 technology, engineering, and mathematics in a high school.

50.6 Subd. 3. Grants; permissible uses. (a) The commissioner may award grants to
50.7 applicants meeting the requirements of subdivisions 1 and 2. The commissioner must
50.8 award grants on an equitable geographical basis to the extent feasible and consistent
50.9 with this section.

50.10 (b) Each grant recipient must expend all grant funds it receives consistent with its
50.11 approved application and budget and this section.

50.12 Subd. 4. Annual reports. (a) Each recipient of a grant under this section must
50.13 annually collect student and teacher data to demonstrate and measure the extent to which
50.14 the grant recipient improves student achievement in, improves teaching and learning of,
50.15 and provides expanded access to science, technology, engineering, and mathematics in
50.16 a high school, and must report the data to the commissioner in the form and manner
50.17 the commissioner determines. The commissioner must, annually by February 15, make
50.18 summary data about this program available to the committees with jurisdiction over
50.19 education policy and finance in the house of representatives and senate.

50.20 (b) Each grant recipient under this section must annually report to the commissioner,
50.21 consistent with the Uniform Financial Accounting and Reporting System, its actual
50.22 expenditures for the efforts it undertakes under this section. The report must demonstrate
50.23 that the grant recipient has maintained its effort from other sources for science, technology,
50.24 engineering, and mathematics teaching and learning efforts compared with the previous
50.25 fiscal year, and that the grant recipient has expended all grant funds it received under this
50.26 section consistent with its approved application and budget. Any unexpended grant funds
50.27 remaining at the end of a fiscal year must be reserved and expended consistent with the
50.28 grant recipient's approved budget for the subsequent fiscal year.

50.29 EFFECTIVE DATE. This section is effective the day following final enactment
50.30 and applies to the 2006-2007 school year and later.

50.31 Sec. 9. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

50.32 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,
50.33 blindness, visual disability, speech or language impairment, physical handicap, other
50.34 health impairment, mental handicap, emotional/behavioral disorder, specific learning
50.35 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and

51.1 needs special instruction and services, as determined by the standards of the commissioner,
51.2 is a child with a disability. In addition, every child under age three, and at local district
51.3 discretion from age three to age seven, who needs special instruction and services, as
51.4 determined by the standards of the commissioner, because the child has a substantial delay
51.5 or has an identifiable physical or mental condition known to hinder normal development is
51.6 a child with a disability.

51.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.8 Sec. 10. Minnesota Statutes 2004, section 125A.75, is amended by adding a
51.9 subdivision to read:

51.10 **Subd. 9. Litigation costs; annual report.** (a) By November 30 of each year,
51.11 a school district must annually report the district's special education litigation costs,
51.12 including attorney fees and costs of due process hearings, to the commissioner of
51.13 education, consistent with the Uniform Financial Accounting and Reporting Standards.

51.14 (b) By January 15 of each year, the commissioner shall report school district special
51.15 education litigation costs to the house of representatives and the senate committees having
51.16 jurisdiction over kindergarten through grade 12 education finance.

51.17 Sec. 11. Minnesota Statutes 2005 Supplement, section 126C.17, subdivision 9, is
51.18 amended to read:

51.19 **Subd. 9. Referendum revenue.** (a) The revenue authorized by section 126C.10,
51.20 subdivision 1, may be increased in the amount approved by the voters of the district at a
51.21 referendum called for the purpose. The referendum may be called by the board or shall be
51.22 called by the board upon written petition of qualified voters of the district. The referendum
51.23 must be conducted one or two calendar years before the increased levy authority, if
51.24 approved, first becomes payable. ~~Only one election~~ No more than two elections to
51.25 approve an increase may be held in a calendar year. Unless the referendum is conducted
51.26 by mail under paragraph (g), the referendum must be held on the first Tuesday after the
51.27 first Monday in June or the first Tuesday after the first Monday in November. The ballot
51.28 must state the maximum amount of the increased revenue per resident marginal cost pupil
51.29 unit. The ballot may state a schedule, determined by the board, of increased revenue per
51.30 resident marginal cost pupil unit that differs from year to year over the number of years for
51.31 which the increased revenue is authorized. The ballot may state that existing referendum
51.32 levy authority is expiring. In this case, the ballot may also compare the proposed levy
51.33 authority to the existing expiring levy authority, and express the proposed increase as the
51.34 amount, if any, over the expiring referendum levy authority. The ballot must designate

52.1 the specific number of years, not to exceed ten, for which the referendum authorization
52.2 applies. The ballot, including a ballot on the question to revoke or reduce the increased
52.3 revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost
52.4 pupil unit" as "per pupil." The notice required under section 275.60 may be modified to
52.5 read, in cases of renewing existing levies:

52.6 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING
52.7 FOR A PROPERTY TAX INCREASE."

52.8 The ballot may contain a textual portion with the information required in this
52.9 subdivision and a question stating substantially the following:

52.10 "Shall the increase in the revenue proposed by (petition to) the board of,
52.11 School District No. ..., be approved?"

52.12 If approved, an amount equal to the approved revenue per resident marginal cost
52.13 pupil unit times the resident marginal cost pupil units for the school year beginning in
52.14 the year after the levy is certified shall be authorized for certification for the number of
52.15 years approved, if applicable, or until revoked or reduced by the voters of the district at a
52.16 subsequent referendum.

52.17 (b) The board must prepare and deliver by first class mail at least 15 days but no more
52.18 than 30 days before the day of the referendum to each taxpayer a notice of the referendum
52.19 and the proposed revenue increase. The board need not mail more than one notice to any
52.20 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be
52.21 those shown to be owners on the records of the county auditor or, in any county where
52.22 tax statements are mailed by the county treasurer, on the records of the county treasurer.
52.23 Every property owner whose name does not appear on the records of the county auditor
52.24 or the county treasurer is deemed to have waived this mailed notice unless the owner
52.25 has requested in writing that the county auditor or county treasurer, as the case may be,
52.26 include the name on the records for this purpose. The notice must project the anticipated
52.27 amount of tax increase in annual dollars for typical residential homesteads, agricultural
52.28 homesteads, apartments, and commercial-industrial property within the school district.

52.29 The notice for a referendum may state that an existing referendum levy is expiring
52.30 and project the anticipated amount of increase over the existing referendum levy in
52.31 the first year, if any, in annual dollars for typical residential homesteads, agricultural
52.32 homesteads, apartments, and commercial-industrial property within the district.

52.33 The notice must include the following statement: "Passage of this referendum will
52.34 result in an increase in your property taxes." However, in cases of renewing existing
52.35 levies, the notice may include the following statement: "Passage of this referendum may
52.36 result in an increase in your property taxes."

53.1 (c) A referendum on the question of revoking or reducing the increased revenue
 53.2 amount authorized pursuant to paragraph (a) may be called by the board and shall be called
 53.3 by the board upon the written petition of qualified voters of the district. A referendum to
 53.4 revoke or reduce the revenue amount must state the amount per resident marginal cost
 53.5 pupil unit by which the authority is to be reduced. Revenue authority approved by the
 53.6 voters of the district pursuant to paragraph (a) must be available to the school district at
 53.7 least once before it is subject to a referendum on its revocation or reduction for subsequent
 53.8 years. Only one revocation or reduction referendum may be held to revoke or reduce
 53.9 referendum revenue for any specific year and for years thereafter.

53.10 (d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of
 53.11 qualified voters in excess of 15 percent of the registered voters of the district on the day
 53.12 the petition is filed with the board. A referendum invoked by petition must be held on the
 53.13 date specified in paragraph (a).

53.14 (e) The approval of 50 percent plus one of those voting on the question is required to
 53.15 pass a referendum authorized by this subdivision.

53.16 (f) At least 15 days before the day of the referendum, the district must submit a
 53.17 copy of the notice required under paragraph (b) to the commissioner and to the county
 53.18 auditor of each county in which the district is located. Within 15 days after the results
 53.19 of the referendum have been certified by the board, or in the case of a recount, the
 53.20 certification of the results of the recount by the canvassing board, the district must notify
 53.21 the commissioner of the results of the referendum.

53.22 **Sec. 12. RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**
 53.23 **"BLIND" AND "BLINDNESS."**

53.24 The commissioner of education, where appropriate, must incorporate references to
 53.25 "blind" and "blindness" into the definition of visually impaired under Minnesota Rules,
 53.26 part 3525.1345, and amend the rule title to include the word "blind."

53.27 **EFFECTIVE DATE. This section is effective the day following final enactment.**

53.28 Sec. 13.

53.29 **PILOT PROGRAM TO FACILITATE YOUNG CHILDREN'S SECOND**
 53.30 **LANGUAGE LEARNING AND STRONGER LITERACY AND VERBAL SKILLS.**

53.31 (a) A pilot program for fiscal year 2007 is established to allow school districts to
 53.32 use child-relevant American sign language to encourage children in kindergarten through
 53.33 third grade to learn a second language and develop stronger literacy and verbal skills and

54.1 better classroom attention. School districts that have (i) child care centers or Head Start
54.2 classrooms, (ii) English language learners, foreign language classrooms or language
54.3 immersion programs, (iii) resident families with internationally adopted children or (iv)
54.4 classrooms in which children with special needs are served may apply to the education
54.5 commissioner, in the form and manner the commissioner determines, for a pilot program
54.6 grant. School districts that receive a grant under this section must use the grant to train
54.7 education staff who work with children in kindergarten through grade three, including
54.8 at least classroom teachers, teachers' assistants, ESL teachers and special education
54.9 teachers, to use 600 child-relevant signs in sign language to help hearing students
54.10 acquire vocabulary quickly and easily, become better problem solvers, creative thinkers
54.11 and communicators and better prepared academically, and to use effective strategies to
54.12 incorporate sign language into classroom instruction.

54.13 (b) The commissioner may awards grants to qualified school districts on a
54.14 first-come-first-served basis to allow training for 1000 education staff under this section.

54.15 (c) The commissioner shall provide for an independent evaluation of the efficacy
54.16 of the pilot program under this section and shall recommend to the education policy and
54.17 finance committees of the legislature by February 15, 2008, whether or not the program
54.18 should be continued and expanded.

54.19 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
54.20 later.

54.21 **Sec. 14. CHINESE LANGUAGE PROGRAMS; CURRICULUM**
54.22 **DEVELOPMENT PROJECT.**

54.23 Subdivision 1. **Project parameters.** (a) Notwithstanding other law to the contrary,
54.24 the commissioner of education may contract with the Board of Regents of the University
54.25 of Minnesota or other Minnesota public entity the commissioner determines is qualified
54.26 to undertake the development of an articulated K-12 Chinese curriculum for Minnesota
54.27 schools that involves:

54.28 (1) creating a network of Chinese teachers and educators able to develop new and
54.29 modify or expand existing world languages K-12 curricula, materials, assessments, and
54.30 best practices needed to provide Chinese language instruction to students; and

54.31 (2) coordinating statewide efforts to develop and expand Chinese language
54.32 instruction so that it is uniformly available to students throughout the state, and making
54.33 innovative use of media and technology, including television, distance learning, and online
54.34 courses to broaden students' access to the instruction.

55.1 (b) The entity with which the commissioner contracts under paragraph (a) must have
55.2 sufficient knowledge and expertise to ensure the professional development of appropriate,
55.3 high quality curricula, supplementary materials, aligned assessments, and best practices
55.4 that accommodate different levels of student ability and types of programs.

55.5 (c) Project participants must:

55.6 (1) work throughout the project to develop curriculum, supplementary materials,
55.7 aligned assessments, and best practices; and

55.8 (2) make curriculum, supplementary materials, aligned assessments, and best
55.9 practices equitably available to Minnesota schools and students.

55.10 Subd. 2. Project participants. The entity with which the commissioner contracts
55.11 must work with the network of Chinese teachers and educators to:

55.12 (1) conduct an inventory of Chinese language curricula, supplementary materials,
55.13 and professional development initiatives currently used in Minnesota or other states;

55.14 (2) develop Chinese language curricula and benchmarks aligned to local world
55.15 language standards and classroom-based assessments; and

55.16 (3) review and recommend to the commissioner how best to build an educational
55.17 infrastructure to provide more students with Chinese language instruction, including
55.18 how to develop and provide: an adequate supply of Chinese language teachers; an
55.19 adequate number of high quality school programs; appropriate curriculum, instructional
55.20 materials, and aligned assessments that include technology-based delivery systems;
55.21 teacher preparation programs to train Chinese language teachers; expedited licensing of
55.22 Chinese language teachers; best practices in existing educational programs that can be
55.23 used to establish K-12 Chinese language programs; and technical assistance resources.

55.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

55.25 **Sec. 15. SCHOOL BUILDING CONDITION REPORT.**

55.26 The commissioner of education, by January 15, 2007, must report to the house of
55.27 representatives and senate committees having jurisdiction over kindergarten through
55.28 grade 12 education finance on the condition of school buildings in Minnesota that cannot
55.29 economically be repaired and renovated and must be replaced within the next five years
55.30 in order to provide educational opportunities to students consistent with state academic
55.31 standards. The report shall, at a minimum, identify each building, efforts by the school
55.32 district to raise the revenue to replace the building, the cost of replacement, total school
55.33 property taxes levied by each district, and the commissioner's recommendations of what
55.34 role, if any, the state should play in providing funding for the replacement.

56.1 **Sec. 16. APPROPRIATIONS.**

56.2 **Subdivision 1. Department of Education.** The sums indicated in this section are
 56.3 appropriated from the general fund to the Department of Education for the fiscal years
 56.4 designated.

56.5 **Subd. 2. AP, IB, and concurrent enrollment increased student participation.** For
 56.6 the increased participation of students in advanced placement, international baccalaureate,
 56.7 and concurrent enrollment programs under Minnesota Statutes, section 120B.132:

56.8 \$ 7,319,000 2007

56.9 This appropriation includes \$0 for fiscal year 2006 and \$7,319,000 for fiscal year
 56.10 2007.

56.11 **Subd. 3. High school redesign grants.** To implement the high school redesign
 56.12 grants under section 8:

56.13 \$ 5,000,000 2007

56.14 **Subd. 4. Chinese language.** For the Chinese language curriculum project under
 56.15 section 14:

56.16 \$ 250,000 2007

56.17 The commissioner must report to the house of representatives and senate committees
 56.18 having jurisdiction over kindergarten through grade 12 education policy and finance on
 56.19 the range of the program by February 15, 2007. The report shall address the applicability
 56.20 of the Chinese language curriculum project to other world languages and include the
 56.21 availability of instructors, curriculum, high-quality school programs, assessments, and
 56.22 best practices as they apply to world languages.

56.23 This is a onetime appropriation.

56.24 **Subd. 5. Child-relevant American sign language.** For a contract with a qualified
 56.25 provider to train education staff to use child-relevant American sign language to facilitate
 56.26 young children's development of second language learning and stronger literacy and
 56.27 verbal skills.

56.28 \$ 225,000 2007

57.1 Of this appropriation, \$150,000 is for actual training costs, \$35,000 is for
57.2 an independent evaluation of the efficacy of the pilot program and \$40,000 is for
57.3 administrative and marketing costs incurred by the Education Department.

57.4 EFFECTIVE DATE. This section is effective the day following final enactment.

57.5 Sec. 17. REPEALER.

57.6 Minnesota Statutes 2004, section 123B.749, is repealed.

57.7 **ARTICLE 3**

57.8 **SPECIAL PROGRAMS**

57.9 Section 1. Minnesota Statutes 2005 Supplement, section 125A.11, subdivision 1,
57.10 is amended to read:

57.11 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
57.12 when a school district provides instruction and services outside the district of residence,
57.13 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The
57.14 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition
57.15 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum
57.16 of (1) the actual cost of providing special instruction and services to the child including
57.17 a proportionate amount for special transportation and unreimbursed building lease and
57.18 debt service costs for facilities used primarily for special education, plus (2) the amount
57.19 of general education revenue and referendum aid attributable to the pupil, minus (3) the
57.20 amount of special education aid for children with a disability received on behalf of that
57.21 child, minus (4) if the pupil receives special instruction and services outside the regular
57.22 classroom for more than 60 percent of the school day, the amount of general education
57.23 revenue and referendum aid, excluding portions attributable to district and school
57.24 administration, district support services, operations and maintenance, capital expenditures,
57.25 and pupil transportation, attributable to that pupil for the portion of time the pupil receives
57.26 special instruction in and services outside the regular classroom. If the boards involved
57.27 do not agree upon the tuition rate, either board may apply to the commissioner to fix the
57.28 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or
57.29 request a written statement from each board, giving each board at least ten days' notice,
57.30 and after the hearing or review of the written statements the commissioner must make an
57.31 order fixing the tuition rate, which is binding on both school districts. General education
57.32 revenue and referendum aid attributable to a pupil must be calculated using the resident
57.33 district's average general education and referendum revenue per adjusted pupil unit.

58.1 (b) For fiscal year 2007 and later, when a school district provides special instruction
58.2 and services for a pupil with a disability as defined in section 125A.02 outside the district
58.3 of residence, excluding a pupil for whom an adjustment to special education aid is
58.4 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
58.5 aid paid to the resident district must be reduced by an amount equal to (1) the actual
58.6 cost of providing special instruction and services to the pupil, including a proportionate
58.7 amount for special transportation and unreimbursed building lease and debt service costs
58.8 for facilities used primarily for special education, plus (2) the amount of general education
58.9 revenue and referendum aid attributable to that pupil, minus (3) the amount of special
58.10 education aid for children with a disability received on behalf of that child, minus (4) if the
58.11 pupil receives special instruction and services outside the regular classroom for more than
58.12 60 percent of the school day, the amount of general education revenue and referendum
58.13 aid, excluding portions attributable to district and school administration, district support
58.14 services, operations and maintenance, capital expenditures, and pupil transportation,
58.15 attributable to that pupil for the portion of time the pupil receives special instruction in
58.16 and services outside the regular classroom. General education revenue and referendum
58.17 aid attributable to a pupil must be calculated using the resident district's average general
58.18 education revenue and referendum aid per adjusted pupil unit. Special education aid
58.19 paid to the district or cooperative providing special instruction and services for the pupil
58.20 must be increased by the amount of the reduction in the aid paid to the resident district.
58.21 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision
58.22 7, shall be recognized and reported as revenues and expenditures on the resident school
58.23 district's books of account under sections 123B.75 and 123B.76. If the resident district's
58.24 special education aid is insufficient to make the full adjustment, the remaining adjustment
58.25 shall be made to other state aid due to the district.

58.26 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
58.27 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
58.28 receive special education and related services, an intermediate district, or a special
58.29 education cooperative may apply to the commissioner for authority to charge the resident
58.30 district an additional amount to recover any remaining unreimbursed costs of serving
58.31 pupils with a disability. The application must include a description of the costs and the
58.32 calculations used to determine the unreimbursed portion to be charged to the resident
58.33 district. Amounts approved by the commissioner under this paragraph must be included
58.34 in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47,
58.35 subdivision 7, paragraph (d) or (e), as applicable.

58.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

59.1 Sec. 2. Minnesota Statutes 2004, section 125A.27, subdivision 11, is amended to read:

59.2 Subd. 11. **Interagency child find systems.** "Interagency child find systems"
 59.3 means activities developed on an interagency basis with the involvement of interagency
 59.4 early intervention committees and other relevant community groups using rigorous
 59.5 standards to actively seek out, identify, and refer infants and young children, with, or at
 59.6 risk of, disabilities, and their families, including a child under the age of three who: (1)
 59.7 is involved in a substantiated case of abuse or neglect, or (2) is identified as affected by
 59.8 illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure, to
 59.9 reduce the need for future services.

59.10 Sec. 3. Minnesota Statutes 2005 Supplement, section 125A.28, is amended to read:

59.11 **125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

59.12 An Interagency Coordinating Council of at least 17, but not more than 25 members
 59.13 is established, in compliance with Public Law ~~102-119~~ 108-446, section ~~682~~ 641. The
 59.14 members must be appointed by the governor. Council members must elect the council
 59.15 chair. The representative of the commissioner may not serve as the chair. The council
 59.16 must be composed of at least five parents, including persons of color, of children with
 59.17 disabilities under age 12, including at least three parents of a child with a disability
 59.18 under age seven, five representatives of public or private providers of services for
 59.19 children with disabilities under age five, including a special education director, county
 59.20 social service director, local Head Start director, and a community health services or
 59.21 public health nursing administrator, one member of the senate, one member of the
 59.22 house of representatives, one representative of teacher preparation programs in early
 59.23 childhood-special education or other preparation programs in early childhood intervention,
 59.24 at least one representative of advocacy organizations for children with disabilities under
 59.25 age five, one physician who cares for young children with special health care needs, one
 59.26 representative each from the commissioners of commerce, education, health, human
 59.27 services, a representative from the state agency responsible for child care, foster care,
 59.28 mental health, homeless coordinator of education of homeless children and youth, and a
 59.29 representative from Indian health services or a tribal council. Section 15.059, subdivisions
 59.30 2 to 5, apply to the council. ~~The council must meet at least quarterly.~~

59.31 ~~The council must address methods of implementing the state policy of developing~~
 59.32 ~~and implementing comprehensive, coordinated, multidisciplinary interagency programs of~~
 59.33 ~~early intervention services for children with disabilities and their families.~~

59.34 ~~The duties of the council include recommending policies to ensure a comprehensive~~
 59.35 ~~and coordinated system of all state and local agency services for children under age five~~

60.1 ~~with disabilities and their families. The policies must address how to incorporate each~~
60.2 ~~agency's services into a unified state and local system of multidisciplinary assessment~~
60.3 ~~practices, individual intervention plans, comprehensive systems to find children in need of~~
60.4 ~~services, methods to improve public awareness, and assistance in determining the role of~~
60.5 ~~interagency early intervention committees.~~

60.6 On the date that Minnesota Part C Annual Performance Report is submitted to the
60.7 federal Office of Special Education, the council must recommend to the governor and the
60.8 commissioners of education, health, human services, commerce, and employment and
60.9 economic development policies for a comprehensive and coordinated system.

60.10 Notwithstanding any other law to the contrary, the State Interagency Coordinating
60.11 Council expires on June 30, 2009.

60.12 Sec. 4. Minnesota Statutes 2004, section 125A.29, is amended to read:

60.13 **125A.29 RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL**
60.14 **BOARDS.**

60.15 (a) It is the joint responsibility of county boards and school boards to coordinate,
60.16 provide, and pay for appropriate services, and to facilitate payment for services from public
60.17 and private sources. Appropriate services for children eligible under section 125A.02 must
60.18 be determined in consultation with parents, physicians, and other educational, medical,
60.19 health, and human services providers. The services provided must be in conformity with:

60.20 (1) an IFSP for each eligible infant and toddler from birth through age two and its
60.21 the infant's or toddler's family; including:

60.22 (i) Indian infants and toddlers with disabilities and their families residing on a
60.23 reservation geographically located in the state;

60.24 (ii) infants and toddlers with disabilities who are homeless children and their
60.25 families; and

60.26 (iii) infants and toddlers with disabilities who are wards of the state; or

60.27 (2) an individual education plan (IEP) or individual service plan (ISP) for each
60.28 eligible child ages three through four.

60.29 (b) Appropriate services include family education and counseling, home visits,
60.30 occupational and physical therapy, speech pathology, audiology, psychological services,
60.31 special instruction, nursing, respite, nutrition, assistive technology, transportation
60.32 and related costs, social work, vision services, case management including service
60.33 coordination under section 125A.33, medical services for diagnostic and evaluation
60.34 purposes, early identification, and screening, assessment, and health services necessary to
60.35 enable children with disabilities to benefit from early intervention services.

61.1 (c) School and county boards shall coordinate early intervention services. In the
61.2 absence of agreements established according to section 125A.39, service responsibilities
61.3 for children birth through age two are as follows:

61.4 (1) school boards must provide, pay for, and facilitate payment for special education
61.5 and related services required under sections 125A.05 and 125A.06;

61.6 (2) county boards must provide, pay for, and facilitate payment for noneducational
61.7 services of social work, psychology, transportation and related costs, nursing, respite, and
61.8 nutrition services not required under clause (1).

61.9 (d) School and county boards may develop an interagency agreement according
61.10 to section 125A.39 to establish agency responsibility that assures early intervention
61.11 services are coordinated, provided, paid for, and that payment is facilitated from public
61.12 and private sources.

61.13 (e) County and school boards must jointly determine the primary agency in this
61.14 cooperative effort and must notify the commissioner of the state lead agency of their
61.15 decision.

61.16 Sec. 5. Minnesota Statutes 2004, section 125A.30, is amended to read:

61.17 **125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.**

61.18 (a) A school district, group of districts, or special education cooperative, in
61.19 cooperation with the health and human service agencies located in the county or counties
61.20 in which the district or cooperative is located, must establish an Interagency Early
61.21 Intervention Committee for children with disabilities under age five and their families
61.22 under this section, and for children with disabilities ages three to 22 consistent with
61.23 the requirements under sections 125A.023 and 125A.027. Committees must include
61.24 representatives of local health, education, and county human service agencies, county
61.25 boards, school boards, early childhood family education programs, Head Start, parents of
61.26 young children with disabilities under age 12, child care resource and referral agencies,
61.27 school readiness programs, current service providers, and may also include representatives
61.28 from other private or public agencies and school nurses. The committee must elect a chair
61.29 from among its members and must meet at least quarterly.

61.30 (b) The committee must develop and implement interagency policies and procedures
61.31 concerning the following ongoing duties:

61.32 (1) develop public awareness systems designed to inform potential recipient
61.33 families, especially parents with premature infants, or infants with other physical risk
61.34 factors associated with learning or development complications, of available programs
61.35 and services;

62.1 (2) implement interagency child find systems designed to actively seek out, identify,
62.2 and refer infants and young children with, or at risk of, disabilities, including a child under
62.3 the age of three who: (i) is involved in a substantiated case of abuse or (ii) is identified
62.4 as affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal
62.5 drug exposure; to reduce the need for future services; and their families, especially parents
62.6 with premature infants, or infants with other physical risk factors associated with learning
62.7 or development complications;

62.8 (3) establish and evaluate the identification, referral, child and family assessment
62.9 systems, procedural safeguard process, and community learning systems to recommend,
62.10 where necessary, alterations and improvements;

62.11 (4) assure the development of individualized family service plans for all eligible
62.12 infants and toddlers with disabilities from birth through age two, and their families, and
62.13 individual education plans and individual service plans when necessary to appropriately
62.14 serve children with disabilities, age three and older, and their families and recommend
62.15 assignment of financial responsibilities to the appropriate agencies;

62.16 ~~(5) encourage agencies to develop individual family service plans for children with~~
62.17 ~~disabilities, age three and older;~~

62.18 ~~(6)~~ implement a process for assuring that services involve cooperating agencies at all
62.19 steps leading to individualized programs;

62.20 ~~(7)~~ (6) facilitate the development of a transitional plan if a service provider is not
62.21 recommended to continue to provide services;

62.22 ~~(8)~~ (7) identify the current services and funding being provided within the
62.23 community for children with disabilities under age five and their families;

62.24 ~~(9)~~ (8) develop a plan for the allocation and expenditure of additional state and
62.25 federal early intervention funds under United States Code, title 20, section 1471 et seq.
62.26 (Part C, Public Law ~~102-119~~ 108-446) and United States Code, title 20, section 631, et
62.27 seq. (Chapter I, Public Law 89-313); and

62.28 ~~(10)~~ (9) develop a policy that is consistent with section 13.05, subdivision 9, and
62.29 federal law to enable a member of an interagency early intervention committee to allow
62.30 another member access to data classified as not public.

62.31 (c) The local committee shall also:

62.32 (1) participate in needs assessments and program planning activities conducted by
62.33 local social service, health and education agencies for young children with disabilities and
62.34 their families; and

62.35 (2) review and comment on the early intervention section of the total special
62.36 education system for the district, the county social service plan, the section or sections of

63.1 the community health services plan that address needs of and service activities targeted
63.2 to children with special health care needs, the section on children with special needs in
63.3 the county child care fund plan, sections in Head Start plans on coordinated planning and
63.4 services for children with special needs, any relevant portions of early childhood education
63.5 plans, such as early childhood family education or school readiness, or other applicable
63.6 coordinated school and community plans for early childhood programs and services, and
63.7 the section of the maternal and child health special project grants that address needs of and
63.8 service activities targeted to children with chronic illness and disabilities.

63.9 Sec. 6. Minnesota Statutes 2004, section 125A.32, is amended to read:

63.10 **125A.32 INDIVIDUALIZED FAMILY SERVICE PLAN.**

63.11 (a) A team must participate in IFSP meetings to develop the IFSP. The team shall
63.12 include:

63.13 (1) a parent or parents of the child;

63.14 (2) other family members, as requested by the parent, if feasible to do so;

63.15 (3) an advocate or person outside of the family, if the parent requests that the
63.16 person participate;

63.17 (4) the service coordinator who has been working with the family since the
63.18 initial referral, or who has been designated by the public agency to be responsible for
63.19 implementation of the IFSP and coordination with other agencies including transition
63.20 services; and

63.21 (5) a person or persons involved in conducting evaluations and assessments.

63.22 (b) The IFSP must include:

63.23 (1) information about the child's developmental status;

63.24 (2) family information, with the consent of the family;

63.25 (3) measurable results or major outcomes expected to be achieved by the child and
63.26 the family that include preliteracy and language skills, as developmentally appropriate
63.27 for the child, and the criteria, procedures, and timelines;

63.28 (4) specific early intervention services based on peer-reviewed research, to the
63.29 extent practicable, necessary to meet the unique needs of the child and the family to
63.30 achieve the outcomes;

63.31 (5) payment arrangements, if any;

63.32 (6) medical and other services that the child needs, but that are not required under
63.33 the Individual with Disabilities Education Act, United States Code, title 20, section 1471
63.34 et seq. (Part C, Public Law ~~102-119~~ 108-446) including funding sources to be used in

64.1 paying for those services and the steps that will be taken to secure those services through
64.2 public or private sources;

64.3 (7) dates and duration of early intervention services;

64.4 (8) name of the service coordinator;

64.5 (9) steps to be taken to support a child's transition from early intervention services to
64.6 other appropriate services, including convening a transition conference at least 90 days, or
64.7 at the discretion of all parties, not more than nine months prior to the child's eligibility for
64.8 preschool services; and

64.9 (10) signature of the parent and authorized signatures of the agencies responsible
64.10 for providing, paying for, or facilitating payment, or any combination of these, for early
64.11 intervention services.

64.12 Sec. 7. Minnesota Statutes 2004, section 125A.33, is amended to read:

64.13 **125A.33 SERVICE COORDINATION.**

64.14 (a) The team developing the IFSP under section 125A.32 must select a service
64.15 coordinator to carry out service coordination activities on an interagency basis. Service
64.16 coordination must actively promote a family's capacity and competency to identify,
64.17 obtain, coordinate, monitor, and evaluate resources and services to meet the family's
64.18 needs. Service coordination activities include:

64.19 (1) coordinating the performance of evaluations and assessments;

64.20 (2) facilitating and participating in the development, review, and evaluation of
64.21 individualized family service plans;

64.22 (3) assisting families in identifying available service providers;

64.23 (4) coordinating and monitoring the delivery of available services;

64.24 (5) informing families of the availability of advocacy services;

64.25 (6) coordinating with medical, health, and other service providers;

64.26 (7) facilitating the development of a transition plan at least 90 days before the time
64.27 the child is no longer eligible for early intervention services, or at the discretion of all
64.28 parties, not more than nine months prior to the child's eligibility for preschool services,
64.29 if appropriate;

64.30 (8) managing the early intervention record and submitting additional information to
64.31 the local primary agency at the time of periodic review and annual evaluations; and

64.32 (9) notifying a local primary agency when disputes between agencies impact service
64.33 delivery required by an IFSP.

65.1 (b) A service coordinator must be knowledgeable about children and families
 65.2 receiving services under this section, requirements of state and federal law, and services
 65.3 available in the interagency early childhood intervention system.

65.4 Sec. 8. Minnesota Statutes 2004, section 125A.48, is amended to read:

65.5 **125A.48 STATE INTERAGENCY AGREEMENT.**

65.6 (a) The commissioners of the Departments of Education, Health, and Human
 65.7 Services must enter into an agreement to implement this section and Part H C, Public
 65.8 Law ~~102-119~~ 108-446, and as required by Code of Federal Regulations, title 34, section
 65.9 303.523, to promote the development and implementation of interagency, coordinated,
 65.10 multidisciplinary state and local early childhood intervention service systems for serving
 65.11 eligible young children with disabilities, birth through age two, and their families and
 65.12 to ensure the meaningful involvement of underserved groups, including minority,
 65.13 low-income, homeless, and rural families and children with disabilities who are wards
 65.14 of the state. The agreement must be reviewed annually.

65.15 (b) The state interagency agreement must outline at a minimum the conditions,
 65.16 procedures, purposes, and responsibilities of the participating state and local agencies
 65.17 for the following:

65.18 (1) membership, roles, and responsibilities of a state interagency committee for
 65.19 the oversight of priorities and budget allocations under Part H C, Public Law ~~102-119~~
 65.20 108-446, and other state allocations for this program;

65.21 (2) child find;

65.22 (3) establishment of local interagency agreements;

65.23 (4) review by a state interagency committee of the allocation of additional state and
 65.24 federal early intervention funds by local agencies;

65.25 (5) fiscal responsibilities of the state and local agencies;

65.26 (6) intraagency and interagency dispute resolution;

65.27 (7) payor of last resort;

65.28 (8) maintenance of effort;

65.29 (9) procedural safeguards, including mediation;

65.30 (10) complaint resolution;

65.31 (11) quality assurance;

65.32 (12) data collection;

65.33 (13) an annual summary to the state Interagency Coordinating Council regarding
 65.34 conflict resolution activities including disputes, due process hearings, and complaints; and

66.1 (14) other components of the state and local early intervention system consistent
66.2 with Public Law ~~102-119~~ 108-446.

66.3 Written materials must be developed for parents, IEIC's, and local service providers
66.4 that describe procedures developed under this section as required by Code of Federal
66.5 Regulations, title 34, section 303.

66.6 Sec. 9. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

66.7 Subdivision 1. **Approval of education programs.** The commissioner shall
66.8 approve education programs for placement of children and youth in ~~care and treatment~~
66.9 residential facilities including detention centers, before being licensed by the Department
66.10 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~
66.11 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~
66.12 ~~2930, 2935, and 2950~~. Education programs in these facilities shall conform to state and
66.13 federal education laws including the Individuals with Disabilities Education Act (IDEA).
66.14 This section applies only to placements in facilities licensed by the Department of Human
66.15 Services or the Department of Corrections.

66.16 Sec. 10. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

66.17 Subd. 3. **Responsibilities for providing education.** (a) The district in which the
66.18 residential facility is located must provide education services, including special education
66.19 if eligible, to all students placed in a facility ~~for care and treatment~~.

66.20 (b) For education programs operated by the Department of Corrections, the
66.21 providing district shall be the Department of Corrections. For students remanded to the
66.22 commissioner of corrections, the providing and resident district shall be the Department
66.23 of Corrections.

66.24 ~~(c) Placement for care and treatment does not automatically make a student eligible~~
66.25 ~~for special education. A student placed in a care and treatment facility is eligible for~~
66.26 ~~special education under state and federal law including the Individuals with Disabilities~~
66.27 ~~Education Act under United States Code, title 20, chapter 33.~~

66.28 Sec. 11. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

66.29 Subd. 5. **Education programs for students placed in residential facilities ~~for~~**
66.30 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility
66.31 approved under this section that has an on-site education program, the providing district,
66.32 upon notice from the care and treatment facility, must contact the resident district within
66.33 one business day to determine if a student has been identified as having a disability, and

67.1 to request at least the student's transcript, and for students with disabilities, the most
67.2 recent individualized education plan (IEP) and evaluation report, and to determine if the
67.3 student has been identified as a student with a disability. The resident district must send a
67.4 facsimile copy to the providing district within two business days of receiving the request.

67.5 (b) If a student placed ~~for care and treatment~~ under this section has been identified as
67.6 having a disability and has an individual education plan in the resident district:

67.7 (1) the providing agency must conduct an individualized education plan meeting
67.8 to reach an agreement about continuing or modifying special education services in
67.9 accordance with the current individualized education plan goals and objectives and to
67.10 determine if additional evaluations are necessary; and

67.11 (2) at least the following people shall receive written notice or documented phone
67.12 call to be followed with written notice to attend the individualized education plan meeting:

67.13 (i) the person or agency placing the student;

67.14 (ii) the resident district;

67.15 (iii) the appropriate teachers and related services staff from the providing district;

67.16 (iv) appropriate staff from the ~~care and treatment~~ residential facility;

67.17 (v) the parents or legal guardians of the student; and

67.18 (vi) when appropriate, the student.

67.19 (c) For a student who has not been identified as a student with a disability, a
67.20 screening must be conducted by the providing districts as soon as possible to determine
67.21 the student's educational and behavioral needs and must include a review of the student's
67.22 educational records.

67.23 Sec. 12. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

67.24 Subd. 6. **Exit report summarizing educational progress.** If a student has been
67.25 placed in a ~~care and treatment~~ facility under this section for 15 or more business days, the
67.26 providing district must prepare an exit report summarizing the regular education, special
67.27 education, evaluation, educational progress, and service information and must send the
67.28 report to the resident district and the next providing district if different, the parent or
67.29 legal guardian, and any appropriate social service agency. For students with disabilities,
67.30 this report must include the student's IEP.

Sec. 13. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

67.32 Subd. 7. **Minimum educational services required.** When a student is placed in a
67.33 facility approved under this section, at a minimum, the providing district is responsible for:

68.1 (1) the education necessary, including summer school services, for a student who is
68.2 not performing at grade level as indicated in the education record or IEP; and

68.3 (2) a school day, of the same length as the school day of the providing district, unless
68.4 the unique needs of the student, as documented through the IEP or education record in
68.5 consultation with treatment providers, requires an alteration in the length of the school day.

68.6 Sec. 14. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

68.7 Subd. 9. **Reimbursement for education services.** (a) Education services
68.8 provided to students who have been placed ~~for care and treatment~~ under this section are
68.9 reimbursable in accordance with special education and general education statutes.

68.10 (b) Indirect or consultative services provided in conjunction with regular education
68.11 prereferral interventions and assessment provided to regular education students suspected
68.12 of being disabled and who have demonstrated learning or behavioral problems in a
68.13 screening are reimbursable with special education categorical aids.

68.14 (c) Regular education, including screening, provided to students with or without
68.15 disabilities is not reimbursable with special education categorical aids.

68.16 Sec. 15. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to
68.17 read:

68.18 Subd. 10. **Students unable to attend school but not ~~placed in care and treatment~~**
68.19 **facilities covered under this section.** Students who are absent from, or predicted to
68.20 be absent from, school for 15 consecutive or intermittent days, and placed at home or
68.21 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~
68.22 ~~students placed for care and treatment~~ entitled to regular and special education services
68.23 consistent with applicable law and rule. These students include students with and without
68.24 disabilities who are home due to accident or illness, in a hospital or other medical facility,
68.25 or in a day treatment center. ~~These students are entitled to education services through~~
68.26 ~~their district of residence.~~

68.27 Sec. 16. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

68.28 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~
68.29 commissioner shall establish an advisory committee for each resource center. The
68.30 advisory committees shall develop recommendations regarding the resource centers and
68.31 submit an annual report to the commissioner on the form and in the manner prescribed by
68.32 the commissioner.

69.1 Sec. 17. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

69.2 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
69.3 actually expended by a district, based on mileage, for necessary travel of essential
69.4 personnel providing home-based services to children with a disability under age five
69.5 and their families.

69.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

69.7 Sec. 18. **DEPARTMENT OF EDUCATION RULES.**

69.8 Before July 1, 2007, the Department of Education shall amend Minnesota Rules,
69.9 part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

69.10 Sec. 19. **REPEALER.**

69.11 Minnesota Statutes 2004, sections 125A.10; and 125A.515, subdivision 2, are
69.12 repealed.

ARTICLE 1 EDUCATION EXCELLENCE Page.Ln 1.24
ARTICLE 2 EDUCATION FUNDING Page.Ln 40.2
ARTICLE 3 SPECIAL PROGRAMS..... Page.Ln 57.7

121A.23 PROGRAMS TO PREVENT AND REDUCE THE RISKS OF SEXUALLY TRANSMITTED INFECTIONS AND DISEASES.

Subdivision 1. **Sexually transmitted infections and diseases program.** The commissioner of education, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted infections and diseases, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of sexually transmitted infection and disease, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. **Funding sources.** Districts may accept funds for sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

123B.749 STRUCTURALLY BALANCED SCHOOL DISTRICT BUDGETS.

(a) Prior to approving a collective bargaining agreement that does not result from an interest arbitration decision, a school board must determine by board resolution that the proposed agreement will not cause structural imbalance in the district's budget during the period of the agreement.

(b) A school board may only determine that an agreement will not cause structural imbalance if expenditures will not exceed available funds, taking into account:

- (1) current state aid formulas; and
- (2) reasonable and comprehensive projections of ongoing revenues and expenditures for the period of the agreement. It is expected that onetime revenue may not be used for ongoing expenditures. The school board must make available with the resolution a summary of the projections and calculations supporting the determination. The projections and calculations must include state aid formulas, pupil units, and employee costs, including the terms of labor agreements, including the agreement under consideration, fringe benefits, severance pay, and staff changes.

(c) In addition to the determination required in paragraph (a), the school board must project revenues, expenditures, and fund balances for one year following the period of the agreement. The projections must include the categories of information described in paragraph (b), be reasonable and comprehensive, and reference current state aid formulas.

(d) All projections and calculations required by this section must be made available to the public prior to and at the meeting where the resolution is adopted in a manner consistent with state law on public notice and access to public data.

(e) In an interest arbitration, the district must submit, and the exclusive bargaining representative may submit, proposed determinations with supporting projections and calculations consistent with paragraph (b) of the effect of the potential decision on the structural balance of the

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district's budget. The arbitrator must consider the potential effect of a decision on the structural balance of the district's budget for the term of the agreement. The arbitrator's decision must describe the effect of the decision on the structural balance of the district's budget in a manner consistent with paragraph (b). The arbitrator's decision must also show the effect of the decision on the school budget for one year following the term of the contract at issue. Within 30 days of receipt of the decision or when the board acts on the decision, whichever is earlier, the school board must by resolution determine the effect of the decision on the structural balance of its budget for the term of the agreement consistent with paragraph (b).

(f) A copy of the resolution with the supporting projections and calculations must be submitted to the commissioner of education with the uniform collective bargaining agreement settlement document within 30 days of adoption of the resolution. The commissioner must develop a model form for use by districts in reporting projections and calculations. The commissioner must make all resolutions, projections, and calculations available to the public.

(g) Compliance with this section by itself is not an unfair labor practice under section 179A.13, subdivision 2.

125A.10 COORDINATING INTERAGENCY SERVICES.

If at the time of initial referral for an educational assessment, or a reassessment, the district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative must develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care must include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments. Any state, county, or city government agency responsible for providing services or resources to students with disabilities under this section is subject to the same dispute resolution systems as local school districts, and all such agencies must comply with corrective action requirements that ensue from these systems.

125A.515 PLACEMENT OF STUDENTS; APPROVAL OF EDUCATION PROGRAM.

Subd. 2. **Definition of care and treatment placement.** Students placed in the following public or private facilities are considered to be placed for care and treatment:

- (1) group foster home, Department of Corrections;
- (2) secure juvenile detention facilities, Department of Corrections;
- (3) juvenile residential facilities, Department of Corrections;
- (4) temporary holdover - eight day, Department of Corrections;
- (5) group homes, Department of Human Services;
- (6) residential academies, Department of Human Services;
- (7) transitional programs, Department of Human Services;
- (8) shelter care, Department of Human Services and Department of Corrections;
- (9) shelter for homeless, Department of Human Services;
- (10) adult facilities that admit persons under the age of 22; and
- (11) residential treatment programs.

169.4502 ADDITIONAL MINNESOTA SCHOOL BUS CHASSIS STANDARDS.

Subd. 15. **Oil filter or oil filtration system.** An oil filtration system may be used in lieu of an oil filter.

169.4503 ADDITIONAL MINNESOTA SCHOOL BUS BODY STANDARDS.

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Subd. 17. **Mirrors.** After January 1, 1995, all school buses must be equipped with a minimum of two crossover mirrors, mounted to the left and right sides of the bus.

Subd. 18. **Overall width.** The overall width limit excludes mirrors, mirror brackets, and the stop arm.

Subd. 26. **Crossing control arm.** If a bus is equipped with a crossing control arm, an automatic recycling interrupt switch may be installed for temporary disabling of the crossing control arm.

1 Senator moves to amend S.F. No. 2994 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1
1.4 GENERAL EDUCATION

1.5 Section 1. Minnesota Statutes 2004, section 120A.20, subdivision 1, is amended to
1.6 read:

1.7 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or
1.8 in part by state funds are public schools. Admission to a public school is free to any
1.9 person who: (1) resides within the district that operates the school, who; (2) is under 21
1.10 years of age, or who meets the requirements of paragraph (c); and who (3) satisfies the
1.11 minimum age requirements imposed by this section. Notwithstanding the provisions of
1.12 any law to the contrary, the conduct of all students under 21 years of age attending a
1.13 public secondary school is governed by a single set of reasonable rules and regulations
1.14 promulgated by the school board.

1.15 ~~No~~ (b) A person shall not be admitted to ~~any~~ a public school (1) as a kindergarten
1.16 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in
1.17 which the school year for which the pupil seeks admission commences; or (2) as a 1st
1.18 grade student, unless the pupil is at least six years of age on September 1 of the calendar
1.19 year in which the school year for which the pupil seeks admission commences or has
1.20 completed kindergarten; except that any school board may establish a policy for admission
1.21 of selected pupils at an earlier age.

1.22 (c) A pupil who becomes age 21 after enrollment is eligible for continued free public
1.23 school enrollment until at least one of the following occurs: (1) the first September 1 after
1.24 the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3)
1.25 the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4)
1.26 the end of the school year.

1.27 Sec. 2. Minnesota Statutes 2004, section 123A.06, subdivision 2, is amended to read:

1.28 Subd. 2. **People to be served.** A center shall provide programs for secondary
1.29 pupils and adults. A center may also provide programs and services for elementary and
1.30 secondary pupils who are not attending the center to assist them in being successful in
1.31 school. A center shall use research-based best practices for serving limited English
1.32 proficient students and their parents. An individual education plan team may identify a
1.33 center as an appropriate placement to the extent a center can provide the student with the
1.34 appropriate special education services described in the student's plan. Pupils eligible to
1.35 be served are those ~~age five to adults 22 and older~~ who qualify under the graduation
1.36 incentives program in section 124D.68, subdivision 2, those enrolled under section

2.1 124D.02, subdivision 2, or those pupils who are eligible to receive special education
 2.2 services under sections 125A.03 to 125A.24, and 125A.65.

2.3 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.76, subdivision 3, is
 2.4 amended to read:

2.5 Subd. 3. **Expenditures by building.** (a) For the purposes of this section, "building"
 2.6 means education site as defined in section 123B.04, subdivision 1.

2.7 (b) Each district shall maintain separate accounts to identify general fund
 2.8 expenditures for each building. All expenditures for regular instruction, secondary
 2.9 vocational instruction, and school administration must be reported to the department
 2.10 separately for each building. All expenditures for special education instruction,
 2.11 instructional support services, and pupil support services provided within a specific
 2.12 building must be reported to the department separately for each building. Salary
 2.13 expenditures reported by building must reflect actual salaries for staff at the building and
 2.14 must not be based on districtwide averages. All other general fund expenditures may be
 2.15 reported by building or on a districtwide basis.

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

2.20 (1) expenditures not reported by building shall be allocated among buildings on a
 2.21 uniform per pupil basis;

2.22 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision
 2.23 4;

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

2.26 (4) alternative teacher compensation revenue shall be allocated according to section
 2.27 122A.415, subdivision 1;

2.28 (5) other general education revenue shall be allocated on a uniform per pupil unit
 2.29 basis;

2.30 ~~(5)~~ (6) first grade preparedness aid shall be allocated according to section 124D.081;

2.31 ~~(6)~~ (7) state and federal special education aid and Title I aid shall be allocated in
 2.32 proportion to district expenditures for these programs by building; and

2.33 ~~(7)~~ (8) other general fund revenues shall be allocated on a uniform per pupil basis,
 2.34 except that the department may allocate other revenues attributable to specific buildings
 2.35 directly to those buildings.

2.36 Sec. 4. Minnesota Statutes 2004, section 124D.02, subdivision 2, is amended to read:

3.1 Subd. 2. **Secondary school programs.** The board may permit a person who is over
3.2 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a
3.3 class or program at a secondary school if there is space available. In determining if there is
3.4 space available, ~~full-time~~ public school students; eligible for free enrollment under section
3.5 120A.20, subdivision 1, and shared-time students shall be given priority over students
3.6 seeking enrollment pursuant to this subdivision, and students returning to complete a
3.7 regular course of study shall be given priority over ~~part-time~~ other students seeking
3.8 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

3.9 (1) residency in the school district;

3.10 (2) United States citizenship; or

3.11 (3) for a person over the age of 21, a high school diploma or equivalency certificate.

3.12 A person may enroll in a class or program even if that person attends evening school, an
3.13 adult or continuing education, or a postsecondary educational program or institution.

3.14 Sec. 5. Minnesota Statutes 2004, section 124D.02, subdivision 4, is amended to read:

3.15 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections
3.16 120A.20 and 123B.37, a board may charge a ~~part-time~~ student enrolled pursuant to
3.17 subdivision 2 a reasonable fee for a class or program.

3.18 Sec. 6. Minnesota Statutes 2005 Supplement, section 124D.68, subdivision 2, is
3.19 amended to read:

3.20 Subd. 2. **Eligible pupils.** ~~The following pupils are~~ A pupil under the age of 21 or
3.21 who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to
3.22 participate in the graduation incentives program:

3.23 ~~(a) any pupil under the age of 21 who, if the pupil:~~

3.24 (1) performs substantially below the performance level for pupils of the same age
3.25 in a locally determined achievement test;

3.26 (2) is at least one year behind in satisfactorily completing coursework or obtaining
3.27 credits for graduation;

3.28 (3) is pregnant or is a parent;

3.29 (4) has been assessed as chemically dependent;

3.30 (5) has been excluded or expelled according to sections 121A.40 to 121A.56;

3.31 (6) has been referred by a school district for enrollment in an eligible program or
3.32 a program pursuant to section 124D.69;

3.33 (7) is a victim of physical or sexual abuse;

3.34 (8) has experienced mental health problems;

3.35 (9) has experienced homelessness sometime within six months before requesting a
3.36 transfer to an eligible program;

- 4.1 (10) speaks English as a second language or has limited English proficiency; or
4.2 (11) has withdrawn from school or has been chronically truant; ~~or,~~
4.3 ~~(b) any person who is at least 21 years of age and who:~~
4.4 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~
4.5 ~~at age 5;~~
4.6 ~~(2) has not completed the requirements for a high school diploma; and~~
4.7 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~
4.8 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~
4.9 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~
4.10 ~~the displaced homemaker program or any programs under the federal Jobs Training~~
4.11 ~~Partnership Act or its successor.~~

4.12 Sec. 7. Minnesota Statutes 2004, section 124D.68, subdivision 3, is amended to read:

4.13 Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2
4.14 may enroll in area learning centers under sections 123A.05 to 123A.08.

4.15 (b) A pupil who is eligible according to subdivision 2 and who is between the ages
4.16 of 16 and 21 may enroll in postsecondary courses under section 124D.09.

4.17 (c) A pupil who is eligible under subdivision 2, may enroll in any public elementary
4.18 or secondary education program. ~~However, a person who is eligible according to~~
4.19 ~~subdivision 2, clause (b), may enroll only if the school board has adopted a resolution~~
4.20 ~~approving the enrollment.~~

4.21 (d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic,
4.22 nonsectarian school that has contracted with the serving school district to provide
4.23 educational services.

4.24 (e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic
4.25 education programs approved under section 124D.52 and operated under the community
4.26 education program contained in section 124D.19.

4.27 Sec. 8. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

4.28 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
4.29 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph
4.30 (c), in average daily membership enrolled in the district of residence, in another district
4.31 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;
4.32 in a charter school under section 124D.10; or for whom the resident district pays tuition
4.33 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
4.34 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be
4.35 counted according to this subdivision.

5.1 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
5.2 by the commissioner and has an individual education plan is counted as the ratio of the
5.3 number of hours of assessment and education service to 825 times 1.25 with a minimum
5.4 average daily membership of 0.28, but not more than 1.25 pupil units.

5.5 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is
5.6 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

5.7 (c) A kindergarten pupil with a disability who is enrolled in a program approved
5.8 by the commissioner is counted as the ratio of the number of hours of assessment and
5.9 education services required in the fiscal year by the pupil's individual education program
5.10 plan to 875, but not more than one.

5.11 (d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a
5.12 pupil unit for fiscal year 2000 and thereafter.

5.13 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal
5.14 year 2000 and thereafter.

5.15 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
5.16 year 1995 and thereafter.

5.17 (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

5.18 (h) A pupil who is in the postsecondary enrollment options program is counted
5.19 as 1.3 pupil units.

5.20 Sec. 9. Minnesota Statutes 2004, section 126C.10, subdivision 6, is amended to read:

5.21 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions
5.22 7 and 8.

5.23 (a) "High school" means a public secondary school, except a charter school under
5.24 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If
5.25 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~
5.26 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest
5.27 school, the commissioner must designate one school in the district as a high school for the
5.28 purposes of this section.

5.29 (b) "Secondary average daily membership" means, for a district that has only one
5.30 high school, the average daily membership of pupils served in grades 7 through 12. For a
5.31 district that has more than one high school, "secondary average daily membership" for
5.32 each high school means the product of the average daily membership of pupils served in
5.33 grades 7 through 12 in the high school, times the ratio of six to the number of grades
5.34 in the high school.

5.35 (c) "Attendance area" means the total surface area of the district, in square miles,
5.36 divided by the number of high schools in the district. For a district that does not operate

6.1 a high school and is less than 19 miles from the nearest operating high school, the
6.2 attendance area equals zero.

6.3 (d) "Isolation index" for a high school means the square root of 55 percent of the
6.4 attendance area plus the distance in miles, according to the usually traveled routes,
6.5 between the high school and the nearest high school. For a district in which there is located
6.6 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

6.7 (1) the square root of one-half of the attendance area; and

6.8 (2) the distance from the border of the district to the nearest high school.

6.9 (e) "Qualifying high school" means a high school that has an isolation index greater
6.10 than 23 and that has secondary average daily membership of less than 400.

6.11 (f) "Qualifying elementary school" means ~~an~~ a public elementary school, except a
6.12 charter school under section 124D.10, that is located 19 miles or more from the nearest
6.13 elementary school or from the nearest elementary school within the district and, in either
6.14 case, has an elementary average daily membership of an average of 20 or fewer per grade.

6.15 (g) "Elementary average daily membership" means, for a district that has only
6.16 one elementary school, the average daily membership of pupils served in kindergarten
6.17 through grade 6. For a district that has more than one elementary school, "average daily
6.18 membership" for each school means the average daily membership of pupils served in
6.19 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades
6.20 in the elementary school.

6.21 Sec. 10. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 31,
6.22 is amended to read:

6.23 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the
6.24 greater of zero or the product of the ratio of the number of adjusted marginal cost pupil
6.25 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002
6.26 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference
6.27 between: (1) the lesser of the district's general education revenue per adjusted marginal
6.28 cost pupil unit for fiscal year 2003 or the amount of general education revenue the district
6.29 would have received per adjusted marginal cost pupil unit for fiscal year 2004 according
6.30 to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year
6.31 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil
6.32 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

6.33 (b) A district's transition revenue for fiscal year 2006 and later equals the sum of
6.34 ~~(1)~~ the product of the district's transition allowance times the district's adjusted marginal
6.35 cost pupil units plus ~~(2) the amount of referendum revenue under section 126C.17 and~~
6.36 ~~general education revenue, excluding transition revenue, for fiscal year 2004 attributable~~

1 ~~to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten~~
7.2 ~~program implemented by the district before July 1, 2003, and reported as kindergarten~~
7.3 ~~pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of~~
7.4 ~~compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to~~
7.5 ~~pupils four years of age on September 1, 2003, enrolled in a prekindergarten program~~
7.6 ~~implemented by the district before July 1, 2003, and reported as kindergarten pupils~~
7.7 ~~under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04~~ the district's
7.8 transition for prekindergarten revenue under subdivision 31a.

7.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007
7.10 and later.

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

7.13 Subd. 31a. **Transition for prekindergarten revenue.** For fiscal year 2007 and
7.14 later, a school district's transition for prekindergarten revenue equals the sum of (1) the
7.15 amount of referendum revenue under section 126C.17 and general education revenue,
7.16 excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years
7.17 of age on September 1, 2003, enrolled in a prekindergarten program implemented by the
7.18 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,
7.19 subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education
7.20 revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of
7.21 age on September 1, 2003, enrolled in a prekindergarten program implemented by the
7.22 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,
7.23 subdivision 1, for fiscal year 2004 multiplied by .04.

7.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007
7.25 and later.

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

7.28 Subd. 31b. **Uses of transition for prekindergarten revenue.** A school district that
7.29 receives revenue under subdivision 31a must reserve that revenue for prekindergarten
7.30 programs serving students who turn age four by September 1 and who will enter
31 kindergarten the following year.

7.32 **EFFECTIVE DATE.** This section is effective for fiscal year 2007 and later.

7.33 Sec. 13. Minnesota Statutes 2005 Supplement, section 126C.43, subdivision 2, is
7.34 amended to read:

8.1 Subd. 2. **Payment to unemployment insurance program trust fund by state**
 8.2 **and political subdivisions.** (a) A district may levy the amount necessary ~~(i)~~ (1) to pay
 8.3 the district's obligations under section 268.052, subdivision 1, and ~~(ii)~~ (2) to pay for job
 8.4 placement services offered to employees who may become eligible for benefits pursuant
 8.5 to section 268.085 for the fiscal year the levy is certified.

8.6 (b) Districts with a balance remaining in their reserve for reemployment as of June
 8.7 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each
 8.8 year a levy reduction must be made to return these funds to taxpayers. The amount of
 8.9 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for
 8.10 reemployment, or (2) the amount of the district's current levy under paragraph (a).

8.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.12 Sec. 14. Minnesota Statutes 2004, section 126C.44, is amended to read:

8.13 **126C.44 SAFE SCHOOLS LEVY.**

8.14 Each district may make a levy on all taxable property located within the district for
 8.15 the purposes specified in this section. The maximum amount which may be levied for all
 8.16 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal
 8.17 cost pupil units for the school year. The proceeds of the levy must be reserved and used
 8.18 for directly funding the following purposes or for reimbursing the cities and counties who
 8.19 contract with the district for the following purposes: (1) to pay the costs incurred for the
 8.20 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in
 8.21 services in the district's schools; (2) to pay the costs for a drug abuse prevention program
 8.22 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)
 8.23 to pay the costs for a gang resistance education training curriculum in the district's schools;
 8.24 (4) to pay the costs for security in the district's schools and on school property; or (5) to
 8.25 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence
 8.26 prevention measures taken by the school district. For expenditures under clause (1), the
 8.27 district must initially attempt to contract for services to be provided by peace officers or
 8.28 sheriffs with the police department of each city or the sheriff's department of the county
 8.29 within the district containing the school receiving the services. If a local police department
 8.30 or a county sheriff's department does not wish to provide the necessary services, the
 8.31 district may contract for these services with any other police or sheriff's department
 8.32 located entirely or partially within the school district's boundaries. ~~The levy authorized~~
 8.33 ~~under this section is not included in determining the school district's levy limitations.~~

8.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

1 Sec. 15. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,
 9.2 is amended to read:

9.3 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general
 9.4 fund payments for a district nonoperating fund must be made at the current year aid
 9.5 payment percentage of the estimated entitlement during the fiscal year of the entitlement.
 9.6 This amount shall be paid in 12 equal monthly installments. The amount of the actual
 9.7 entitlement, after adjustment for actual data, minus the payments made during the fiscal
 9.8 year of the entitlement must be paid prior to October 31 of the following school year. The
 9.9 commissioner may make advance payments of debt service equalization aid and state-paid
 9.10 tax credits for a district's debt service fund earlier than would occur under the preceding
 9.11 schedule if the district submits evidence showing a serious cash flow problem in the fund.
 9.12 The commissioner may make earlier payments during the year and, if necessary, increase
 9.13 the percent of the entitlement paid to reduce the cash flow problem.

9.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.15 Sec. 16. **ALTERNATIVE TEACHER COMPENSATION REVENUE FOR**
 9.16 **SPECIAL SCHOOL DISTRICT NO. 6, SOUTH ST. PAUL.**

9.17 Notwithstanding Minnesota Statutes, sections 122A.413, 122A.414, 122A.415,
 9.18 and 126C.10, Special School District No. 6, South St. Paul, shall be eligible for
 9.19 alternative teacher compensation revenue under Minnesota Statutes, section 122A.415,
 9.20 for the elementary and middle years international baccalaureate pilot program. The
 9.21 revenue generated from the alternative teacher compensation program must be used
 9.22 for preinstructional startup costs, including staff, training, curriculum materials, and
 9.23 preparation costs.

9.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2007
 9.25 through 2011.

9.26 Sec. 17. **REPEALER.**

9.27 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

9.28 ARTICLE 2

9.29 EDUCATION EXCELLENCE

9.30 Section 1. Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to
 9.31 read:

9.32 Subd. 3. **Parent defined; residency determined.** (a) In this section and sections
 9.33 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal
 9.34 custody of a child.

10.1 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,
10.2 or other person having legal custody of a child under age 18. For an unmarried pupil age
10.3 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,
10.4 in which case it means the guardian or conservator.

10.5 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of
10.6 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and
10.7 who is placed in a center for care and treatment, shall be the school district in which the
10.8 pupil's biological or adoptive parent or designated guardian resides.

10.9 (d) For a married pupil age 18 or over, the school district of residence is the school
10.10 district in which the married pupil resides.

10.11 (e) If a district reasonably believes that a student does not meet the residency
10.12 requirements of the school district in which the student is attending school, the student
10.13 may be removed from the school only after the district sends the student's parents written
10.14 notice of the district's belief, including the facts upon which the belief is based, and an
10.15 opportunity to provide documentary evidence of residency in person to the superintendent
10.16 or designee, or, at the option of the parents, by sending the documentary evidence to the
10.17 superintendent, or a designee, who will then make a determination as to the residency
10.18 status of the student.

10.19 Sec. 2. Minnesota Statutes 2004, section 120B.021, subdivision 1, is amended to read:

10.20 Subdivision 1. **Required academic standards.** The following subject areas are
10.21 required for statewide accountability:

10.22 (1) language arts;

10.23 (2) mathematics;

10.24 (3) science;

10.25 (4) social studies, including history, geography, economics, and government and
10.26 citizenship;

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

10.29 (6) the arts, for which statewide or locally developed academic standards apply, as
10.30 determined by the school district. Public elementary and middle schools must offer at least
10.31 three and require at least two of the following four arts areas: dance; music; theater; and
10.32 visual arts. Public high schools must offer at least three and require at least one of the
10.33 following five arts areas: media arts; dance; music; theater; and visual arts.

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

1.1 For purposes of applicable federal law, the academic standards for language arts,
11.2 mathematics, and science apply to all public school students, except the very few students
11.3 with extreme cognitive or physical impairments for whom an individualized education
11.4 plan team has determined that the required academic standards are inappropriate.
11.5 An individualized education plan team that makes this determination must establish
11.6 alternative standards.

11.7 A school district, no later than the 2007-2008 school year, must adopt graduation
11.8 requirements that meet or exceed state graduation requirements established in law or
11.9 rule. A school district that incorporates these state graduation requirements before the
11.10 2007-2008 school year must provide students who enter the 9th grade in or before
11.11 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
11.12 established graduation requirements in effect when the students entered the 9th grade.
11.13 District efforts to develop, implement, or improve instruction or curriculum as a result
11.14 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
11.15 and 120B.20.

11.16 At a minimum, school districts must maintain the same physical education and
11.17 health education requirements for students in kindergarten through grade 8 adopted for the
11.18 2005-2006 school year through the 2008-2009 school year. Before a revision of the local
11.19 health and physical education standards, a school district must consult the grade-specific
11.20 benchmarks developed by the Department of Education's health and physical education
11.21 quality teaching network for the six national physical education standards and the seven
11.22 national health standards.

11.23 The commissioner must include the contributions of Minnesota American Indian
11.24 tribes and communities as they relate to each of the academic standards during the review
11.25 and revision of the required academic standards.

11.26 Sec. 3. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,
11.27 is amended to read:

11.28 Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's
11.29 application signed by the student's parent or guardian, a school district, area learning
11.30 center, or charter school must declare that a student meets or exceeds a specific academic
11.31 standard required for graduation under this section if the local school board, the school
11.32 board of the school district in which the area learning center is located, or the charter
11.33 school board of directors determines that the student:

11.34 (1) is participating in a course of study, including an advanced placement or
11.35 international baccalaureate course or program; a learning opportunity outside the
11.36 curriculum of the district, area learning center, or charter school; or an approved

12.1 preparatory program for employment or postsecondary education that is equally or more
 12.2 rigorous than the corresponding state or local academic standard required by the district,
 12.3 area learning center, or charter school;

12.4 (2) would be precluded from participating in the rigorous course of study, learning
 12.5 opportunity, or preparatory employment or postsecondary education program if the student
 12.6 were required to achieve the academic standard to be waived; and

12.7 (3) satisfactorily completes the requirements for the rigorous course of study,
 12.8 learning opportunity, or preparatory employment or postsecondary education program.
 12.9 Consistent with the requirements of this section, the local school board, the school board
 12.10 of the school district in which the area learning center is located, or the charter school
 12.11 board of directors also may formally determine other circumstances in which to declare
 12.12 that a student meets or exceeds a specific academic standard that the site requires for
 12.13 graduation under this section.

12.14 (b) A student who satisfactorily completes a postsecondary enrollment options
 12.15 course or program under section 124D.09, or an advanced placement or international
 12.16 baccalaureate course or program under section 120B.13, is not required to complete other
 12.17 requirements of the academic standards corresponding to that specific rigorous course
 12.18 of study.

12.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.20 Sec. 4. Minnesota Statutes 2004, section 120B.023, is amended to read:

12.21 **120B.023 BENCHMARKS.**

12.22 **Subdivision 1. Benchmarks implement, supplement statewide academic**
 12.23 **standards.** (a) The commissioner must supplement required state academic standards with
 12.24 grade-level benchmarks. High school benchmarks may cover more than one grade. The
 12.25 benchmarks must implement statewide academic standards by specifying the academic
 12.26 knowledge and skills that schools must offer and students must achieve to satisfactorily
 12.27 complete a state standard. The commissioner must publish benchmarks ~~are published~~ to
 12.28 inform and guide parents, teachers, school districts, and other interested persons and for to
 12.29 use in developing tests consistent with the benchmarks.

12.30 (b) The commissioner shall publish benchmarks in the State Register and transmit
 12.31 the benchmarks in any other manner that makes them accessible to the general public. The
 12.32 commissioner may charge a reasonable fee for publications.

12.33 (c) Once established, the commissioner may change the benchmarks only with
 12.34 specific legislative authorization and after completing a review under ~~paragraph (d)~~
 12.35 subdivision 2.

13.1 (d) The commissioner must develop and implement a system for reviewing on
13.2 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and
13.3 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent
13.4 with subdivision 2.

13.5 (e) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

13.6 Subd. 2. Revisions and reviews required. (a) The commissioner of education must
13.7 revise and appropriately embed technology and information literacy standards consistent
13.8 with recommendations from school media specialists into the state's academic standards
13.9 and graduation requirements and implement a review cycle for state academic standards
13.10 and related benchmarks, consistent with this subdivision. During each review cycle, the
13.11 commissioner also must examine the alignment of each required academic standard and
13.12 related benchmark with the knowledge and skills students need for college readiness and
13.13 advanced work in the particular subject area.

13.14 (b) The commissioner in the 2006-2007 school year must revise and align the state's
13.15 academic standards and high school graduation requirements in mathematics to require
13.16 that students satisfactorily complete the revised mathematics standards, beginning in the
13.17 2010-2011 school year. Under the revised standards:

13.18 (1) students must satisfactorily complete an algebra I credit by the end of eighth
13.19 grade; and

13.20 (2) students scheduled to graduate in the 2014-2015 school year or later must
13.21 satisfactorily complete an algebra II credit or its equivalent.

13.22 The commissioner also must ensure that the statewide mathematics assessments
13.23 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011
13.24 school year are aligned with the state academic standards in mathematics. The statewide
13.25 11th grade mathematics test administered to students under clause (2) beginning in
13.26 the 2013-2014 school year must include algebra II test items that are aligned with
13.27 corresponding state academic standards in mathematics. The commissioner must
13.28 implement a review of the academic standards and related benchmarks in mathematics
13.29 beginning in the 2015-2016 school year.

13.30 (c) The commissioner in the 2007-2008 school year must revise and align the state's
13.31 academic standards and high school graduation requirements in the arts to require that
13.32 students satisfactorily complete the revised arts standards beginning in the 2010-2011
13.33 school year. The commissioner must implement a review of the academic standards and
13.34 related benchmarks in arts beginning in the 2016-2017 school year.

13.35 (d) The commissioner in the 2008-2009 school year must revise and align the state's
13.36 academic standards and high school graduation requirements in science to require that

14.1 students satisfactorily complete the revised science standards, beginning in the 2011-2012
 14.2 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
 14.3 school year or later must satisfactorily complete a chemistry or physics credit. The
 14.4 commissioner must implement a review of the academic standards and related benchmarks
 14.5 in science beginning in the 2017-2018 school year.

14.6 (e) The commissioner in the 2009-2010 school year must revise and align the state's
 14.7 academic standards and high school graduation requirements in language arts to require
 14.8 that students satisfactorily complete the revised language arts standards beginning in the
 14.9 2012-2013 school year. The commissioner must implement a review of the academic
 14.10 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

14.11 (f) The commissioner in the 2010-2011 school year must revise and align the state's
 14.12 academic standards and high school graduation requirements in social studies to require
 14.13 that students satisfactorily complete the revised social studies standards beginning in the
 14.14 2013-2014 school year. The commissioner must implement a review of the academic
 14.15 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

14.16 (g) School districts and charter schools must revise and align local academic
 14.17 standards and high school graduation requirements in health, physical education, world
 14.18 languages, and career and technical education to require students to complete the revised
 14.19 standards beginning in a school year determined by the school district or charter school.
 14.20 School districts and charter schools must formally establish a periodic review cycle for
 14.21 the academic standards and related benchmarks in health, physical education, world
 14.22 languages, and career and technical education.

14.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.24 Sec. 5. Minnesota Statutes 2004, section 120B.024, is amended to read:

14.25 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**
 14.26 **STUDENT TRANSFERS.**

14.27 (a) Students beginning 9th grade in the 2004-2005 school year and later must
 14.28 successfully complete the following high school level course credits for graduation:

14.29 (1) four credits of language arts;

14.30 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
 14.31 and probability sufficient to satisfy the academic standard and beginning in the 2010-2011
 14.32 school year for students scheduled to graduate in the 2014-2015 school year or later, one
 14.33 algebra II credit or its equivalent;

14.34 (3) three credits of science, including at least one credit in biology and for the
 14.35 2011-2012 school year and later, one credit in chemistry or physics;

15.1 (4) three and one-half credits of social studies, encompassing at least United
15.2 States history, geography, government and citizenship, world history, and economics or
15.3 three credits of social studies encompassing at least United States history, geography,
15.4 government and citizenship, and world history, and one-half credit of economics taught in
15.5 a school's social studies, agriculture education, or business department;

15.6 (5) one credit in the arts; and

15.7 (6) a minimum of seven elective course credits.

15.8 (b) Students beginning 9th grade in the 2006-2007 school year and later must
15.9 complete the following course credits for graduation in addition to those specified in
15.10 paragraph (a), clauses (1) to (5):

15.11 (1) one-half credit in physical education and one-half credit in health education; and

15.12 (2) a minimum of six elective course credits instead of the seven elective course
15.13 credits specified in paragraph (a), clause (6).

15.14 (c) A course credit is equivalent to a student successfully completing an academic
15.15 year of study or a student mastering the applicable subject matter, as determined by the
15.16 local school district.

15.17 (d) An agriculture science course may fulfill a science credit requirement under
15.18 this section.

15.19 (e) A district, area learning center, and charter school must establish processes by
15.20 which to transfer as completed:

15.21 (1) those course credit requirements that other school sites within the district or
15.22 other public schools verify on transcripts as completed; and

15.23 (2) the work that educational institutions outside the state accept for completing the
15.24 equivalent of course credit requirements and verify on transcripts as completed.

15.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.26 Sec. 6. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is
15.27 amended to read:

15.28 Subd. 2. **Reimbursement for examination fees.** The state may reimburse
15.29 college-level examination program (CLEP) fees for a Minnesota public or nonpublic
15.30 high school student who has successfully completed one or more college-level courses
15.31 in high school ~~and earned a satisfactory score on one or more CLEP examinations in the~~
15.32 subject matter of each examination in the following subjects: composition and literature,
15.33 mathematics and science, social sciences and history, foreign languages, and business and
15.34 humanities. The state may reimburse each ~~successful~~ student for up to six examination
15.35 fees. The commissioner shall establish application procedures and a process and schedule

16.1 for fee reimbursements. The commissioner must give priority to reimburse the CLEP
16.2 examination fees of students of low-income families.

16.3 **Sec. 7. [121A.02] SCHOOL SAFETY.**

16.4 **Subdivision 1. School safety advisory council. A school safety advisory council**
16.5 **is established under section 15.059. The advisory council is composed of 12 members**
16.6 **representing school boards, school counselors, school psychologists, law enforcement**
16.7 **agencies, mental health services, substance abuse services, faith communities, school**
16.8 **administrators, students, and school athletic departments and extracurricular organizations.**
16.9 **The members of the council shall be appointed by the commissioner and must be from**
16.10 **geographically diverse regions of the state.**

16.11 **Subd. 2. Duties. The advisory council shall advise the commissioner on issues**
16.12 **related to school safety. The advisory council, in cooperation with the commissioner,**
16.13 **shall make recommendations for the creation of a Center for School Safety for the state**
16.14 **that serves as the central point for the collection and dissemination of information about**
16.15 **successful school safety programs, provide services to schools to assess current school**
16.16 **environments, and provide materials, training, and technical assistance.**

16.17 **Subd. 3. Center for School Safety. Consistent with the recommendations of the**
16.18 **advisory council, the commissioner shall establish the Center for School Safety. The**
16.19 **commissioner may develop and utilize a request for proposal process for the establishment**
16.20 **of the Center for School Safety. The advisory council shall continue to advise the**
16.21 **commissioner and the center on its operations. The Center for School Safety shall, at a**
16.22 **minimum:**

- 16.23 **(1) establish a clearinghouse for information and materials concerning school safety;**
16.24 **(2) provide safe school assessments;**
16.25 **(3) provide training and technical assistance customized to individual school needs**
16.26 **for school staff, students, and parents;**
16.27 **(4) provide services to enhance school climate;**
16.28 **(5) coordinate school efforts with the broader community; and**
16.29 **(6) evaluate and report on the implementation and effectiveness of the services**
16.30 **provided by the center.**

16.31 **Sec. 8. Minnesota Statutes 2004, section 121A.035, is amended to read:**

16.32 **121A.035 CRISIS MANAGEMENT POLICY.**

16.33 **Subdivision 1. Model policy. ~~By December 1, 1999,~~ The commissioner shall**
16.34 **maintain and make available to school boards and charter schools a model crisis**

7.1 management policy that includes, among other items, school lock-down and tornado drills,
 17.2 consistent with subdivision 2, and school fire drills under section 299F.30.

17.3 Subd. 2. **School district and charter school policy.** ~~By July 1, 2000,~~ A school
 17.4 board and a charter school must adopt a ~~district~~ crisis management policy to address
 17.5 potential violent crisis situations in the district or charter school. The policy must be
 17.6 developed ~~in consultation~~ cooperatively with administrators, teachers, employees,
 17.7 students, parents, community members, law enforcement agencies, other emergency
 17.8 management officials, county attorney offices, social service agencies, emergency medical
 17.9 responders, and any other appropriate individuals or organizations. The policy must
 17.10 include at least five school lock-down drills, five school fire drills consistent with section
 17.11 299F.30, and one tornado drill.

17.12 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
 17.13 later.

17.14 Sec. 9. **[121A.231] COMPREHENSIVE FAMILY LIFE AND SEXUALITY**
 17.15 **EDUCATION PROGRAMS.**

17.16 **Subdivision 1. Definitions.** (a) "Comprehensive family life and sexuality education"
 17.17 means education in grades 7 through 12 that:

17.18 (1) respects community values and encourages family communication;

17.19 (2) develops skills in communication, decision making, and conflict resolution;

17.20 (3) contributes to healthy relationships;

17.21 (4) provides human development and sexuality education that is age appropriate
 17.22 and medically accurate;

17.23 (5) includes an abstinence-first approach to delaying initiation of sexual activity that
 17.24 emphasizes abstinence while also including education about the use of protection and
 17.25 contraception; and

17.26 (6) promotes individual responsibility.

17.27 (b) "Age appropriate" refers to topics, messages, and teaching methods suitable to
 17.28 particular ages or age groups of children and adolescents, based on developing cognitive,
 17.29 emotional, and behavioral capacity typical for the age or age group.

17.30 (c) "Medically accurate" means verified or supported by research conducted in
 17.31 compliance with scientific methods and published in peer-reviewed journals, where
 17.32 appropriate, and recognized as accurate and objective by professional organizations
 17.33 and agencies in the relevant field, such as the federal Centers for Disease Control
 17.34 and Prevention, the American Public Health Association, the American Academy of
 17.35 Pediatrics, or the American College of Obstetricians and Gynecologists.

18.1 Subd. 2. Curriculum requirements. (a) A school district may offer and may
18.2 independently establish policies, procedures, curriculum, and services for providing
18.3 comprehensive family life and sexuality education that is age appropriate and medically
18.4 accurate for kindergarten through grade 6.

18.5 (b) A school district must offer and may independently establish policies, procedures,
18.6 curriculum, and services for providing comprehensive family life and sexuality education
18.7 that is age appropriate and medically accurate for grades 7 through 12.

18.8 Subd. 3. Notice and parental options. (a) It is the legislature's intent to encourage
18.9 pupils to communicate with their parents or guardians about human sexuality and to respect
18.10 rights of parents or guardians to supervise their children's education on these subjects.

18.11 (b) Parents or guardians may excuse their children from all or part of a
18.12 comprehensive family life and sexuality education program.

18.13 (c) A school district must establish procedures for providing parents or guardians
18.14 reasonable notice with the following information:

18.15 (1) if the district is offering a comprehensive family life and sexuality education
18.16 program to the parents' or guardians' child during the course of the year;

18.17 (2) how the parents or guardians may inspect the written and audio/visual
18.18 educational materials used in the program and the process for inspection;

18.19 (3) if the program is presented by school district personnel or outside consultants,
18.20 and if outside consultants are used, who they may be; and

18.21 (4) parents' or guardians' right to choose not to have their child participate in the
18.22 program and the procedure for exercising that right.

18.23 (d) A school district must establish procedures for reasonably restricting the
18.24 availability of written and audio/visual educational materials from public view of students
18.25 who have been excused from all or part of a comprehensive family life and sexuality
18.26 education program at the request of a parent or guardian.

18.27 Subd. 4. Assistance to school districts. (a) The Department of Education may
18.28 offer services to school districts to help them implement effective comprehensive family
18.29 life and sexuality education programs. In providing these services, the department may
18.30 contract with a school district, or a school district in partnership with a local health agency
18.31 or a nonprofit organization, to establish up to eight regional training sites, taking into
18.32 account geographical balance, to provide:

18.33 (1) training for teachers, parents, and community members in the development of
18.34 comprehensive family life and sexuality education curriculum or services and in planning
18.35 for monitoring and evaluation activities;

- 19.1 (2) resource staff persons to provide expert training, curriculum development and
19.2 implementation, and evaluation services;
- 19.3 (3) technical assistance to promote and coordinate community, parent, and youth
19.4 forums in communities identified as having high needs for comprehensive family life
19.5 and sexuality education;
- 19.6 (4) technical assistance for issue management and policy development training for
19.7 school boards, superintendents, principals, and administrators across the state; and
- 19.8 (5) funding for grants to school-based comprehensive family life and sexuality
19.9 education programs to promote innovation and to recognize outstanding performance and
19.10 promote replication of demonstrably effective strategies.
- 19.11 (b) Technical assistance provided by the department to school districts or regional
19.12 training sites may:
- 19.13 (1) promote instruction and use of materials that are age appropriate;
- 19.14 (2) provide information that is medically accurate and objective;
- 19.15 (3) provide instruction and promote use of materials that are respectful of marriage
19.16 and commitments in relationships;
- 19.17 (4) provide instruction and promote use of materials that are appropriate for use
19.18 with pupils and family experiences based on race, gender, sexual orientation, and ethnic
19.19 and cultural background, and appropriately accommodate alternative learning based on
19.20 language or disability;
- 19.21 (5) provide instruction and promote use of materials that encourage pupils to
19.22 communicate with their parents or guardians about human sexuality;
- 19.23 (6) provide instruction and promote use of age-appropriate materials that teach
19.24 abstinence from sexual intercourse as the only certain way to prevent unintended
19.25 pregnancy or sexually transmitted infections, including HIV, and provide information
19.26 about the role and value of abstinence while also providing medically accurate information
19.27 on other methods of preventing and reducing risk for unintended pregnancy and sexually
19.28 transmitted infections;
- 19.29 (7) provide instruction and promote use of age-appropriate materials that are
19.30 medically accurate in explaining transmission modes, risks, symptoms, and treatments for
19.31 sexually transmitted infections, including HIV;
- 19.32 (8) provide instruction and promote use of age-appropriate materials that address
19.33 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted
19.34 infections, including HIV, in an age-appropriate manner;
- 19.35 (9) provide instruction and promote use of age-appropriate materials that provide
19.36 information about the effectiveness and safety of all FDA-approved methods for

20.1 preventing and reducing risk for unintended pregnancy and sexually transmitted
20.2 infections, including HIV;

20.3 (10) provide instruction and promote use of age-appropriate materials that provide
20.4 instruction in skills for making and implementing responsible decisions about sexuality;

20.5 (11) provide instruction and promote use of age-appropriate materials that provide
20.6 instruction in skills for making and implementing responsible decisions about finding and
20.7 using health services; and

20.8 (12) provide instruction and promote use of age-appropriate materials that do not
20.9 teach or promote religious doctrine or reflect or promote bias against any person on the
20.10 basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

20.11 Sec. 10. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

20.12 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
20.13 Teaching must issue licenses under its jurisdiction to persons the board finds to be
20.14 qualified and competent for their respective positions.

20.15 (b) The board must require a person to successfully complete an examination of
20.16 skills in reading, writing, and mathematics before being granted an initial teaching license
20.17 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
20.18 education programs. The board must require colleges and universities offering a board
20.19 approved teacher preparation program to provide remedial assistance that includes a
20.20 formal diagnostic component to persons enrolled in their institution who did not achieve a
20.21 qualifying score on the skills examination, including those for whom English is a second
20.22 language. The colleges and universities must provide assistance in the specific academic
20.23 areas of deficiency in which the person did not achieve a qualifying score. School
20.24 districts must provide similar, appropriate, and timely remedial assistance that includes a
20.25 formal diagnostic component and mentoring to those persons employed by the district
20.26 who completed their teacher education program outside the state of Minnesota, received
20.27 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
20.28 skills examination, including those persons for whom English is a second language. The
20.29 Board of Teaching shall report annually to the education committees of the legislature
20.30 on the total number of teacher candidates during the most recent school year taking the
20.31 skills examination, the number who achieve a qualifying score on the examination, the
20.32 number who do not achieve a qualifying score on the examination, the distribution of all
20.33 candidates' scores, the number of candidates who have taken the examination at least once
20.34 before, and the number of candidates who have taken the examination at least once before
20.35 and achieve a qualifying score.

1.1 (c) A person who has completed an approved teacher preparation program and
21.2 obtained a one-year license to teach, but has not successfully completed the skills
21.3 examination, may renew the one-year license for two additional one-year periods. Each
21.4 renewal of the one-year license is contingent upon the licensee:

21.5 (1) providing evidence of participating in an approved remedial assistance program
21.6 provided by a school district or postsecondary institution that includes a formal diagnostic
21.7 component in the specific areas in which the licensee did not obtain qualifying scores; and

21.8 (2) attempting to successfully complete the skills examination during the period
21.9 of each one-year license.

21.10 (d) The Board of Teaching must grant continuing licenses only to those persons who
21.11 have met board criteria for granting a continuing license, which includes successfully
21.12 completing the skills examination in reading, writing, and mathematics.

21.13 (e) All colleges and universities approved by the board of teaching to prepare persons
21.14 for teacher licensure must include in their teacher preparation programs a common core
21.15 of teaching knowledge and skills to be acquired by all persons recommended for teacher
21.16 licensure. This common core shall meet the standards developed by the interstate new
21.17 teacher assessment and support consortium in its 1992 "model standards for beginning
21.18 teacher licensing and development;" and must include technology and information
21.19 literacy standards that are consistent with recommendations from media specialists and
21.20 the department's Educator Licensing and Teacher Quality Division. The board must
21.21 develop and implement a system for reviewing on a seven-year cycle all standards of
21.22 effective practice for teachers beginning in the 2007-2008 school year. Amendments to
21.23 standards adopted under this paragraph are covered by chapter 14. The board of teaching
21.24 shall report annually to the education committees of the legislature on the performance
21.25 of teacher candidates on common core assessments of knowledge and skills under this
21.26 paragraph during the most recent school year.

21.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.28 Sec. 11. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 2b,
21.29 is amended to read:

21.30 Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section
21.31 and sections 122A.413 and 122A.415, the department must prepare and transmit to
21.32 interested school districts, intermediate school districts, school sites, and charter schools
21.33 a standard form for applying to participate in the alternative teacher professional pay
21.34 system. An interested school district, intermediate school district, school site, or charter
21.35 school must submit to the commissioner a completed application executed by the district

22.1 superintendent and the exclusive bargaining representative of the teachers if the applicant
22.2 is a school district, intermediate school district, or school site, or executed by the charter
22.3 school board of directors if the applicant is a charter school. The application must include
22.4 the proposed alternative teacher professional pay system agreement under subdivision
22.5 2. The department must convene a review committee that at least includes teachers and
22.6 administrators within 30 days of receiving a completed application to recommend to
22.7 the commissioner whether to approve or disapprove the application. The commissioner
22.8 must approve applications on a first-come, first-served basis. The applicant's alternative
22.9 teacher professional pay system agreement must be legally binding on the applicant
22.10 and the collective bargaining representative before the applicant receives alternative
22.11 compensation revenue. The commissioner must approve or disapprove an application
22.12 based solely on the explicit requirements under subdivisions 2 and 2a and may not impose
22.13 any other conditions for approval.

22.14 (b) If the commissioner disapproves an application, the commissioner must give the
22.15 applicant timely notice of the specific reasons in detail for disapproving the application.
22.16 The applicant may revise and resubmit its application and related documents to the
22.17 commissioner within 30 days of receiving notice of the commissioner's disapproval and
22.18 the commissioner must approve or disapprove the revised application, consistent with this
22.19 subdivision. Applications that are revised and then approved are considered submitted on
22.20 the date the applicant initially submitted the application.

22.21 Sec. 12. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 3,
22.22 is amended to read:

22.23 Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate
22.24 school districts, school sites, and charter schools must report on the implementation and
22.25 effectiveness of the alternative teacher professional pay system, particularly addressing
22.26 each requirement under subdivision 2 and make annual recommendations by June 15 to
22.27 their school boards. The school board or board of directors shall transmit a copy of the
22.28 report with a summary of the findings and recommendations of the district, intermediate
22.29 school district, school site, or charter school to the commissioner.

22.30 (b) If the commissioner determines that a school district, intermediate school district,
22.31 school site, or charter school that receives alternative teacher compensation revenue is not
22.32 complying with the requirements of this section, the commissioner may withhold funding
22.33 from that participant. Before making the determination, the commissioner must notify the
22.34 participant of any deficiencies and provide the participant an opportunity to comply.

23.1 (c) The commissioner's review and evaluation of an alternative teacher professional
 23.2 pay system must be judged relative to the participant's approved plan and may not impose
 23.3 any criteria other than are contained in the plan or the explicit requirements of this section.

23.4 Sec. 13. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

23.5 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the
 23.6 calendar year of the submission of the unaudited financial data, the district must provide to
 23.7 the commissioner audited financial data for the preceding fiscal year. The audit must be
 23.8 conducted in compliance with generally accepted governmental auditing standards, the
 23.9 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office
 23.10 of the State Auditor. An audited financial statement prepared in a form which will allow
 23.11 comparison with and correction of material differences in the unaudited financial data
 23.12 shall be submitted to the commissioner and the state auditor by December 31. The audited
 23.13 financial statement must also provide a statement of assurance pertaining to uniform
 23.14 financial accounting and reporting standards compliance and a copy of the management
 23.15 letter submitted to the district by the school district's auditor.

23.16 (b) By January 15 of the calendar year following the submission of the unaudited
 23.17 financial data, the commissioner shall convert the audited financial data required by this
 23.18 subdivision into the consolidated financial statement format required under subdivision 1a
 23.19 and publish the information on the department's Web site.

23.20 **EFFECTIVE DATE.** This section is effective for financial statements prepared in
 23.21 2006 and later.

23.22 Sec. 14. Minnesota Statutes 2004, section 123B.90, subdivision 2, is amended to read:

23.23 Subd. 2. **Student training.** (a) Each district must provide public school pupils
 23.24 enrolled in kindergarten through grade 10 with age-appropriate school bus safety training,
 23.25 as described in this section, of the following concepts:

- 23.26 (1) transportation by school bus is a privilege and not a right;
- 23.27 (2) district policies for student conduct and school bus safety;
- 23.28 (3) appropriate conduct while on the school bus;
- 23.29 (4) the danger zones surrounding a school bus;
- 23.30 (5) procedures for safely boarding and leaving a school bus;
- 23.31 (6) procedures for safe street or road crossing; and
- 23.32 (7) school bus evacuation.

23.33 (b) Each nonpublic school located within the district must provide all nonpublic
 23.34 school pupils enrolled in kindergarten through grade 10 who are transported by school

24.1 bus at public expense and attend school within the district's boundaries with training as
24.2 required in paragraph (a).

24.3 (c) Students enrolled in kindergarten through grade 6 who are transported by school
24.4 bus and are enrolled during the first or second week of school must receive the school bus
24.5 safety training competencies by the end of the third week of school. Students enrolled in
24.6 grades 7 through 10 who are transported by school bus and are enrolled during the first or
24.7 second week of school and have not previously received school bus safety training must
24.8 receive the training or receive bus safety instructional materials by the end of the sixth
24.9 week of school. ~~Students taking driver's training instructional classes and other students in~~
24.10 ~~grades 9 and~~ grade 9 or 10 must receive training in the laws and proper procedures when
24.11 operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten
24.12 through grade 10 who enroll in a school after the second week of school and are
24.13 transported by school bus and have not received training in their previous school district
24.14 shall undergo school bus safety training or receive bus safety instructional materials
24.15 within four weeks of the first day of attendance. Upon request of the superintendent
24.16 of schools, the school transportation safety director in each district must certify to the
24.17 superintendent ~~of schools annually~~ that all students transported by school bus within
24.18 the district have received the school bus safety training according to this section. Upon
24.19 request of the superintendent of the school district where the nonpublic school is located,
24.20 the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to
24.21 the school transportation safety director of the district in which the school is located that
24.22 the school's students transported by school bus at public expense have received training
24.23 according to this section.

24.24 (d) A district and a nonpublic school with students transported by school bus at
24.25 public expense may provide kindergarten pupils with bus safety training before the first
24.26 day of school.

24.27 (e) A district and a nonpublic school with students transported by school bus at
24.28 public expense may also provide student safety education for bicycling and pedestrian
24.29 safety, for students enrolled in kindergarten through grade 5.

24.30 (f) A district and a nonpublic school with students transported by school bus at
24.31 public expense must make reasonable accommodations for the school bus safety training
24.32 of pupils known to speak English as a second language and pupils with disabilities.

24.33 (g) The district and a nonpublic school with students transported by school bus at
24.34 public expense must provide students enrolled in kindergarten through grade 3 school bus
24.35 safety training twice during the school year.

25.1 (h) A district and a nonpublic school with students transported by school bus at public
25.2 expense must conduct a school bus evacuation drill at least once during the school year.

25.3 **EFFECTIVE DATE. This section is effective July 1, 2006.**

25.4 Sec. 15. Minnesota Statutes 2004, section 123B.91, is amended by adding a
25.5 subdivision to read:

25.6 **Subd. 1a. Compliance by nonpublic and charter school students. A nonpublic or**
25.7 **charter school student transported by a public school district shall comply with student bus**
25.8 **conduct and student bus discipline policies of the transporting public school district.**

25.9 **EFFECTIVE DATE. This section is effective July 1, 2006.**

25.10 Sec. 16. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is
25.11 amended to read:

25.12 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
25.13 terms defined in this subdivision have the meanings given to them.

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

25.16 (1) the sum of:

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

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

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

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

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

25.31 (1) Regular transportation is:

25.32 (i) transportation to and from school during the regular school year for resident
25.33 elementary pupils residing one mile or more from the public or nonpublic school they
25.34 attend, and resident secondary pupils residing two miles or more from the public
25.35 or nonpublic school they attend, excluding desegregation transportation and noon

26.1 kindergarten transportation; but with respect to transportation of pupils to and from
26.2 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

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

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

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

26.9 (v) transportation to and from school during the regular school year required under
26.10 subdivision 3 for nonresident elementary pupils when the distance from the attendance
26.11 area border to the public school is one mile or more, and for nonresident secondary pupils
26.12 when the distance from the attendance area border to the public school is two miles or
26.13 more, excluding desegregation transportation and noon kindergarten transportation.

26.14 For the purposes of this paragraph, a district may designate a licensed day care
26.15 facility, school day care facility, respite care facility, the residence of a relative, or the
26.16 residence of a person chosen by the pupil's parent or guardian as the home of a pupil for
26.17 part or all of the day, if requested by the pupil's parent or guardian, and if that facility or
26.18 residence is within the attendance area of the school the pupil attends.

26.19 (2) Excess transportation is:

26.20 (i) transportation to and from school during the regular school year for resident
26.21 secondary pupils residing at least one mile but less than two miles from the public or
26.22 nonpublic school they attend, and transportation to and from school for resident pupils
26.23 residing less than one mile from school who are transported because of extraordinary
26.24 traffic, drug, or crime hazards; and

26.25 (ii) transportation to and from school during the regular school year required under
26.26 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
26.27 border to the school is at least one mile but less than two miles from the public school
26.28 they attend, and for nonresident pupils when the distance from the attendance area border
26.29 to the school is less than one mile from the school and who are transported because of
26.30 extraordinary traffic, drug, or crime hazards.

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

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

- 27.1 (i) transportation of pupils with disabilities who cannot be transported on a regular
 27.2 school bus between home or a respite care facility and school;
- 27.3 (ii) necessary transportation of pupils with disabilities from home or from school to
 27.4 other buildings, including centers such as developmental achievement centers, hospitals,
 27.5 and treatment centers where special instruction or services required by sections 125A.03
 27.6 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
 27.7 where services are provided;
- 27.8 (iii) necessary transportation for resident pupils with disabilities required by sections
 27.9 125A.12, and 125A.26 to 125A.48;
- 27.10 (iv) board and lodging for pupils with disabilities in a district maintaining special
 27.11 classes;
- 27.12 (v) transportation from one educational facility to another within the district for
 27.13 resident pupils enrolled on a shared-time basis in educational programs, and necessary
 27.14 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
 27.15 with disabilities who are provided special instruction and services on a shared-time basis
 27.16 or if resident pupils are not transported, the costs of necessary travel between public
 27.17 and private schools or neutral instructional sites by essential personnel employed by the
 27.18 district's program for children with a disability;
- 27.19 (vi) transportation for resident pupils with disabilities to and from board and lodging
 27.20 facilities when the pupil is boarded and lodged for educational purposes; and
- 27.21 (vii) services described in clauses (i) to (vi), when provided for pupils with
 27.22 disabilities in conjunction with a summer instructional program that relates to the pupil's
 27.23 individual education plan or in conjunction with a learning year program established
 27.24 under section 124D.128.
- 27.25 For purposes of computing special education base revenue under section 125A.76,
 27.26 subdivision 2, the cost of providing transportation for children with disabilities includes
 27.27 (A) the additional cost of transporting a homeless student from a temporary nonshelter
 27.28 home in another district to the school of origin, or a formerly homeless student from a
 27.29 permanent home in another district to the school of origin but only through the end of the
 27.30 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
 27.31 2005, and used primarily for transportation of pupils with disabilities, calculated according
 27.32 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
 27.33 transportation category must be excluded in calculating the actual expenditure per pupil
 27.34 transported in the regular and excess transportation categories according to paragraph (a).
- 27.35 (5) "Nonpublic nonregular transportation" is:

28.1 (i) transportation from one educational facility to another within the district for
28.2 resident pupils enrolled on a shared-time basis in educational programs, excluding
28.3 transportation for nonpublic pupils with disabilities under clause (4);

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

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

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

28.13 **EFFECTIVE DATE.** This section is effective July 1, 2006.

28.14 Sec. 17. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is
28.15 amended to read:

28.16 Subd. 5. **District reports.** (a) Each district must report data to the department as
28.17 required by the department to account for transportation expenditures.

28.18 (b) Salaries and fringe benefits of district employees whose primary duties are
28.19 other than transportation, including central office administrators and staff, building
28.20 administrators and staff, teachers, social workers, school nurses, and instructional aides,
28.21 must not be included in a district's transportation expenditures, except that a district may
28.22 include salaries and benefits according to paragraph (c) for (1) an employee designated
28.23 as the district transportation director, (2) an employee providing direct support to the
28.24 transportation director, or (3) an employee providing direct transportation services such as
28.25 a bus driver or bus aide.

28.26 (c) Salaries and fringe benefits of ~~other~~ the district employees listed in paragraph
28.27 (b), clauses (1), (2), and (3), who work part time in transportation and part time in other
28.28 areas must not be included in a district's transportation expenditures unless the district
28.29 maintains documentation of the employee's time spent on pupil transportation matters in
28.30 the form and manner prescribed by the department.

28.31 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
28.32 leased buses, student board and lodging, crossing guards, and aides on buses, must
28.33 be allocated among transportation categories based on cost-per-mile, cost-per-student,
28.34 cost-per-hour, or cost-per-route, regardless of whether the transportation services are
28.35 provided on district-owned or contractor-owned school buses. Expenditures for school

29.1 bus driver salaries and fringe benefits may either be directly charged to the appropriate
 29.2 transportation category or may be allocated among transportation categories based
 29.3 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures
 29.4 by private contractors or individuals who provide transportation exclusively in one
 29.5 transportation category must be charged directly to the appropriate transportation category.
 29.6 Transportation services provided by contractor-owned school bus companies incorporated
 29.7 under different names but owned by the same individual or group of individuals must be
 29.8 treated as the same company for cost allocation purposes.

29.9 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

29.10 Sec. 18. Minnesota Statutes 2004, section 124D.095, subdivision 3, is amended to read:

29.11 **Subd. 3. Authorization; notice; limitations on enrollment.** (a) A student may
 29.12 apply to an on-line learning provider to enroll in on-line learning. A student age 17 or
 29.13 younger must have the written consent of a parent or guardian to apply. No school district
 29.14 or charter school may prohibit a student from applying to enroll in on-line learning. An
 29.15 on-line learning provider that accepts a student under this section must, within ten days,
 29.16 notify the student and the enrolling district if the enrolling district is not the on-line
 29.17 learning provider. The notice must report the student's course or program and hours
 29.18 of instruction.

29.19 (b) An on-line learning student must notify the enrolling district at least ~~30~~ 45
 29.20 days before taking an on-line learning course or program ~~if the enrolling district is not~~
 29.21 ~~providing the on-line learning.~~ An on-line learning provider must notify the commissioner
 29.22 that it is delivering on-line learning and report the number of on-line learning students it is
 29.23 accepting and the on-line learning courses and programs it is delivering.

29.24 (c) An on-line learning provider may limit enrollment if the provider's school board
 29.25 or board of directors adopts by resolution specific standards for accepting and rejecting
 29.26 students' applications.

29.27 (d) An enrolling district may reduce an on-line learning student's regular classroom
 29.28 instructional membership in proportion to the student's membership in on-line learning
 29.29 courses.

29.30 Sec. 19. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4,
 29.31 is amended to read:

29.32 **Subd. 4. Online learning parameters.** (a) An online learning student must receive
 29.33 academic credit for completing the requirements of an online learning course or program.
 29.34 Secondary credits granted to an online learning student must be counted toward the
 29.35 graduation and credit requirements of the enrolling district. The enrolling district must

30.1 apply the same graduation requirements to all students, including online learning students,
30.2 and must continue to provide nonacademic services to online learning students. If a
30.3 student completes an online learning course or program that meets or exceeds a graduation
30.4 standard or grade progression requirement at the enrolling district, that standard or
30.5 requirement is met. The enrolling district must use the same criteria for accepting online
30.6 learning credits or courses as it does for accepting credits or courses for transfer students
30.7 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher
30.8 contact time of an online learning student in proportion to the number of online learning
30.9 courses the student takes from an online learning provider that is not the enrolling district.

30.10 (b) An online learning student may:

30.11 (1) enroll during a single school year in a maximum of 12 semester-long courses or
30.12 their equivalent delivered by an online learning provider or the enrolling district;

30.13 (2) complete course work at a grade level that is different from the student's current
30.14 grade level; and

30.15 (3) enroll in additional courses with the online learning provider under a separate
30.16 agreement that includes terms for payment of any tuition or course fees.

30.17 ~~(c) A student with a disability may enroll in an online learning course or program~~
30.18 ~~if the student's IEP team determines that online learning is appropriate education for~~
30.19 ~~the student.~~

30.20 ~~(d)~~ (c) An online learning student has the same access to the computer hardware
30.21 and education software available in a school as all other students in the enrolling district.

30.22 An online learning provider must assist an online learning student whose family qualifies
30.23 for the education tax credit under section 290.0674 to acquire computer hardware and
30.24 educational software for online learning purposes.

30.25 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.

30.26 Such online learning does not generate online learning funds under this section. An
30.27 enrolling district that offers online learning only to its enrolled students is not subject
30.28 to the reporting requirements or review criteria under subdivision 7. A teacher with a
30.29 Minnesota license must assemble and deliver instruction to enrolled students receiving
30.30 online learning from an enrolling district. The delivery of instruction occurs when the
30.31 student interacts with the computer or the teacher and receives ongoing assistance and
30.32 assessment of learning. The instruction may include curriculum developed by persons
30.33 other than a teacher with a Minnesota license.

30.34 ~~(f)~~ (e) An online learning provider that is not the enrolling district is subject to
30.35 the reporting requirements and review criteria under subdivision 7. A teacher with a
30.36 Minnesota license must assemble and deliver instruction to online learning students. The

31.1 delivery of instruction occurs when the student interacts with the computer or the teacher
 31.2 and receives ongoing assistance and assessment of learning. The instruction may include
 31.3 curriculum developed by persons other than a teacher with a Minnesota license. Unless
 31.4 the commissioner grants a waiver, a teacher providing online learning instruction must not
 31.5 instruct more than 40 students in any one online learning course or program.

31.6 Sec. 20. Minnesota Statutes 2004, section 124D.096, is amended to read:

31.7 **124D.096 ON-LINE LEARNING AID.**

31.8 (a) The on-line learning aid for an on-line learning provider equals the product
 31.9 of the adjusted on-line learning average daily membership for students under section
 31.10 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under
 31.11 section 126C.05, subdivision 1, times the formula allowance.

31.12 (b) Notwithstanding section 127A.45, the department must pay each on-line learning
 31.13 provider 80 percent of the current year aid payment percentage multiplied by the amount
 31.14 in paragraph (a) within 45 days of receiving final enrollment and course completion
 31.15 information each quarter or semester. ~~A final payment equal to 20 percent of the amount in~~
 31.16 ~~paragraph (a)~~ The final adjustment payment must be the amount of the actual entitlement,
 31.17 after adjustment for actual data, minus the payments made during the fiscal year of the
 31.18 entitlement. This payment must be made on September 30 of the next fiscal year.

31.19 Sec. 21. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

31.20 Subd. 16. **Transportation.** (a) ~~By July 1 of each year, a charter school~~ A charter
 31.21 school after its first fiscal year of operation by March 1 of each fiscal year and a charter
 31.22 school by July 1 of its first fiscal year of operation must notify the district in which the
 31.23 school is located and the Department of Education if it will provide ~~transportation for~~
 31.24 ~~pupils enrolled in the school~~ its own transportation or use the transportation services of the
 31.25 district in which it is located for the fiscal year.

31.26 (b) If a charter school elects to provide transportation for pupils, the transportation
 31.27 must be provided by the charter school within the district in which the charter school is
 31.28 located. The state must pay transportation aid to the charter school according to section
 31.29 124D.11, subdivision 2.

31.30 For pupils who reside outside the district in which the charter school is located, the
 31.31 charter school is not required to provide or pay for transportation between the pupil's
 31.32 residence and the border of the district in which the charter school is located. A parent
 31.33 may be reimbursed by the charter school for costs of transportation from the pupil's
 31.34 residence to the border of the district in which the charter school is located if the pupil is
 31.35 from a family whose income is at or below the poverty level, as determined by the federal
 31.36 government. The reimbursement may not exceed the pupil's actual cost of transportation

32.1 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
32.2 more than 250 miles per week.

32.3 At the time a pupil enrolls in a charter school, the charter school must provide the
32.4 parent or guardian with information regarding the transportation.

32.5 (c) If a charter school does not elect to provide transportation, transportation for
32.6 pupils enrolled at the school must be provided by the district in which the school is
32.7 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
32.8 pupil residing in the same district in which the charter school is located. Transportation
32.9 may be provided by the district in which the school is located, according to sections
32.10 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
32.11 district. If the district provides the transportation, the scheduling of routes, manner and
32.12 method of transportation, control and discipline of the pupils, and any other matter relating
32.13 to the transportation of pupils under this paragraph shall be within the sole discretion,
32.14 control, and management of the district.

32.15 Sec. 22. Minnesota Statutes 2004, section 124D.11, subdivision 9, is amended to read:

32.16 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,
32.17 subdivision 3, aid payments for the current fiscal year to a charter school not in its first
32.18 year of operation shall be of an equal amount on each of the 23 payment dates. A charter
32.19 school in its first year of operation shall receive, on its first payment date, ten percent of its
32.20 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter
32.21 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage
32.22 multiplied by the cumulative amount guaranteed.

32.23 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the
32.24 end of a school year, ~~80 percent of~~ the current year aid payment percentage multiplied by
32.25 the amount due for the school year may be paid to the school after audit of prior fiscal year
32.26 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at
32.27 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary
32.28 final payments may be made after audit of pupil counts, monitoring of special education
32.29 expenditures, and documentation of lease expenditures for the final year of operation.
32.30 Final payment may be made upon receipt of audited financial statements under section
32.31 123B.77, subdivision 3.

32.32 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
32.33 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
32.34 of student attendance for that school year.

32.35 (d) In order to receive state aid payments under this subdivision, a charter school in
32.36 its first three years of operation must submit a school calendar in the form and manner

33.1 requested by the department and a quarterly report to the Department of Education. The
 33.2 report must list each student by grade, show the student's start and end dates, if any,
 33.3 with the charter school, and for any student participating in a learning year program,
 33.4 the report must list the hours and times of learning year activities. The report must be
 33.5 submitted not more than two weeks after the end of the calendar quarter to the department.
 33.6 The department must develop a Web-based reporting form for charter schools to use
 33.7 when submitting enrollment reports. A charter school in its fourth and subsequent year of
 33.8 operation must submit a school calendar and enrollment information to the department in
 33.9 the form and manner requested by the department.

33.10 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
 33.11 school and satisfaction of creditors, cash and investment balances remaining shall be
 33.12 returned to the state.

33.13 Sec. 23. Minnesota Statutes 2004, section 124D.61, is amended to read:

33.14 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

33.15 A district ~~which receives aid pursuant to section 124D.65 must comply with that~~
 33.16 enrolls one or more children of limited English proficiency must implement an educational
 33.17 program that includes at a minimum the following program requirements:

33.18 (1) identification and reclassification criteria for children of limited English
 33.19 proficiency and program entrance and exit criteria for children with limited English
 33.20 proficiency must be documented by the district, applied uniformly to children of limited
 33.21 English proficiency, and made available to parents and other stakeholders upon request;

33.22 (2) a written plan of services that describes programming by English proficiency
 33.23 level made available to parents upon request. The plan must articulate the amount and
 33.24 scope of service offered to children of limited English proficiency through an educational
 33.25 program for children of limited English proficiency;

33.26 (3) professional development opportunities for ESL, bilingual education,
 33.27 mainstream, and all staff working with children of limited English proficiency which are:
 33.28 (i) coordinated with the district's professional development activities; (ii) related to the
 33.29 needs of children of limited English proficiency; and (iii) ongoing;

33.30 (4) to the extent possible, the district must avoid isolating children of limited English
 33.31 proficiency for a substantial part of the school day; and

33.32 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical
 33.33 education, permit pupils of limited English proficiency shall be permitted to participate
 33.34 fully and on an equal basis with their contemporaries in public school classes provided
 33.35 for these subjects. To the extent possible, the district must assure to pupils enrolled in a

34.1 program for limited English proficient students an equal and meaningful opportunity to
34.2 participate fully with other pupils in all extracurricular activities.

34.3 Sec. 24. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

34.4 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,
34.5 blindness, visual disability, speech or language impairment, physical handicap, other
34.6 health impairment, mental handicap, emotional/behavioral disorder, specific learning
34.7 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and
34.8 needs special instruction and services, as determined by the standards of the commissioner,
34.9 is a child with a disability. In addition, every child under age three, and at local district
34.10 discretion from age three to age seven, who needs special instruction and services, as
34.11 determined by the standards of the commissioner, because the child has a substantial delay
34.12 or has an identifiable physical or mental condition known to hinder normal development is
34.13 a child with a disability.

34.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.15 Sec. 25. Minnesota Statutes 2004, section 125A.75, is amended by adding a
34.16 subdivision to read:

34.17 **Subd. 9. Litigation costs; annual report.** (a) By November 30 of each year,
34.18 a school district must annually report the district's special education litigation costs,
34.19 including attorney fees and costs of due process hearings, to the commissioner of
34.20 education, consistent with the Uniform Financial Accounting and Reporting Standards.

34.21 **(b) By January 15 of each year, the commissioner shall report school district special**
34.22 **education litigation costs to the house of representatives and the senate committees having**
34.23 **jurisdiction over kindergarten through grade 12 education finance.**

34.24 Sec. 26. Minnesota Statutes 2004, section 169.01, subdivision 6, is amended to read:

34.25 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils
34.26 to or from a school defined in section 120A.22, or to or from school-related activities, by
34.27 the school or a school district, or by someone under an agreement with the school or a
34.28 school district. A school bus does not include a motor vehicle transporting children to or
34.29 from school for which parents or guardians receive direct compensation from a school
34.30 district, a motor coach operating under charter carrier authority, a transit bus providing
34.31 services as defined in section 174.22, subdivision 7, a multifunction school activity bus
34.32 as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying
34.33 as a type III vehicle under paragraph (5), when the vehicle is properly registered and
34.34 insured and being driven by an employee or agent of a school district for nonscheduled

35.1 or nonregular transportation. A school bus may be type A, type B, type C, or type D, or
35.2 type III as follows:

35.3 (1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway
35.4 front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~
35.5 ~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight
35.6 rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a
35.7 GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

35.8 (2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance
35.9 door is behind the front wheels. This definition includes two classifications: type B-I,
35.10 with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater
35.11 than 10,000 pounds.

35.12 (3) A "type C school bus" is constructed utilizing a chassis with a hood and front
35.13 fender assembly. The entrance door is behind the front wheels. A "type C school bus" also
35.14 includes a cutaway truck chassis or truck chassis with cab with or without a left side door
35.15 and with a GVWR greater than 21,500 pounds.

35.16 (4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance
35.17 door is ahead of the front wheels.

35.18 (5) Type III school buses and type III Head Start buses are restricted to passenger
35.19 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating
35.20 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of
35.21 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value
35.22 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school
35.23 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type
35.24 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a
35.25 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must
35.26 have been originally manufactured to comply with the passenger safety standards.

35.27 **EFFECTIVE DATE.** This section is effective January 1, 2007.

35.28 Sec. 27. Minnesota Statutes 2004, section 169.447, subdivision 2, is amended to read:

35.29 Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses manufactured
35.30 after December 31, 1994, must be equipped with driver seat belts and seat belt assemblies
35.31 of the type described in section 169.685, subdivision 3. School bus drivers and Head
35.32 Start bus drivers must use these seat belts.

35.33 **EFFECTIVE DATE.** This section is effective July 1, 2006.

35.34 Sec. 28. Minnesota Statutes 2004, section 169.4501, subdivision 1, is amended to read:

36.1 Subdivision 1. **National standards adopted.** Except as provided in sections
 36.2 169.4502 and 169.4503, the construction, design, equipment, and color of types A,
 36.3 B, C, and D school buses used for the transportation of school children shall meet the
 36.4 requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005
 36.5 edition of the "National School Transportation Specifications and Procedures" adopted
 36.6 by the National ~~Conference~~ Congress on School Transportation. Except as provided
 36.7 in section 169.4504, the construction, design, and equipment of types A, B, C, and D
 36.8 school buses used for the transportation of students with disabilities also shall meet the
 36.9 requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National
 36.10 School Transportation Specifications and Procedures. The "bus chassis standards," "bus
 36.11 body standards," and "specially equipped school bus standards" sections of the ~~2000~~
 36.12 2005 edition of the "National School Transportation Specifications and Procedures" are
 36.13 incorporated by reference in this chapter.

36.14 **EFFECTIVE DATE.** This section is effective January 1, 2007.

36.15 Sec. 29. Minnesota Statutes 2004, section 169.4501, subdivision 2, is amended to read:

36.16 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections
 36.17 169.4502 and 169.4503, govern the construction, design, equipment, and color of school
 36.18 buses used for the transportation of school children, when owned or leased and operated
 36.19 by a school or privately owned or leased and operated under a contract with a school.
 36.20 Each school, its officers and employees, and each person employed under the contract is
 36.21 subject to these standards.

36.22 (b) The standards apply to school buses manufactured after ~~October 31, 2004~~
 36.23 December 31, 2006. Buses complying with the standards when manufactured need not
 36.24 comply with standards established later except as specifically provided for by law.

36.25 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,
 36.26 2006, must conform to the Minnesota standards in effect on the date the vehicle was
 36.27 manufactured except as specifically provided for in law.

36.28 (d) A new bus body may be remounted on a used chassis provided that the remounted
 36.29 vehicle meets state and federal standards for new buses which are current at the time of the
 36.30 remounting. Permission must be obtained from the commissioner of public safety before
 36.31 the remounting is done. A used bus body may not be remounted on a new or used chassis.

36.32 **EFFECTIVE DATE.** This section is effective January 1, 2007.

36.33 Sec. 30. Minnesota Statutes 2004, section 169.4502, subdivision 5, is amended to read:

36.34 Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the
 36.35 manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal

37.1 devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the
37.2 battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus
37.3 with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050
37.4 cold cranking amperes.

37.5 (b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and
37.6 type C and D buses, the battery shall be temporarily mounted on the chassis frame. The
37.7 final location of the battery and the appropriate cable lengths in these buses must comply
37.8 with the SBMI design objectives booklet.

37.9 (c) All batteries shall be mounted according to chassis manufacturers'
37.10 recommendations.

37.11 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least
37.12 550 cold cranking amperes may be installed in the engine compartment only if used in
37.13 combination with a generator or alternator of at least ~~120~~ 130 amperes.

37.14 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be
37.15 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used
37.16 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not
37.17 apply to those buses with wheelchair lifts or diesel engines.

37.18 **EFFECTIVE DATE.** This section is effective January 1, 2007.

37.19 Sec. 31. Minnesota Statutes 2004, section 169.4503, subdivision 20, is amended to
37.20 read:

37.21 Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats
37.22 shall be covered with a material that has fire retardant or fire block characteristics.

37.23 (b) All seats must have a minimum cushion depth of 15 inches and a seat back
37.24 height of at least 20 inches above the seating reference point.

37.25 **EFFECTIVE DATE.** This section is effective January 1, 2007.

37.26 Sec. 32. Minnesota Statutes 2004, section 171.321, subdivision 4, is amended to read:

37.27 Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when
37.28 transporting school children to or from school or upon a school-related trip or activity
37.29 without having demonstrated sufficient skills and knowledge to transport students in
37.30 a safe and legal manner.

37.31 (b) A bus driver must have training or experience that allows the driver to meet at
37.32 least the following competencies:

37.33 (1) safely operate the type of school bus the driver will be driving;

37.34 (2) understand student behavior, including issues relating to students with
37.35 disabilities;

38.1 (3) encourage orderly conduct of students on the bus and handle incidents of
38.2 misconduct appropriately;

38.3 (4) know and understand relevant laws, rules of the road, and local school bus
38.4 safety policies;

38.5 (5) handle emergency situations; and

38.6 (6) safely load and unload students.

38.7 (c) The commissioner of public safety shall develop a comprehensive model
38.8 school bus driver training program and model assessments for school bus driver training
38.9 competencies, which are not subject to chapter 14. A school district, nonpublic school, or
38.10 private contractor may use alternative assessments for bus driver training competencies
38.11 with the approval of the commissioner of public safety. After completion of bus driver
38.12 training competencies, a driver may receive at least eight hours of school bus in-service
38.13 training any year as an alternative to being assessed for bus driver competencies. The
38.14 employer shall keep the assessment and a record of the in-service training for the current
38.15 period available for inspection by representatives of the commissioner.

38.16 **EFFECTIVE DATE.** This section is effective July 1, 2006.

38.17 Sec. 33. Minnesota Statutes 2004, section 171.321, subdivision 5, is amended to read:

38.18 Subd. 5. **Annual evaluation and license verification.** (a) A school district,
38.19 nonpublic school, or private contractor shall provide in-service training annually by June
38.20 30 of each year to each school bus driver.

38.21 (b) A school district, nonpublic school, or private contractor shall annually by June
38.22 30 of each year verify the validity of the driver's license of each employee who regularly
38.23 transports students for the district in a type A school bus, a type B school bus, a type C
38.24 school bus, or type D school bus, or regularly transports students for the district in a type
38.25 III vehicle with the National Driver Register or with the Department of Public Safety.

38.26 (c) Members of a nonprofit bus drivers' trade association under private contract
38.27 with an independent school district shall not be charged a fee greater than the fee, if any,
38.28 imposed upon an independent school district for accessing an employee's driver's license
38.29 records from the Department of Public Safety in compliance with this section.

38.30 **EFFECTIVE DATE.** This section is effective July 1, 2006.

38.31 Sec. 34. Minnesota Statutes 2004, section 299F.30, is amended to read:

38.32 **299F.30 FIRE DRILL IN SCHOOL; DOORS AND EXITS.**

38.33 Subdivision 1. **Duties of fire marshal.** Consistent with this section and section
38.34 121A.035, it shall be the duty of the state fire marshal, deputies and assistants, to require
38.35 public and private schools and educational institutions to have ~~at least nine~~ fire drills

39.1 each school year and to keep all doors and exits unlocked from the inside of the building
39.2 during school hours. The fire marshal must require nonpublic schools and educational
39.3 institutions not subject to section 121A.035 to have at least one fire drill each month
39.4 during the school year.

39.5 Subd. 2. **Fire drill.** Each superintendent, principal or other person in charge of a
39.6 public or private school, educational institution, children's home or orphanage housing 20
39.7 or more students or other persons, shall instruct and train such students or other persons to
39.8 quickly and expeditiously quit the premises in case of fire or other emergency by means of
39.9 drills or rapid dismissals ~~at least once each month~~ while such school, institution, home or
39.10 orphanage is in operation. Records of such drills shall be posted so that such records are
39.11 available for review by the state fire marshal at all times and shall include the drill date
39.12 and the time required to evacuate the building.

39.13 Subd. 3. **School doors and exits.** Consistent with this section and section
39.14 121A.035, each superintendent, principal or other person in charge of a public or private
39.15 school, educational institution, children's home or orphanage shall keep all doors and exits
39.16 of such school, institution, home or orphanage unlocked so that persons can leave by such
39.17 doors or exits at any time during the hours of normal operation.

39.18 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and
39.19 later.

39.20 Sec. 35. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 3, is
39.21 amended to read:

39.22 Subd. 3. **Persons mandated to report.** (a) Subject to paragraph (c), a person who
39.23 knows or has reason to believe a child is being neglected or physically or sexually abused,
39.24 as defined in subdivision 2, or has been neglected or physically or sexually abused within
39.25 the preceding three years, shall immediately report the information to the local welfare
39.26 agency, agency responsible for assessing or investigating the report, police department, or
39.27 the county sheriff if the person is:

39.28 (1) a professional or professional's delegate who is engaged in the practice of
39.29 the healing arts, social services, hospital administration, psychological or psychiatric
39.30 treatment, child care, education, correctional supervision, probation and correctional
39.31 services, or law enforcement; or

39.32 (2) employed as a member of the clergy and received the information while
39.33 engaged in ministerial duties, provided that a member of the clergy is not required by
39.34 this subdivision to report information that is otherwise privileged under section 595.02,
39.35 subdivision 1, paragraph (c).

40.1 The police department or the county sheriff, upon receiving a report, shall
40.2 immediately notify the local welfare agency or agency responsible for assessing or
40.3 investigating the report, orally and in writing. The local welfare agency, or agency
40.4 responsible for assessing or investigating the report, upon receiving a report, shall
40.5 immediately notify the local police department or the county sheriff orally and in writing.
40.6 The county sheriff and the head of every local welfare agency, agency responsible for
40.7 assessing or investigating reports, and police department shall each designate a person
40.8 within their agency, department, or office who is responsible for ensuring that the
40.9 notification duties of this paragraph and paragraph (b) are carried out. Nothing in this
40.10 subdivision shall be construed to require more than one report from any institution, facility,
40.11 school, or agency. If the agency receiving a report determines that it is not responsible for
40.12 assessing or investigating the report, the agency shall immediately notify the agency it
40.13 determines is responsible for assessing or investigating the report under this section.

40.14 (b) Any person may voluntarily report to the local welfare agency, agency
40.15 responsible for assessing or investigating the report, police department, or the county
40.16 sheriff if the person knows, has reason to believe, or suspects a child is being or has been
40.17 neglected or subjected to physical or sexual abuse. The police department or the county
40.18 sheriff, upon receiving a report, shall immediately notify the local welfare agency or
40.19 agency responsible for assessing or investigating the report, orally and in writing. The
40.20 local welfare agency or agency responsible for assessing or investigating the report, upon
40.21 receiving a report, shall immediately notify the local police department or the county
40.22 sheriff orally and in writing.

40.23 (c) A person mandated to report physical or sexual child abuse or neglect occurring
40.24 within a ~~licensed facility or a school as defined under subdivision 3b~~, shall report the
40.25 information to the agency responsible for licensing the facility under sections 144.50 to
40.26 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; ~~or a nonlicensed personal care~~
40.27 ~~provider organization as defined in sections 256B.04, subdivision 16; and 256B.0625;~~
40.28 subdivision 19, or to the agency responsible for assessing or investigating the report, if the
40.29 facility is not licensed. A health or corrections agency receiving a report may request the
40.30 local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A
40.31 board or other entity whose licensees perform work within a school facility, upon receiving
40.32 a complaint of alleged maltreatment, shall provide information about the circumstances of
40.33 the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4,
40.34 applies to data received by the commissioner of education from a licensing entity.

40.35 (d) Any person mandated to report shall receive a summary of the disposition of
40.36 any report made by that reporter, including whether the case has been opened for child

41.1 protection or other services, or if a referral has been made to a community organization,
 41.2 unless release would be detrimental to the best interests of the child. Any person who is
 41.3 not mandated to report shall, upon request to the local welfare agency, receive a concise
 41.4 summary of the disposition of any report made by that reporter, unless release would be
 41.5 detrimental to the best interests of the child.

41.6 (e) For purposes of this subdivision, "immediately" means as soon as possible but in
 41.7 no event longer than 24 hours.

41.8 Sec. 36. Minnesota Statutes 2004, section 626.556, subdivision 3b, is amended to read:

41.9 Subd. 3b. ~~Agency~~ **Department of Education** responsible for assessing or
 41.10 **investigating reports of maltreatment.** The Department of Education is the agency
 41.11 responsible for assessing or investigating allegations of child maltreatment in schools
 41.12 as defined in sections ~~120A.05, subdivisions 9, 11, and 13;~~ **120A.05, subdivisions 9,**
 41.13 **11, 13, and 17,** and **124D.10, unless the alleged maltreatment occurred in a program or**
 41.14 **facility licensed by the commissioner of human services. "School" includes a school-age**
 41.15 **care program, Head Start program, early childhood family education program, school**
 41.16 **district-administered day treatment facility, or other program licensed or administered**
 41.17 **by the commissioner of education that provides services for minors and is located in**
 41.18 **or operated by a school.**

41.19 Sec. 37. Minnesota Statutes 2004, section 626.556, subdivision 3c, is amended to read:

41.20 Subd. 3c. ~~Agency~~ **Local welfare agency, Department of Human Services,**
 41.21 **or Department of Health** responsible for assessing or investigating reports of
 41.22 **maltreatment.** ~~The following agencies are the administrative agencies responsible for~~
 41.23 ~~assessing or investigating reports of alleged child maltreatment in facilities made under~~
 41.24 ~~this section:~~

41.25 (1) ~~(a)~~ **(a)** The county local welfare agency is the agency responsible for assessing or
 41.26 investigating:

41.27 (1) **allegations of maltreatment in child foster care, family child care, and legally**
 41.28 **unlicensed child care and in juvenile correctional facilities licensed under section 241.021**
 41.29 **located in the local welfare agency's county; and**

41.30 (2) **other allegations of maltreatment that are not the responsibility of another agency**
 41.31 **under this subdivision or subdivision 3b.**

41.32 (2) ~~(b)~~ **(b)** The Department of Human Services is the agency responsible for assessing
 41.33 or investigating allegations of maltreatment in facilities licensed under chapters 245A and
 41.34 245B, except for child foster care and family child care; ~~and.~~

42.1 (3) (c) The Department of Health is the agency responsible for assessing or
 42.2 investigating allegations of child maltreatment in facilities licensed under sections 144.50
 42.3 to 144.58, and in unlicensed home health care.

42.4 Sec. 38. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
 42.5 13, is amended to read:

42.6 Subd. 13. **Examination fees; teacher training and support programs.** (a) For
 42.7 students' advanced placement and international baccalaureate examination fees under
 42.8 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
 42.9 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
 42.10 subdivision 1:

42.11	\$ 4,500,000	.....	2006
42.12	\$ 4,500,000	.....	2007

42.13 (b) The advanced placement program shall receive 75 percent of the appropriation
 42.14 each year and the international baccalaureate program shall receive 25 percent of the
 42.15 appropriation each year. The department, in consultation with representatives of the
 42.16 advanced placement and international baccalaureate programs selected by the Advanced
 42.17 Placement Advisory Council and IBMN, respectively, shall determine the amounts of
 42.18 the expenditures each year for examination fees and training and support programs for
 42.19 each program.

42.20 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
 42.21 \$500,000 each year is for teachers to attend subject matter summer training programs
 42.22 and follow-up support workshops approved by the advanced placement or international
 42.23 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~
 42.24 ~~advanced placement or international baccalaureate summer training program or workshop~~
 42.25 ~~shall be the same. The commissioner shall determine the payment process and the amount~~
 42.26 ~~of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for
 42.27 teaching in the advanced placement or international baccalaureate program. Any reserved
 42.28 funding not expended for teacher training may be used for exam fees and other support
 42.29 programs for each program.

42.30 (d) The commissioner shall pay all examination fees for all students of low-income
 42.31 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
 42.32 of available appropriations shall also pay examination fees for students sitting for an
 42.33 advanced placement examination, international baccalaureate examination, or both.

42.34 Any balance in the first year does not cancel but is available in the second year.

42.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.1 Sec. 39. RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO
43.2 "BLIND" AND "BLINDNESS."

43.3 The commissioner of education, where appropriate, must incorporate references to
43.4 "blind" and "blindness" into the definition of visually impaired under Minnesota Rules,
43.5 part 3525.1345, and amend the rule title to include the word "blind."

43.6 EFFECTIVE DATE. This section is effective the day following final enactment.

43.7 Sec. 40. 2006 SCHOOL ACCOUNTABILITY REPORT.

43.8 Notwithstanding Minnesota Statutes, section 120B.36, for 2006 reporting only, the
43.9 Department of Education may delay the release to the public and the posting of the 2006
43.10 school performance report cards and adequate yearly progress data on its public Web
43.11 site to no later than November 30, 2006.

43.12 Sec. 41. REPEALER.

43.13 (a) Minnesota Statutes 2004, sections 121A.23; and 123B.749, are repealed.

43.14 (b) Minnesota Statutes 2004, sections 169.4502, subdivision 15; and 169.4503,
43.15 subdivisions 17, 18, and 26, are repealed.

43.16 EFFECTIVE DATE. This section, paragraph (b), is effective January 1, 2007.

43.17 **ARTICLE 3**

43.18 **SPECIAL EDUCATION**

43.19 Section 1. Minnesota Statutes 2005 Supplement, section 125A.11, subdivision 1,
43.20 is amended to read:

43.21 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
43.22 when a school district provides instruction and services outside the district of residence,
43.23 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The
43.24 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition
43.25 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum
43.26 of (1) the actual cost of providing special instruction and services to the child including
43.27 a proportionate amount for special transportation and unreimbursed building lease and
43.28 debt service costs for facilities used primarily for special education, plus (2) the amount
43.29 of general education revenue and referendum aid attributable to the pupil, minus (3) the
43.30 amount of special education aid for children with a disability received on behalf of that
3.31 child, minus (4) if the pupil receives special instruction and services outside the regular
43.32 classroom for more than 60 percent of the school day, the amount of general education
43.33 revenue and referendum aid, excluding portions attributable to district and school
43.34 administration, district support services, operations and maintenance, capital expenditures,
43.35 and pupil transportation, attributable to that pupil for the portion of time the pupil receives

44.1 special instruction in and services outside of the regular classroom. If the boards involved
44.2 do not agree upon the tuition rate, either board may apply to the commissioner to fix the
44.3 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or
44.4 request a written statement from each board, giving each board at least ten days' notice,
44.5 and after the hearing or review of the written statements the commissioner must make an
44.6 order fixing the tuition rate, which is binding on both school districts. General education
44.7 revenue and referendum aid attributable to a pupil must be calculated using the resident
44.8 district's average general education and referendum revenue per adjusted pupil unit.

44.9 (b) For fiscal year 2007 and later, when a school district provides special instruction
44.10 and services for a pupil with a disability as defined in section 125A.02 outside the district
44.11 of residence, excluding a pupil for whom an adjustment to special education aid is
44.12 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
44.13 aid paid to the resident district must be reduced by an amount equal to (1) the actual
44.14 cost of providing special instruction and services to the pupil, including a proportionate
44.15 amount for special transportation and unreimbursed building lease and debt service costs
44.16 for facilities used primarily for special education, plus (2) the amount of general education
44.17 revenue and referendum aid attributable to that pupil, minus (3) the amount of special
44.18 education aid for children with a disability received on behalf of that child, minus (4) if the
44.19 pupil receives special instruction and services outside the regular classroom for more than
44.20 60 percent of the school day, the amount of general education revenue and referendum
44.21 aid, excluding portions attributable to district and school administration, district support
44.22 services, operations and maintenance, capital expenditures, and pupil transportation,
44.23 attributable to that pupil for the portion of time the pupil receives special instruction in
44.24 and services outside of the regular classroom. General education revenue and referendum
44.25 aid attributable to a pupil must be calculated using the resident district's average general
44.26 education revenue and referendum aid per adjusted pupil unit. Special education aid
44.27 paid to the district or cooperative providing special instruction and services for the pupil
44.28 must be increased by the amount of the reduction in the aid paid to the resident district.
44.29 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision
44.30 7, shall be recognized and reported as revenues and expenditures on the resident school
44.31 district's books of account under sections 123B.75 and 123B.76. If the resident district's
44.32 special education aid is insufficient to make the full adjustment, the remaining adjustment
44.33 shall be made to other state aid due to the district.

44.34 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
44.35 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
44.36 receive special education and related services, an intermediate district, or a special

5.1 education cooperative, or a school district that served as the applicant agency for a group
 45.2 of school districts for federal special education aids for fiscal year 2006 may apply to the
 45.3 commissioner for authority to charge the resident district an additional amount to recover
 45.4 any remaining unreimbursed costs of serving pupils with a disability. The application must
 45.5 include a description of the costs and the calculations used to determine the unreimbursed
 45.6 portion to be charged to the resident district. Amounts approved by the commissioner
 45.7 under this paragraph must be included in the tuition billings or aid adjustments under
 45.8 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

45.9 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
 45.10 (d) and (e), "general education revenue and referendum aid" means the sum of the general
 45.11 education revenue according to section 126C.10, subdivision 1, excluding alternative
 45.12 teacher compensation revenue, plus the referendum aid according to section 126C.17,
 45.13 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)
 45.14 to (c).

45.15 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

45.16 Sec. 2. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

45.17 Subdivision 1. **Approval of education programs.** The commissioner shall
 45.18 approve education programs for placement of children and youth in ~~care and treatment~~
 45.19 residential facilities including detention centers, before being licensed by the Department
 45.20 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~
 45.21 ~~to 9545.1480~~; or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~
 45.22 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and
 45.23 federal education laws including the Individuals with Disabilities Education Act (IDEA).
 45.24 This section applies only to placements in facilities licensed by the Department of Human
 45.25 Services or the Department of Corrections.

45.26 Sec. 3. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

45.27 Subd. 3. **Responsibilities for providing education.** (a) The district in which the
 45.28 residential facility is located must provide education services, including special education
 45.29 if eligible, to all students placed in a facility ~~for care and treatment.~~

45.30 (b) For education programs operated by the Department of Corrections, the
 45.31 providing district shall be the Department of Corrections. For students remanded to the
 45.32 commissioner of corrections, the providing and resident district shall be the Department
 45.33 of Corrections.

45.34 ~~(c) Placement for care and treatment does not automatically make a student eligible~~
 45.35 ~~for special education. A student placed in a care and treatment facility is eligible for~~

46.1 ~~special education under state and federal law including the Individuals with Disabilities~~
46.2 ~~Education Act under United States Code, title 20, chapter 33.~~

46.3 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

46.4 Subd. 5. **Education programs for students placed in residential facilities for**
46.5 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility
46.6 approved under this section that has an on-site education program, the providing district,
46.7 upon notice from the care and treatment facility, must contact the resident district within
46.8 one business day to determine if a student has been identified as having a disability, and
46.9 to request at least the student's transcript, and for students with disabilities, the most
46.10 recent individualized education plan (IEP) and evaluation report, and to determine if the
46.11 student has been identified as a student with a disability. The resident district must send a
46.12 facsimile copy to the providing district within two business days of receiving the request.

46.13 (b) If a student placed ~~for care and treatment~~ under this section has been identified as
46.14 having a disability and has an individual education plan in the resident district:

46.15 (1) the providing agency must conduct an individualized education plan meeting
46.16 to reach an agreement about continuing or modifying special education services in
46.17 accordance with the current individualized education plan goals and objectives and to
46.18 determine if additional evaluations are necessary; and

46.19 (2) at least the following people shall receive written notice or documented phone
46.20 call to be followed with written notice to attend the individualized education plan meeting:

46.21 (i) the person or agency placing the student;

46.22 (ii) the resident district;

46.23 (iii) the appropriate teachers and related services staff from the providing district;

46.24 (iv) appropriate staff from the ~~care and treatment~~ residential facility;

46.25 (v) the parents or legal guardians of the student; and

46.26 (vi) when appropriate, the student.

46.27 (c) For a student who has not been identified as a student with a disability, a
46.28 screening must be conducted by the providing districts as soon as possible to determine
46.29 the student's educational and behavioral needs and must include a review of the student's
46.30 educational records.

46.31 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

46.32 Subd. 6. **Exit report summarizing educational progress.** If a student has been
46.33 placed in a ~~care and treatment~~ facility under this section for 15 or more business days, the
46.34 providing district must prepare an exit report summarizing the regular education, special
46.35 education, evaluation, educational progress, and service information and must send the
46.36 report to the resident district and the next providing district if different, the parent or

47.1 legal guardian, and any appropriate social service agency. For students with disabilities,
47.2 this report must include the student's IEP.

47.3 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

47.4 Subd. 7. **Minimum educational services required.** When a student is placed in a
47.5 facility approved under this section, at a minimum, the providing district is responsible for:

47.6 (1) the education necessary, including summer school services, for a student who is
47.7 not performing at grade level as indicated in the education record or IEP; and

47.8 (2) a school day, of the same length as the school day of the providing district, unless
47.9 the unique needs of the student, as documented through the IEP or education record in
47.10 consultation with treatment providers, requires an alteration in the length of the school day.

47.11 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

47.12 Subd. 9. **Reimbursement for education services.** (a) Education services
47.13 provided to students who have been placed ~~for care and treatment~~ under this section are
47.14 reimbursable in accordance with special education and general education statutes.

47.15 (b) Indirect or consultative services provided in conjunction with regular education
47.16 prereferral interventions and assessment provided to regular education students suspected
47.17 of being disabled and who have demonstrated learning or behavioral problems in a
47.18 screening are reimbursable with special education categorical aids.

47.19 (c) Regular education, including screening, provided to students with or without
47.20 disabilities is not reimbursable with special education categorical aids.

47.21 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

47.22 Subd. 10. **Students unable to attend school but not placed in care and treatment**
47.23 **facilities covered under this section.** Students who are absent from, or predicted to
47.24 be absent from, school for 15 consecutive or intermittent days, and placed at home or
47.25 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~
47.26 ~~students placed for care and treatment~~ entitled to regular and special education services
47.27 consistent with applicable law and rule. These students include students with and without
47.28 disabilities who are home due to accident or illness, in a hospital or other medical facility,
47.29 or in a day treatment center. ~~These students are entitled to education services through~~
47.30 ~~their district of residence.~~

47.31 Sec. 9. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

47.32 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~
47.33 commissioner shall establish an advisory committee for each resource center. The
47.34 advisory committees shall develop recommendations regarding the resource centers and

48.1 submit an annual report to the commissioner on the form and in the manner prescribed by
48.2 the commissioner.

48.3 Sec. 10. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

48.4 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
48.5 actually expended by a district, based on mileage, for necessary travel of essential
48.6 personnel providing home-based services to children with a disability under age five
48.7 and their families.

48.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

48.9 Sec. 11. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is
48.10 amended to read:

48.11 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
48.12 subdivision apply.

48.13 (a) "Unreimbursed special education cost" means the sum of the following:

48.14 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
48.15 transportation services eligible for revenue under section 125A.76; plus

48.16 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
48.17 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

48.18 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under
48.19 section 125A.76; minus

48.20 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
48.21 eligible for revenue under section 125A.76, subdivision 2.

48.22 (b) "General revenue" means the sum of the general education revenue according to
48.23 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~
48.24 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying
48.25 referendum revenue specified in paragraph (e) minus transportation sparsity revenue
48.26 minus total operating capital revenue.

48.27 (c) "Average daily membership" has the meaning given it in section 126C.05.

48.28 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal
48.29 year 2004 and later.

48.30 (e) "Total qualifying referendum revenue" means two-thirds of the district's total
48.31 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs
48.32 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal
48.33 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

48.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

49.1 **Sec. 12. SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

49.2 (a) If, on the basis of a forecast of general fund revenues and expenditures under
49.3 Minnesota Statutes, section 16A.103; expenditures for special education aid under
49.4 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota
49.5 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,
49.6 section 124A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,
49.7 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,
49.8 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section
49.9 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an
49.10 enacted budget, the forecast excess from these programs, up to an amount sufficient to
49.11 meet federal special education maintenance of effort, is added to the state total special
49.12 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

49.13 (b) If, on the basis of a forecast of general fund revenues and expenditures under
49.14 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are
49.15 projected to be greater than previously forecast for an enacted budget, and an addition to
49.16 state total special education aid has been made under paragraph (a), the state total special
49.17 education aid must be reduced by the lesser of the amount of the expenditure increase or
49.18 the amount previously added to state total special education aid, and this amount must be
49.19 taken from the programs that were forecast to have a forecast excess.

49.20 (c) For the purpose of this section, "previously forecast for an enacted budget" means
49.21 the allocation of funding for these programs in the most recent forecast of general fund
49.22 revenues and expenditures or the act appropriating money for these programs, whichever
49.23 occurred most recently. It does not include planning estimates for a future biennium.

49.24 **Sec. 13. INTERMEDIATE DISTRICT SPECIAL EDUCATION TUITION**
49.25 **BILLING FOR FISCAL YEARS 2006 AND 2007.**

49.26 (a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph
49.27 (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006, an intermediate
49.28 district is not subject to the uniform special education tuition billing calculations, but may
49.29 instead continue to bill the resident school districts for the actual unreimbursed costs of
49.30 serving pupils with a disability as determined by the intermediate district.

49.31 (b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph
49.32 (c), for fiscal year 2007 only, an intermediate district may apply to the commissioner of
49.33 education for a waiver from the uniform special education tuition calculations and aid
49.34 adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and
49.35 127A.47, subdivision 7, paragraph (e). The commissioner must grant the waiver within 30
49.36 days of receiving the following information from the intermediate district:

50.1 (1) a detailed description of the intermediate district's methodology for calculating
 50.2 special education tuition for fiscal years 2006 and 2007, as required by the intermediate
 50.3 district to recover the full cost of serving pupils with a disability;

50.4 (2) sufficient data to determine the total amount of special education tuition actually
 50.5 charged for each student with a disability, as required by the intermediate district to
 50.6 recover the full cost of serving pupils with a disability in fiscal year 2006; and

50.7 (3) sufficient data to determine the amount that would have been charged for each
 50.8 student for fiscal year 2006 using the uniform tuition billing methodology according
 50.9 to Minnesota Statutes, section 125A.11, subdivision 1, or 127A.47, subdivision 7, as
 50.10 applicable.

50.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
 50.12 for fiscal year 2006.

50.13 Sec. 14. **DEPARTMENT OF EDUCATION RULES.**

50.14 Before July 1, 2007, the Department of Education shall amend Minnesota Rules,
 50.15 part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

50.16 Sec. 15. **REPEALER.**

50.17 Minnesota Statutes 2004, sections 125A.10; and 125A.515, subdivision 2, are
 50.18 repealed.

ARTICLE 4

FACILITIES, ACCOUNTING, AND TECHNOLOGY

50.21 Section 1. Minnesota Statutes 2004, section 123A.44, is amended to read:

50.22 **123A.44 CITATION.**

50.23 Sections 123A.441 to 123A.446 may be cited as the "Cooperative ~~Secondary~~
 50.24 Facilities Grant Act."

50.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

50.26 Sec. 2. Minnesota Statutes 2004, section 123A.441, is amended to read:

50.27 **123A.441 POLICY AND PURPOSE.**

50.28 Because of the rates of decline in school-aged population, population shifts and
 50.29 economic changes that the state has experienced in recent years and anticipates in future
 50.30 years, and because in some instances local districts have not, and will not be able to
 50.31 provide the required construction funds through local property taxes, the purpose of the
 50.32 cooperative ~~secondary~~ facilities grant program is to provide an incentive to encourage
 50.33 cooperation in making available to all ~~secondary~~ students those educational programs,
 50.34 services and facilities that are most efficiently and effectively provided by a cooperative
 50.35 effort of ~~several~~ school districts. The policy and purpose of sections 123A.442 to

51.1 123A.446 is to use the credit of the state, to a limited degree, to provide grants to
 51.2 cooperating groups of districts to improve and expand the educational opportunities and
 51.3 facilities available to their ~~secondary~~ students.

51.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.5 Sec. 3. Minnesota Statutes 2004, section 123A.442, is amended to read:

51.6 **123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.**

51.7 Subdivision 1. **Approval by commissioner.** To the extent money is available, the
 51.8 commissioner may approve projects from applications submitted under section 123A.443.
 51.9 The grant money must be used only to acquire, construct, remodel or improve the building
 51.10 or site of a cooperative ~~secondary~~ facility under contracts to be entered into within 15
 51.11 months after the date on which each grant is awarded.

51.12 Subd. 2. **Cooperation and combination.** Districts that have not already
 51.13 consolidated and receive a cooperative ~~secondary~~ facilities grant ~~after May 1, 1991~~, shall:

51.14 (1) submit a consolidation plan as set forth in under section ~~123A.36~~ 123A.48 for
 51.15 approval by the ~~State Board of Education before December 31, 1999~~, or Department of
 51.16 Education ~~after December 30, 1999~~; and

51.17 (2) hold a referendum on the question of ~~combination~~ consolidation no later than
 51.18 four years after a grant is awarded under subdivision 1.

51.19 The districts are eligible for ~~cooperation and combination~~ consolidation revenue
 51.20 under section ~~123A.39~~, subdivision ~~3~~ 123A.485.

51.21 **Subd. 3. Consolidated districts.** A school district that has consolidated with
 51.22 another school district since July 1, 1980, is eligible for a cooperative facilities grant.

51.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.24 Sec. 4. Minnesota Statutes 2004, section 123A.443, is amended to read:

51.25 **123A.443 GRANT APPLICATION PROCESS.**

51.26 Subdivision 1. **Qualification.** Any group of districts or a consolidated district
 51.27 that meets the criteria required under subdivision 2 may apply for an incentive grant for
 51.28 construction of a new ~~secondary~~ facility or for remodeling and improving an existing
 51.29 ~~secondary~~ facility. A grant for new construction must not exceed the lesser of ~~\$5,000,000~~
 51.30 \$10,000,000 or 75 percent of the approved construction costs of a cooperative ~~secondary~~
 51.31 education facility. A grant for remodeling and improving an existing facility must not
 51.32 exceed ~~\$200,000~~ \$1,000,000.

51.33 Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district
 51.34 that submits an application for a grant must submit a proposal to the commissioner for

52.1 review and comment under section 123B.71. The commissioner shall prepare a review
 52.2 and comment on the proposed facility by July 1 of an odd-numbered year, regardless
 52.3 of the amount of the capital expenditure required to acquire, construct, remodel, or
 52.4 improve the ~~secondary~~ facility. The commissioner shall not approve an application for an
 52.5 incentive grant for any ~~secondary~~ facility unless the facility receives a favorable review
 52.6 and comment under section 123B.71 and the following criteria are met:

52.7 (1) the applicant is a consolidated district or a minimum of two or more districts;
 52.8 ~~with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils,~~
 52.9 ~~enter that have entered into a joint powers agreement;~~

52.10 (2) for a group of districts, a joint powers board representing all participating
 52.11 districts is established under section 471.59 to govern the cooperative ~~secondary~~ facility;

52.12 ~~(3) the planned secondary facility will result in the joint powers district meeting the~~
 52.13 ~~requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;~~

52.14 ~~(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be~~
 52.15 ~~served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;~~

52.16 ~~(5)~~ (3) for a group of districts, no more than one superintendent is employed by the
 52.17 joint powers board as a result of the cooperative ~~secondary~~ facility agreement;

52.18 ~~(6)~~ (4) a statement of need is submitted, that may include reasons why the current
 52.19 ~~secondary~~ facilities are inadequate, unsafe or inaccessible to the ~~handicapped disabled~~;

52.20 ~~(7)~~ (5) an educational plan is prepared, that includes input from both community and
 52.21 professional staff;

52.22 ~~(8)~~ (6) for a group of districts, a combined seniority list for all participating districts
 52.23 is developed by the joint powers board;

52.24 ~~(9)~~ (7) for a group of districts, an education program is developed that provides for
 52.25 more learning opportunities and course offerings, including the offering of advanced
 52.26 placement courses, for students than is currently available in any single member district;

52.27 ~~(10)~~ (8) a plan is developed for providing instruction of any resident students in
 52.28 other districts when distance to the ~~secondary~~ education facility makes attendance at the
 52.29 facility unreasonably difficult or impractical; and

52.30 ~~(11)~~ (9) for a secondary facility, the joint powers board established under clause (2)
 52.31 discusses with technical colleges located in the area how vocational education space in
 52.32 the cooperative ~~secondary~~ facility could be jointly used for secondary and postsecondary
 52.33 purposes.

52.34 (b) To the extent possible, the joint powers board is encouraged to provide for
 52.35 severance pay or for early retirement incentives under section 122A.48, for any teacher

3.1 or administrator, as defined under section 122A.40, subdivision 1, who is placed on
53.2 unrequested leave as a result of the cooperative ~~secondary~~ facility agreement.

53.3 (c) For the purpose of paragraph (a), clause ~~(8)~~ (6), each district must be considered
53.4 to have started school each year on the same date.

53.5 (d) The districts may develop a plan that provides for the location of social service,
53.6 health, and other programs serving pupils and community residents within the cooperative
53.7 ~~secondary~~ facility. The commissioner shall consider this plan when preparing a review
53.8 and comment on the proposed facility.

53.9 (e) The districts must schedule and conduct a meeting on library services. The
53.10 school districts, in cooperation with the regional public library system and its appropriate
53.11 member libraries, must discuss the possibility of including jointly operated library services
53.12 at the cooperative ~~secondary~~ facility.

53.13 (f) The board of a district that has reorganized under section 123A.37 or 123A.48
53.14 and that is applying for a grant for remodeling or improving an existing facility may act in
53.15 the place of a joint powers board to meet the criteria of this subdivision.

53.16 **Subd. 3. Reorganizing districts.** A district that is a member of a joint powers
53.17 board established under subdivision 2 and that is planning to reorganize under section
53.18 123A.45, 123A.46, or 123A.48 must notify the joint powers board one year in advance of
53.19 the effective date of the reorganization. Notwithstanding section 471.59 or any other law
53.20 to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or
53.21 123A.48 may appoint representatives to the joint powers board who will serve on the joint
53.22 powers board for two years after the effective date of the reorganization if authorized in
53.23 the agreement establishing the joint powers board to govern the cooperative ~~secondary~~
53.24 facility. These representatives shall have the same powers as representatives of any other
53.25 school district under the joint powers agreement.

53.26 **Subd. 4. District procedures.** A joint powers board of a ~~secondary~~ district
53.27 established under subdivision 2 or a school board of a reorganized district that intends
53.28 to apply for a grant must adopt a resolution stating the proposed costs of the project,
53.29 the purpose for which the costs are to be incurred, and an estimate of the dates when
53.30 the facilities for which the grant is requested will be contracted for and completed.
53.31 Applications for the state grants must be accompanied by (a) a copy of the resolution, (b)
53.32 a certificate by the clerk and treasurer of the joint powers board showing the current
53.33 outstanding indebtedness of each member district, and (c) a certificate by the county
53.34 auditor of each county in which a portion of the joint powers district lies showing the
53.35 information in the auditor's official records that is required to be used in computing the
53.36 debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's

54.1 certificate must show, as to each outstanding bond issue of each member district, the
54.2 amount originally issued, the purpose for which issued, the date of issue, the amount
54.3 remaining unpaid as of the date of the resolution, and the interest rates and due dates
54.4 and amounts of principal thereon. Applications and necessary data must be in the
54.5 form prescribed by the commissioner ~~and the rules of the State Board of Education~~
54.6 ~~before December 31, 1999, and after December 30, 1999, in the form prescribed by the~~
54.7 ~~commissioner~~. Applications must be received by the commissioner by September 1 of an
54.8 odd-numbered year. When an application is received, the commissioner shall obtain from
54.9 the commissioner of revenue, and from the Public Utilities Commission when required,
54.10 the information in their official records that is required to be used in computing the debt
54.11 limit of the joint powers district under section 475.53, subdivision 4.

54.12 **Subd. 5. Award of grants.** By November 1 of the odd-numbered year, the
54.13 commissioner shall examine and consider all applications for grants, and if any district is
54.14 found not qualified, the commissioner shall promptly notify that board.

54.15 A grant award is subject to verification by the district as specified in subdivision
54.16 8. A grant award for a new facility must not be made until the site of the ~~secondary~~
54.17 facility has been determined. A grant award to remodel or improve an existing facility
54.18 must not be made until the districts have reorganized. If the total amount of the approved
54.19 applications exceeds the amount that is or can be made available, the commissioner
54.20 shall allot the available amount equally between the approved applicant districts. The
54.21 commissioner shall promptly certify to each qualified district the amount, if any, of the
54.22 grant awarded to it.

54.23 **Subd. 6. Collocation grant.** A group of districts that receives a grant for a new
54.24 facility under subdivision 4 is also eligible to receive an additional grant in the amount of
54.25 \$1,000,000. To receive the additional grant, the group of districts must develop a plan
54.26 under subdivision 2, paragraph (d), that provides for the location of a significant number
54.27 of noneducational student and community service programs within the cooperative
54.28 ~~secondary~~ facility.

54.29 **Subd. 7. Referendum; bond issue.** Within 180 days after being awarded a grant
54.30 for a new facility under subdivision 5, the joint powers board must submit the question
54.31 of authorizing the borrowing of funds for the ~~secondary~~ facility to the voters of the joint
54.32 powers district at a special election, which may be held in conjunction with the annual
54.33 election of the school board members of the member districts. The question submitted
54.34 must state the total amount of funding needed from all sources. A majority of those voting
54.35 in the affirmative on the question is sufficient to authorize the joint powers board to accept

55.1 the grant and to issue the bonds on public sale ~~in accordance with~~ according to chapter
 55.2 475. The clerk of the joint powers board must certify the vote of the bond election to the
 55.3 commissioner. If the question is approved by the voters, the commissioner shall notify the
 55.4 approved applicant districts that the grant amount certified under subdivision 5 is available
 55.5 and appropriated for payment under this subdivision. If a majority of those voting on the
 55.6 question do not vote in the affirmative, the grant must be canceled.

55.7 **Subd. 8. Contract.** Each grant must be evidenced by a contract between the board
 55.8 and the state acting through the commissioner. The contract obligates the state to pay to
 55.9 the board an amount computed according to subdivision 5, and according to a schedule,
 55.10 and terms and conditions acceptable to the commissioner of finance.

55.11 **Subd. 9. Consolidation.** A group of districts that operates a cooperative ~~secondary~~
 55.12 facility that was acquired, constructed, remodeled, or improved under this section and
 55.13 implements consolidation proceedings according to section 123A.48, may propose a
 55.14 temporary school board structure in the petition or resolution required under section
 55.15 123A.48, subdivision 2. The districts may propose the number of existing school board
 55.16 members of each district to become members of the board of the consolidated district
 55.17 and a method to gradually reduce the membership to six or seven. The proposal must
 55.18 be approved, disapproved, or modified by the ~~state board of education~~ commissioner.
 55.19 The election requirements of section 123A.48, subdivision 20, do not apply to a
 55.20 proposal approved by the state board. Elections conducted after the effective date of the
 55.21 consolidation are subject to the Minnesota Election Law.

55.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

55.23 Sec. 5. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

55.24 **Subdivision 1. Budgets.** ~~By October 1,~~ Every board must publish revenue and
 55.25 expenditure budgets for the current year and the actual revenues, expenditures, fund
 55.26 balances for the prior year and projected fund balances for the current year in a form
 55.27 prescribed by the commissioner within one week of the acceptance of the final audit by
 55.28 the board, or November 30, whichever is earlier. The forms prescribed must be designed
 55.29 so that year to year comparisons of revenue, expenditures and fund balances can be made.
 55.30 These budgets, reports of revenue, expenditures and fund balances must be published in
 55.31 a qualified newspaper of general circulation in the district or on the district's official
 55.32 Web site. If published on the district's official Web site, the district must also publish an
 55.33 announcement in a qualified newspaper of general circulation in the district that includes
 55.34 the Internet address where the information has been posted.

56.1 Sec. 6. Minnesota Statutes 2004, section 123B.77, is amended by adding a subdivision
56.2 to read:

56.3 Subd. 1a. School district consolidated financial statement. The commissioner,
56.4 in consultation with the advisory committee on financial management, accounting, and
56.5 reporting, shall develop and maintain a school district consolidated financial statement
56.6 format that converts uniform financial accounting and reporting standards data under
56.7 subdivision 1 into a more understandable format.

56.8 EFFECTIVE DATE. This section is effective the day following final enactment.

56.9 Sec. 7. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

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

56.26 Sec. 8. Minnesota Statutes 2004, section 181.101, is amended to read:

56.27 **181.101 WAGES; HOW OFTEN PAID.**

56.28 Every employer must pay all wages earned by an employee at least once every 31
56.29 days on a regular pay day designated in advance by the employer regardless of whether
56.30 the employee requests payment at longer intervals. Unless paid earlier, the wages earned
56.31 during the first half of the first 31-day pay period become due on the first regular payday
56.32 following the first day of work. If wages earned are not paid, the commissioner of labor
56.33 and industry or the commissioner's representative may demand payment on behalf of an
56.34 employee. If payment is not made within ten days of demand, the commissioner may
56.35 charge and collect the wages earned and a penalty in the amount of the employee's average

57.1 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15
 57.2 days in all, for each day beyond the ten-day limit following the demand. Money collected
 57.3 by the commissioner must be paid to the employee concerned. This section does not
 57.4 prevent an employee from prosecuting a claim for wages. This section does not prevent
 57.5 a school district ~~or~~, other public school entity, or other school, as defined under section
 57.6 120A.22, from paying any wages earned by its employees during a school year on regular
 57.7 pay days in the manner provided by an applicable contract or collective bargaining
 57.8 agreement, or a personnel policy adopted by the governing board. For purposes of this
 57.9 section, "employee" includes a person who performs agricultural labor as defined in
 57.10 section 181.85, subdivision 2. For purposes of this section, wages are earned on the
 57.11 day an employee works.

57.12 **Sec. 9. CONSOLIDATED FINANCIAL STATEMENT IMPLEMENTATION.**

57.13 The Department of Education shall pay for the implementation of the consolidated
 57.14 financial statement system under Minnesota Statutes, section 123B.77, subdivision 1a,
 57.15 from the department's existing biennial appropriations for fiscal years 2006 and 2007.

57.16 **Sec. 10. HEALTH AND SAFETY REVENUE USES; BELLE PLAINE.**

57.17 Notwithstanding Minnesota Statutes, sections 123B.57 and 123B.59, upon approval
 57.18 of the commissioner of education, Independent School District No. 716, Belle Plaine, may
 57.19 use up to \$125,000 of its health and safety revenue raised through an alternative facilities
 57.20 bond for other qualifying health and safety projects.

57.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

57.22 **ARTICLE 5**
 57.23 **STATE AGENCIES**

57.24 Section 1. Minnesota Statutes 2004, section 125A.65, subdivision 3, is amended to
 57.25 read:

57.26 Subd. 3. **Educational program; tuition.** (a) When it is determined pursuant to
 57.27 section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school,
 57.28 the board of the Minnesota State Academies must provide the appropriate educational
 57.29 program for the child.

57.30 (b) For fiscal year 2006, the board of the Minnesota State Academies must make a
 57.31 tuition charge to the child's district of residence for the cost of providing the program.
 57.32 The amount of tuition charged must not exceed the sum of (1) the general education
 57.33 revenue formula allowance times the pupil unit weighting factor pursuant to section
 57.34 126C.05 for that child, for the amount of time the child is in the program, plus (2), if
 57.35 the child was enrolled at the Minnesota State Academies on October 1 of the previous

58.1 fiscal year, the compensatory education revenue attributable to that child under section
58.2 126C.10, subdivision 3. The district of the child's residence must pay the tuition and
58.3 may claim general education aid for the child. Tuition received by the board of the
58.4 Minnesota State Academies, except for tuition for compensatory education revenue under
58.5 this paragraph and tuition received under subdivision 4, must be deposited in the state
58.6 treasury as provided in subdivision 8.

58.7 (c) For fiscal year 2007 and later, the district of the child's residence shall
58.8 claim general education revenue for the child, except as provided in this paragraph.
58.9 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education
58.10 revenue formula allowance times the pupil unit weighting factor pursuant to section
58.11 126C.05 for that child for the amount of time the child is in the program, as adjusted
58.12 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.
58.13 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory
58.14 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at
58.15 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the
58.16 Minnesota State Academies. General education aid paid to the Minnesota State Academies
58.17 under this paragraph must be credited to their general operation account. Other general
58.18 education aid attributable to the child must be paid to the district of the child's residence.

58.19 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

58.20 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition
58.21 charge allowed in subdivision 3, the academies may charge the child's district of residence
58.22 for the academy's unreimbursed cost of providing an instructional aide assigned to that
58.23 child, after deducting the special education aid under section 125A.76, attributable to the
58.24 child, if that aide is required by the child's individual education plan. Tuition received
58.25 under this paragraph must be used by the academies to provide the required service.

58.26 (b) For fiscal year 2007 and later, the special education aid paid to the academies
58.27 shall be increased by the academy's unreimbursed cost of providing an instructional
58.28 aide assigned to a child, after deducting the special education aid under section 125A.76
58.29 attributable to the child, if that aide is required by the child's individual education plan.
58.30 Aid received under this paragraph must be used by the academies to provide the required
58.31 service.

58.32 (c) For fiscal year 2007 and later, the special education aid paid to the district of
58.33 the child's residence shall be reduced by the amount paid to the academies for district
58.34 residents under paragraph (b).

58.35 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,
58.36 the commissioner shall make an estimated final adjustment payment to the Minnesota

59.1 State Academies for general education aid and special education aid for the prior fiscal
 59.2 year by August 15.

59.3 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

59.4 Subd. 6. **Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and
 59.5 5, the board of the Minnesota State Academies may agree to make a tuition charge, or
 59.6 receive an aid adjustment, as applicable, for less than the amount specified in subdivision
 59.7 3 for pupils attending the applicable school who are residents of the district where the
 59.8 institution is located and who do not board at the institution, if that district agrees to make
 59.9 a tuition charge to the board of the Minnesota State Academies for less than the amount
 59.10 specified in subdivision 5 for providing appropriate educational programs to pupils
 59.11 attending the applicable school.

59.12 Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

59.13 Subd. 8. **Student count; tuition.** (a) On May 1, 1996, and each year thereafter,
 59.14 the board of the Minnesota State Academies shall count the actual number of Minnesota
 59.15 resident special education eligible students enrolled and receiving education services at the
 59.16 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

59.17 (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in
 59.18 the state treasury an amount equal to all tuition received for the basic revenue according to
 59.19 subdivision 3, less the amount calculated in paragraph ~~(b)~~ (c).

59.20 ~~(b)~~ (c) For fiscal year 2006, the Minnesota State Academies shall credit to their
 59.21 general operation account an amount equal to the tuition received which represents tuition
 59.22 earned for the total number of students over 175 based on:

59.23 (1) the total number of enrolled students on May 1 less 175; times

59.24 (2) the ratio of the number of students in that grade category to the total number of
 59.25 students on May 1; times

59.26 (3) the general education revenue formula allowance; times

59.27 (4) the pupil unit weighting factor pursuant to section 126C.05.

59.28 (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to
 59.29 the department the number of students by grade level counted according to paragraph (a).
 59.30 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),
 59.31 must be reduced by an amount equal to:

59.32 (1) the ratio of 175 to the total number of students on May 1; times

59.33 (2) the total basic revenue determined according to subdivision 3, paragraph (c).

59.34 Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

60.1 Subd. 10. **Annual appropriation.** There is annually appropriated to the department
 60.2 for the Minnesota State Academies the tuition or aid payment amounts received and
 60.3 credited to the general operation account of the academies under this section. A balance
 60.4 in an appropriation under this paragraph does not cancel but is available in successive
 60.5 fiscal years.

60.6 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:

60.7 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit
 60.8 from attending either academy may be admitted to the academy if the admission does not
 60.9 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota
 60.10 State Academies must obtain reimbursement from the other state for the costs of the
 60.11 out-of-state admission. The state board may enter into an agreement with the appropriate
 60.12 authority in the other state for the reimbursement. Money received from another state
 60.13 must be deposited in the general special revenue fund and credited to the general operating
 60.14 account of the academies. The money is appropriated to the academies.

60.15 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

60.16 ARTICLE 6

60.17 TECHNICAL AND CONFORMING AMENDMENTS

60.18 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is
 60.19 amended to read:

60.20 Subd. 2. **Adopting policies.** ~~(a)~~ A school board shall have in place an adopted
 60.21 written policy that includes the following:

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

60.24 (2) a process for evaluating each student's progress toward meeting academic
 60.25 standards and identifying the strengths and weaknesses of instruction and curriculum
 60.26 affecting students' progress;

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

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

60.29 (5) an education effectiveness plan aligned with section 122A.625 that integrates
 60.30 instruction, curriculum, and technology.

60.31 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

60.32 Subd. 10. **Requirements for immunization statements.** (a) A statement required
 60.33 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization
 60.34 shall include month, day, and year for immunizations administered after January 1, 1990.

61.1 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~
61.2 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~
61.3 ~~toxoid no earlier than 11 years of age.~~

61.4 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~
61.5 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~
61.6 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

61.7 ~~(c) Except as specified in paragraph (c), for persons enrolled in grades 7 through~~
61.8 ~~12 during the 1998-1999 school term and for each year thereafter, the statement must~~
61.9 ~~indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier~~
61.10 ~~than 11 years of age.~~

61.11 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year~~
61.12 ~~and for each year thereafter, the statement must indicate that the person has received at~~
61.13 ~~least two doses of vaccine against measles, mumps, and rubella, given alone or separately~~
61.14 ~~and given not less than one month apart.~~

61.15 ~~(e) (b)~~ A person who has received at least three doses of tetanus and diphtheria
61.16 toxoids, with the most recent dose given after age six and before age 11, is not required to
61.17 have additional immunization against diphtheria and tetanus until ten years have elapsed
61.18 from the person's most recent dose of tetanus and diphtheria toxoid.

61.19 ~~(f) (c)~~ The requirement for hepatitis B vaccination shall apply to persons enrolling in
61.20 kindergarten beginning with the 2000-2001 school term.

61.21 ~~(g) (d)~~ The requirement for hepatitis B vaccination shall apply to persons enrolling
61.22 in grade 7 beginning with the 2001-2002 school term.

61.23 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is
61.24 amended to read:

61.25 Subd. 2. **Agreement.** (a) Upon the request of 60 percent of the licensed employees
61.26 of a site or a school site decision-making team, the school board shall enter into
61.27 discussions to reach an agreement concerning the governance, management, or control of
61.28 the school. A school site decision-making team may include the school principal, teachers
61.29 in the school or their designee, other employees in the school, representatives of pupils
61.30 in the school, or other members in the community. A school site decision-making team
61.31 must include at least one parent of a pupil in the school. For purposes of formation of a
61.32 new site, a school site decision-making team may be a team of teachers that is recognized
61.33 by the board as a site. The school site decision-making team shall include the school
61.34 principal or other person having general control and supervision of the school. The site
61.35 decision-making team must reflect the diversity of the education site. At least one-half
61.36 of the members shall be employees of the district, unless an employee is the parent of a

62.1 student enrolled in the school site, in which case the employee may elect to serve as a
62.2 parent member of the site team.

62.3 (b) School site decision-making agreements must delegate powers, duties, and
62.4 broad management responsibilities to site teams and involve staff members, students as
62.5 appropriate, and parents in decision making.

62.6 (c) An agreement shall include a statement of powers, duties, responsibilities, and
62.7 authority to be delegated to and within the site.

62.8 (d) An agreement may include:

62.9 (1) an achievement contract according to subdivision 4;

62.10 (2) a mechanism to allow principals, a site leadership team, or other persons having
62.11 general control and supervision of the school, to make decisions regarding how financial
62.12 and personnel resources are best allocated at the site and from whom goods or services
62.13 are purchased;

62.14 (3) a mechanism to implement parental involvement programs under section
62.15 124D.895 and to provide for effective parental communication and feedback on this
62.16 involvement at the site level;

62.17 (4) a provision that would allow the team to determine who is hired into licensed
62.18 and nonlicensed positions;

62.19 (5) a provision that would allow teachers to choose the principal or other person
62.20 having general control;

62.21 (6) an amount of revenue allocated to the site under subdivision 3; and

62.22 (7) any other powers and duties determined appropriate by the board.

62.23 The school board of the district remains the legal employer under clauses (4) and (5).

62.24 (e) Any powers or duties not delegated to the school site management team in the
62.25 school site management agreement shall remain with the school board.

62.26 (f) Approved agreements shall be filed with the commissioner. If a school board
62.27 denies a request or the school site and school board fail to reach an agreement to enter
62.28 into a school site management agreement, the school board shall provide a copy of the
62.29 request and the reasons for its denial to the commissioner.

62.30 (g) A site decision-making grant program is established, consistent with this
62.31 subdivision, to allow sites to implement an agreement that at least:

62.32 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable
62.33 to the students at that site;

62.34 (2) includes a provision, consistent with current law and the collective bargaining
62.35 agreement in effect, that allows the site team to decide who is selected from within the

63.1 district for licensed and nonlicensed positions at the site and to make staff assignments
63.2 in the site; and

63.3 (3) includes a completed performance agreement under subdivision 4.

63.4 The commissioner shall establish the form and manner of the application for a grant
63.5 and annually, at the end of each fiscal year, report to the house of representatives and
63.6 senate committees having jurisdiction over education on the progress of the program.

63.7 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

63.8 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall
63.9 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.
63.10 The board must promote academic standards based on high expectation and an assessment
63.11 system to measure academic performance toward the achievement of those standards. The
63.12 board must focus on the academies' needs as a whole and not prefer one school over the
63.13 other. The board of the Minnesota State Academies shall consist of nine persons. The
63.14 members of the board shall be appointed by the governor with the advice and consent of
63.15 the senate. One member must be from the seven-county metropolitan area, one member
63.16 must be from greater Minnesota, and one member may be appointed at-large. The board
63.17 must be composed of:

63.18 (1) one present or former superintendent of an independent school district;

63.19 (2) one present or former special education director;

63.20 (3) the commissioner of education or the commissioner's designee;

63.21 (4) one member of the blind community;

63.22 (5) one member of the deaf community;

63.23 (6) two members of the general public with business, administrative, or financial
63.24 expertise;

63.25 (7) one nonvoting, unpaid ex officio member appointed by the site council for the
63.26 State Academy for the Deaf; and

63.27 (8) one nonvoting, unpaid ex officio member appointed by the site council for the
63.28 State Academy for the Blind.

63.29 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is
63.30 amended to read:

63.31 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

63.32 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,
63.33 supplemental revenue, transition revenue, and referendum revenue is less than the value of
63.34 the school district at or immediately above the 95th percentile of school districts in its
63.35 equity region for those revenue categories; and

64.1 (2) the school district's administrative offices are not located in a city of the first
64.2 class on July 1, 1999.

64.3 (b) Equity revenue for a qualifying district that receives referendum revenue under
64.4 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal
64.5 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school
64.6 district's equity index computed under subdivision 27.

64.7 (c) Equity revenue for a qualifying district that does not receive referendum revenue
64.8 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal
64.9 cost pupil units for that year times \$13.

64.10 (d) A school district's equity revenue is increased by the greater of zero or an amount
64.11 equal to the district's resident marginal cost pupil units times the difference between ten
64.12 percent of the statewide average amount of referendum revenue per resident marginal cost
64.13 pupil unit for that year and the district's referendum revenue per resident marginal cost
64.14 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for
64.15 that year.

64.16 (e) A school district's equity revenue for a school district located in the metro equity
64.17 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

64.18 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school
64.19 district that has per pupil referendum revenue below the 95th percentile qualifies for
64.20 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

64.21 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
64.22 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its
64.23 adjusted marginal cost pupil units.

64.24 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is
64.25 amended to read:

64.26 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings
64.27 given them unless the specific content indicates otherwise:

64.28 (a) "Family assessment" means a comprehensive assessment of child safety, risk
64.29 of subsequent child maltreatment, and family strengths and needs that is applied to a
64.30 child maltreatment report that does not allege substantial child endangerment. Family
64.31 assessment does not include a determination as to whether child maltreatment occurred
64.32 but does determine the need for services to address the safety of family members and the
64.33 risk of subsequent maltreatment.

64.34 (b) "Investigation" means fact gathering related to the current safety of a child
64.35 and the risk of subsequent maltreatment that determines whether child maltreatment
64.36 occurred and whether child protective services are needed. An investigation must be used

65.1 when reports involve substantial child endangerment, and for reports of maltreatment in
65.2 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to
65.3 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and
65.4 13, and 124D.10; or in a nonlicensed personal care provider association as defined in
65.5 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

65.6 (c) "Substantial child endangerment" means a person responsible for a child's care, a
65.7 person who has a significant relationship to the child as defined in section 609.341, or a
65.8 person in a position of authority as defined in section 609.341, who by act or omission
65.9 commits or attempts to commit an act against a child under their care that constitutes
65.10 any of the following:

65.11 (1) egregious harm as defined in section 260C.007, subdivision 14;

65.12 (2) sexual abuse as defined in paragraph (d);

65.13 (3) abandonment under section 260C.301, subdivision 2;

65.14 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the
65.15 child's physical or mental health, including a growth delay, which may be referred to as
65.16 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

65.17 (5) murder in the first, second, or third degree under section 609.185, 609.19, or
65.18 609.195;

65.19 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

65.20 (7) assault in the first, second, or third degree under section 609.221, 609.222, or
65.21 609.223;

65.22 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

65.23 (9) criminal sexual conduct under sections 609.342 to 609.3451;

65.24 (10) solicitation of children to engage in sexual conduct under section 609.352;

65.25 (11) malicious punishment or neglect or endangerment of a child under section
65.26 609.377 or 609.378;

65.27 (12) use of a minor in sexual performance under section 617.246; or

65.28 (13) parental behavior, status, or condition which mandates that the county attorney
65.29 file a termination of parental rights petition under section 260C.301, subdivision 3,
65.30 paragraph (a).

65.31 (d) "Sexual abuse" means the subjection of a child by a person responsible for the
65.32 child's care, by a person who has a significant relationship to the child, as defined in
65.33 section 609.341, or by a person in a position of authority, as defined in section 609.341,
65.34 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual
65.35 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),
65.36 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct

66.1 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual
66.2 abuse also includes any act which involves a minor which constitutes a violation of
66.3 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes
66.4 threatened sexual abuse.

66.5 (e) "Person responsible for the child's care" means (1) an individual functioning
66.6 within the family unit and having responsibilities for the care of the child such as a
66.7 parent, guardian, or other person having similar care responsibilities, or (2) an individual
66.8 functioning outside the family unit and having responsibilities for the care of the child
66.9 such as a teacher, school administrator, other school employees or agents, or other lawful
66.10 custodian of a child having either full-time or short-term care responsibilities including,
66.11 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,
66.12 and coaching.

66.13 (f) "Neglect" means:

66.14 (1) failure by a person responsible for a child's care to supply a child with necessary
66.15 food, clothing, shelter, health, medical, or other care required for the child's physical or
66.16 mental health when reasonably able to do so;

66.17 (2) failure to protect a child from conditions or actions that seriously endanger the
66.18 child's physical or mental health when reasonably able to do so, including a growth delay,
66.19 which may be referred to as a failure to thrive, that has been diagnosed by a physician and
66.20 is due to parental neglect;

66.21 (3) failure to provide for necessary supervision or child care arrangements
66.22 appropriate for a child after considering factors as the child's age, mental ability, physical
66.23 condition, length of absence, or environment, when the child is unable to care for the
66.24 child's own basic needs or safety, or the basic needs or safety of another child in their care;

66.25 (4) failure to ensure that the child is educated as defined in sections 120A.22 and
66.26 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's
66.27 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

66.28 (5) nothing in this section shall be construed to mean that a child is neglected solely
66.29 because the child's parent, guardian, or other person responsible for the child's care in
66.30 good faith selects and depends upon spiritual means or prayer for treatment or care of
66.31 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,
66.32 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report
66.33 if a lack of medical care may cause serious danger to the child's health. This section does
66.34 not impose upon persons, not otherwise legally responsible for providing a child with
66.35 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

67.1 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,
67.2 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal
67.3 symptoms in the child at birth, results of a toxicology test performed on the mother at
67.4 delivery or the child at birth, or medical effects or developmental delays during the child's
67.5 first year of life that medically indicate prenatal exposure to a controlled substance;

67.6 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

67.7 (8) chronic and severe use of alcohol or a controlled substance by a parent or
67.8 person responsible for the care of the child that adversely affects the child's basic needs
67.9 and safety; or

67.10 (9) emotional harm from a pattern of behavior which contributes to impaired
67.11 emotional functioning of the child which may be demonstrated by a substantial and
67.12 observable effect in the child's behavior, emotional response, or cognition that is not
67.13 within the normal range for the child's age and stage of development, with due regard to
67.14 the child's culture.

67.15 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,
67.16 inflicted by a person responsible for the child's care on a child other than by accidental
67.17 means, or any physical or mental injury that cannot reasonably be explained by the child's
67.18 history of injuries, or any aversive or deprivation procedures, or regulated interventions,
67.19 that have not been authorized under section 121A.67 or 245.825. Abuse does not include
67.20 reasonable and moderate physical discipline of a child administered by a parent or legal
67.21 guardian which does not result in an injury. Abuse does not include the use of reasonable
67.22 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions
67.23 which are not reasonable and moderate include, but are not limited to, any of the following
67.24 that are done in anger or without regard to the safety of the child:

67.25 (1) throwing, kicking, burning, biting, or cutting a child;

67.26 (2) striking a child with a closed fist;

67.27 (3) shaking a child under age three;

67.28 (4) striking or other actions which result in any nonaccidental injury to a child
67.29 under 18 months of age;

67.30 (5) unreasonable interference with a child's breathing;

67.31 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

67.32 (7) striking a child under age one on the face or head;

67.33 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled
67.34 substances which were not prescribed for the child by a practitioner, in order to control
67.35 or punish the child; or other substances that substantially affect the child's behavior,
67.36 motor coordination, or judgment or that results in sickness or internal injury, or subjects

68.1 the child to medical procedures that would be unnecessary if the child were not exposed
68.2 to the substances;

68.3 (9) unreasonable physical confinement or restraint not permitted under section
68.4 609.379, including but not limited to tying, caging, or chaining; or

68.5 (10) in a school facility or school zone, an act by a person responsible for the child's
68.6 care that is a violation under section 121A.58.

68.7 (h) "Report" means any report received by the local welfare agency, police
68.8 department, county sheriff, or agency responsible for assessing or investigating
68.9 maltreatment pursuant to this section.

68.10 (i) "Facility" means:

68.11 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,
68.12 sanitarium, or other facility or institution required to be licensed under sections 144.50 to
68.13 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

68.14 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and
68.15 124D.10; or

68.16 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,
68.17 subdivision 16, and 256B.0625, subdivision 19a.

68.18 (j) "Operator" means an operator or agency as defined in section 245A.02.

68.19 (k) "Commissioner" means the commissioner of human services.

68.20 (l) "Practice of social services," for the purposes of subdivision 3, includes but is
68.21 not limited to employee assistance counseling and the provision of guardian ad litem and
68.22 parenting time expeditor services.

68.23 (m) "Mental injury" means an injury to the psychological capacity or emotional
68.24 stability of a child as evidenced by an observable or substantial impairment in the child's
68.25 ability to function within a normal range of performance and behavior with due regard to
68.26 the child's culture.

68.27 (n) "Threatened injury" means a statement, overt act, condition, or status that
68.28 represents a substantial risk of physical or sexual abuse or mental injury. Threatened
68.29 injury includes, but is not limited to, exposing a child to a person responsible for the
68.30 child's care, as defined in paragraph (e), clause (1), who has:

68.31 (1) subjected a child to, or failed to protect a child from, an overt act or condition
68.32 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a
68.33 similar law of another jurisdiction;

68.34 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause
68.35 (4), or a similar law of another jurisdiction;

69.1 (3) committed an act that has resulted in an involuntary termination of parental rights
69.2 under section 260C.301, or a similar law of another jurisdiction; or

69.3 (4) committed an act that has resulted in the involuntary transfer of permanent legal
69.4 and physical custody of a child to a relative under section 260C.201, subdivision 11,
69.5 paragraph (d), clause (1), or a similar law of another jurisdiction.

69.6 (o) Persons who conduct assessments or investigations under this section shall take
69.7 into account accepted child-rearing practices of the culture in which a child participates
69.8 and accepted teacher discipline practices, which are not injurious to the child's health,
69.9 welfare, and safety."

69.10 Amend the title accordingly

1.1 Senator moves to amend the delete-everything amendment
1.2 (SCS2994A38) to S.F. No. 2994 as follows:

1.3 Page 43, after line 11, insert:

1.4 "Sec. 41. **CHARACTER DEVELOPMENT EDUCATION; PILOT**
1.5 **PROGRAM.**

1.6 Subdivision 1. Pilot program created. School districts may develop a pilot
1.7 program to implement comprehensive character development education under Minnesota
1.8 Statutes, section 120B.232, subdivision 1.

1.9 Subd. 2. Approved provider list. (a) Based upon available resources, the
1.10 commissioner of education shall maintain a character development education curriculum
1.11 approved provider list. The character development education curriculum of approved
1.12 providers shall be research based and evaluated by an independent party. Approved
1.13 comprehensive character development education curriculum must include:

1.14 (1) age appropriate character development for the classroom in elementary or
1.15 secondary grades;

1.16 (2) teacher training workshops and in-service training;

1.17 (3) midyear consulting between the school district and the provider; and

1.18 (4) an assessment program.

1.19 (b) Funding for the approved provider list shall be from existing department
1.20 resources under Minnesota Statutes, section 120B.232, subdivision 2.

1.21 **EFFECTIVE DATE. This section is effective the day following final enactment.**"

1.22 Renumber the sections in sequence and correct the internal references

1.23 Amend the title accordingly

1.1 Senator moves to amend the delete-everything amendment
1.2 (SCS2994A38) to S.F. No. 2994 as follows:

1.3 Page 7, after line 32, insert:

1.4 "Sec. 13. Minnesota Statutes 2005 Supplement, section 126C.17, subdivision 9,
1.5 is amended to read:

1.6 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,
1.7 subdivision 1, may be increased in the amount approved by the voters of the district at a
1.8 referendum called for the purpose. The referendum may be called by the board or shall be
1.9 called by the board upon written petition of qualified voters of the district. The referendum
1.10 must be conducted one or two calendar years before the increased levy authority, if
1.11 approved, first becomes payable. Only one election to approve an increase may be held
1.12 in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the
1.13 referendum must be held on the first Tuesday after the first Monday in November. The
1.14 ballot must state the maximum amount of the increased revenue per resident marginal cost
1.15 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue
1.16 per resident marginal cost pupil unit that differs from year to year over the number of
1.17 years for which the increased revenue is authorized or may state that the amount shall
1.18 increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the
1.19 annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may
1.20 state that existing referendum levy authority is expiring. In this case, the ballot may also
1.21 compare the proposed levy authority to the existing expiring levy authority, and express
1.22 the proposed increase as the amount, if any, over the expiring referendum levy authority.
1.23 The ballot must designate the specific number of years, not to exceed ten, for which the
1.24 referendum authorization applies. The ballot, including a ballot on the question to revoke
1.25 or reduce the increased revenue amount under paragraph (c), must abbreviate the term
1.26 "per resident marginal cost pupil unit" as "per pupil." The notice required under section
1.27 275.60 may be modified to read, in cases of renewing existing levies:

1.28 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING
1.29 FOR A PROPERTY TAX INCREASE."

1.30 The ballot may contain a textual portion with the information required in this
1.31 subdivision and a question stating substantially the following:

1.32 "Shall the increase in the revenue proposed by (petition to) the board of,
3 School District No. ..., be approved?"

1.34 If approved, an amount equal to the approved revenue per resident marginal cost
1.35 pupil unit times the resident marginal cost pupil units for the school year beginning in
1.36 the year after the levy is certified shall be authorized for certification for the number of

2.1 years approved, if applicable, or until revoked or reduced by the voters of the district at a
2.2 subsequent referendum.

2.3 (b) The board must prepare and deliver by first class mail at least 15 days but no more
2.4 than 30 days before the day of the referendum to each taxpayer a notice of the referendum
2.5 and the proposed revenue increase. The board need not mail more than one notice to any
2.6 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be
2.7 those shown to be owners on the records of the county auditor or, in any county where
2.8 tax statements are mailed by the county treasurer, on the records of the county treasurer.
2.9 Every property owner whose name does not appear on the records of the county auditor
2.10 or the county treasurer is deemed to have waived this mailed notice unless the owner
2.11 has requested in writing that the county auditor or county treasurer, as the case may be,
2.12 include the name on the records for this purpose. The notice must project the anticipated
2.13 amount of tax increase in annual dollars for typical residential homesteads, agricultural
2.14 homesteads, apartments, and commercial-industrial property within the school district.

2.15 The notice for a referendum may state that an existing referendum levy is expiring
2.16 and project the anticipated amount of increase over the existing referendum levy in
2.17 the first year, if any, in annual dollars for typical residential homesteads, agricultural
2.18 homesteads, apartments, and commercial-industrial property within the district.

2.19 The notice must include the following statement: "Passage of this referendum will
2.20 result in an increase in your property taxes." However, in cases of renewing existing
2.21 levies, the notice may include the following statement: "Passage of this referendum may
2.22 result in an increase in your property taxes."

2.23 (c) A referendum on the question of revoking or reducing the increased revenue
2.24 amount authorized pursuant to paragraph (a) may be called by the board and shall be called
2.25 by the board upon the written petition of qualified voters of the district. A referendum to
2.26 revoke or reduce the revenue amount must state the amount per resident marginal cost
2.27 pupil unit by which the authority is to be reduced. Revenue authority approved by the
2.28 voters of the district pursuant to paragraph (a) must be available to the school district at
2.29 least once before it is subject to a referendum on its revocation or reduction for subsequent
2.30 years. Only one revocation or reduction referendum may be held to revoke or reduce
2.31 referendum revenue for any specific year and for years thereafter.

2.32 (d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of
2.33 qualified voters in excess of 15 percent of the registered voters of the district on the day
2.34 the petition is filed with the board. A referendum invoked by petition must be held on the
2.35 date specified in paragraph (a).

3.1 (e) The approval of 50 percent plus one of those voting on the question is required to
3.2 pass a referendum authorized by this subdivision.

3.3 (f) At least 15 days before the day of the referendum, the district must submit a
3.4 copy of the notice required under paragraph (b) to the commissioner and to the county
3.5 auditor of each county in which the district is located. Within 15 days after the results
3.6 of the referendum have been certified by the board, or in the case of a recount, the
3.7 certification of the results of the recount by the canvassing board, the district must notify
3.8 the commissioner of the results of the referendum.

3.9 **EFFECTIVE DATE.** This section is effective for referenda conducted on or after
3.10 July 1, 2006."

3.11 Renumber the sections in sequence and correct the internal references

3.12 Amend the title accordingly

1.1 Senator moves to amend the delete-everything amendment
 1.2 (SCS2994A38) to S.F. No. 2994 as follows:

1.3 Page 69, after line 9, insert:

1.4 **"ARTICLE 7**

1.5 **EARLY CHILDHOOD PROVISIONS**

1.6 Section 1. Minnesota Statutes 2004, section 119A.50, subdivision 1, is amended to read:

1.7 Subdivision 1. **Department of Education.** The Department of Education is the
 1.8 state agency responsible for administering the Head Start program. The commissioner
 1.9 of education ~~may make grants~~ shall allocate funds according to the formula in section
 1.10 119A.52 to public or private nonprofit agencies for the purpose of providing supplemental
 1.11 funds for the federal Head Start program.

1.12 Sec. 2. Minnesota Statutes 2004, section 119A.52, is amended to read:

1.13 **119A.52 DISTRIBUTION OF APPROPRIATION ~~AND PROGRAM~~**
 1.14 **COORDINATION.**

1.15 The commissioner of education must distribute money appropriated for that purpose
 1.16 to federally designated Head Start ~~program grantees~~ programs to expand services and to
 1.17 serve additional low-income children. ~~Money must be allocated to each project Head Start~~
 1.18 ~~grantee in existence on the effective date of Laws 1989, chapter 282.~~ Migrant and Indian
 1.19 reservation ~~grantees~~ programs must be initially allocated money based on the ~~grantees'~~
 1.20 programs' share of federal funds. The remaining money must be initially allocated to the
 1.21 remaining local agencies based equally on the agencies' share of federal funds and on the
 1.22 proportion of eligible children in the agencies' service area who are not currently being
 1.23 served. A Head Start grantee must be funded at a per child rate equal to its contracted,
 1.24 federally funded base level for ~~program accounts 20, 22, and 25~~ at the start of the fiscal
 1.25 year. In allocating funds under this paragraph, the commissioner of education must assure
 1.26 that each Head Start ~~grantee~~ program in existence in 1993 is allocated no less funding
 1.27 in any fiscal year than was allocated to that ~~grantee~~ program in fiscal year 1993. ~~The~~
 1.28 ~~commissioner may provide additional funding to grantees for start-up costs incurred by~~
 1.29 ~~grantees due to the increased number of children to be served.~~ Before paying money to
 1.30 the ~~grantees~~ programs, the commissioner must notify each ~~grantee~~ program of its initial
 1.31 allocation, how the money must be used, and the number of low-income children ~~that~~
 1.32 must to be served with the allocation based upon the federally funded per child rate.
 1.33 Each ~~grantee~~ program must present a ~~work plan to the commissioner for approval.~~ The
 1.34 ~~work plan must include the estimated number of low-income children and families it will~~
 1.35 ~~be able to serve, a description of the program design and service delivery area which~~
 1.36 ~~meets the needs of and encourages access by low-income working families, a program~~

2.1 ~~design that ensures fair and equitable access to Head Start services for all populations and~~
 2.2 ~~parts of the service area, and a plan for coordinating services to maximize assistance~~
 2.3 ~~for child care costs available to families under chapter 119B; under section 119A.535.~~
 2.4 For any grantee that cannot utilize its full allocation, the commissioner must reduce the
 2.5 allocation proportionately. Money available after the initial allocations are reduced must
 2.6 be redistributed to eligible grantees.

2.7 Sec. 3. Minnesota Statutes 2004, section 119A.53, is amended to read:

2.8 **119A.53 FEDERAL REQUIREMENTS.**

2.9 ~~Grantees~~ Programs and the commissioner shall comply with federal regulations
 2.10 governing the federal Head Start program, except for funding for innovative initiatives
 2.11 under section ~~119A.52~~ 119A.535 as approved by the commissioner, which may be used to
 2.12 operate differently than federal Head Start regulations. If a state statute or rule conflicts
 2.13 with a federal statute or regulation, the state statute or rule prevails.

2.14 Sec. 4. **[119A.535] APPLICATION REQUIREMENTS.**

2.15 Eligible Head Start organizations must submit a plan to the department for approval
 2.16 on a form and in the manner prescribed by the commissioner. The plan must include:

2.17 (1) the estimated number of low-income children and families the program will be
 2.18 able to serve;

2.19 (2) a description of the program design and service delivery area which meets the
 2.20 needs of and encourages access by low-income working families;

2.21 (3) a program design that ensures fair and equitable access to Head Start services for
 2.22 all populations and parts of the service area;

2.23 (4) a plan for coordinating services to maximize assistance for child care costs
 2.24 available to families under chapter 119B; and

2.25 (5) identification of regular Head Start, early Head Start, and innovative services
 2.26 based upon demonstrated needs to be provided.

2.27 Sec. 5. Minnesota Statutes 2004, section 119A.545, is amended to read:

2.28 **119A.545 AUTHORITY TO WAIVE REQUIREMENTS DURING DISASTER**
 2.29 **PERIODS.**

2.30 The commissioner of education may waive requirements under sections 119A.50
 2.31 to ~~119A.53~~ 119A.535, for up to nine months after the disaster, for Head Start ~~grantees~~
 2.32 programs in areas where a federal disaster has been declared under United States Code,
 2.33 title 42, section 5121, et seq., or the governor has exercised authority under chapter 12.

2.34 The commissioner shall notify the chairs of the appropriate senate ~~Family and Early~~
 2.35 ~~Childhood Education Budget Division, the senate Education Finance Committee, the and~~

3.1 ~~house Family and Early Childhood Education Finance Division, the house Education~~
3.2 ~~Committee, and the house Ways and Means Committee~~ committees ten days before the
3.3 effective date of any waiver granted under this section.

3.4 Sec. 6. Minnesota Statutes 2004, section 121A.17, subdivision 3, is amended to read:

3.5 Subd. 3. **Screening program.** (a) A screening program must include at least the
3.6 following components: developmental assessments, hearing and vision screening or
3.7 referral, immunization review and referral, the child's height and weight, identification
3.8 of risk factors that may influence learning, an interview with the parent about the child,
3.9 and referral for assessment, diagnosis, and treatment when potential needs are identified.
3.10 The district and the person performing or supervising the screening must provide a
3.11 parent or guardian with clear written notice that the parent or guardian may decline to
3.12 answer questions or provide information about family circumstances that might affect
3.13 development and identification of risk factors that may influence learning. The notice
3.14 must clearly state that declining to answer questions or provide information does not
3.15 prevent the child from being enrolled in kindergarten or first grade if all other screening
3.16 components are met. If a parent or guardian is not able to read and comprehend the written
3.17 notice, the district and the person performing or supervising the screening must convey
3.18 the information in another manner. The notice must also inform the parent or guardian
3.19 that a child need not submit to the district screening program if the child's health records
3.20 indicate to the school that the child has received comparable developmental screening
3.21 performed within the preceding 365 days by a public or private health care organization or
3.22 individual health care provider. The notice must be given to a parent or guardian at the
3.23 time the district initially provides information to the parent or guardian about screening
3.24 and must be given again at the screening location.

3.25 (b) The social/emotional component of the developmental assessment must be
3.26 completed using a social/emotional screening instrument approved by the commissioner
3.27 of education, and consistent with the standards of the commissioners of health and human
3.28 services.

3.29 (c) All screening components shall be consistent with the standards of the state
3.30 commissioner of health for early developmental screening programs. A developmental
3.31 screening program must not provide laboratory tests or a physical examination to any
3.32 child. The district must request from the public or private health care organization or the
3.33 individual health care provider the results of any laboratory test or physical examination
3.34 within the 12 months preceding a child's scheduled screening.

3.35 (e) (d) If a child is without health coverage, the school district must refer the child to
3.36 an appropriate health care provider.

4.1 ~~(d)~~ (e) A board may offer additional components such as nutritional, physical and
4.2 dental assessments, review of family circumstances that might affect development, blood
4.3 pressure, laboratory tests, and health history.

4.4 ~~(e)~~ (f) If a statement signed by the child's parent or guardian is submitted to the
4.5 administrator or other person having general control and supervision of the school that
4.6 the child has not been screened because of conscientiously held beliefs of the parent
4.7 or guardian, the screening is not required.

4.8 Sec. 7. Minnesota Statutes 2005 Supplement, section 121A.17, subdivision 5, is
4.9 amended to read:

4.10 **Subd. 5. Developmental screening program information.** The board must inform
4.11 each resident family with a child eligible to participate in the developmental screening
4.12 program about the availability of the program and the state's requirement that a child
4.13 receive a developmental screening or provide health records indicating that the child
4.14 received a comparable developmental screening from a public or private health care
4.15 organization or individual health care provider not later than 30 days after the first
4.16 day of attending kindergarten in a public school. A school district must inform all
4.17 resident families with eligible children under age seven that their children may receive a
4.18 developmental screening conducted either by the school district or by a public or private
4.19 health care organization or individual health care provider, and that if a statement signed
4.20 by the child's parent or guardian is submitted to the administrator or other person having
4.21 general control and supervision of the school that the child has not been screened because
4.22 of conscientiously held beliefs of the parent or guardian, the screening is not required.

4.23 Sec. 8. Minnesota Statutes 2004, section 124D.13, subdivision 2, is amended to read:

4.24 **Subd. 2. Program characteristics.** (a) Early childhood family education programs
4.25 are programs for children in the period of life from birth to kindergarten, for the parents
4.26 and other relatives of ~~such~~ these children, and for expectant parents. To the extent
4.27 that funds are insufficient to provide programs for all children, early childhood family
4.28 education programs should emphasize programming for a child from birth to age three
4.29 and encourage parents and other relatives to involve four- and five-year-old children in
4.30 school readiness programs, and other public and nonpublic early learning programs. Early
4.31 childhood family education programs may include the following:

4.32 (1) programs to educate parents and other relatives about the physical, mental,
4.33 and emotional development of children;

4.34 (2) programs to enhance the skills of parents and other relatives in providing for
4.35 their children's learning and development;

- 5.1 (3) learning experiences for children and parents and other relatives that promote
5.2 children's development;
- 5.3 (4) activities designed to detect children's physical, mental, emotional, or behavioral
5.4 problems that may cause learning problems;
- 5.5 (5) activities and materials designed to encourage self-esteem, skills, and behavior
5.6 that prevent sexual and other interpersonal violence;
- 5.7 (6) educational materials which may be borrowed for home use;
- 5.8 (7) information on related community resources;
- 5.9 (8) programs to prevent child abuse and neglect;
- 5.10 (9) other programs or activities to improve the health, development, and school
5.11 readiness of children; or
- 5.12 (10) activities designed to maximize development during infancy.

5.13 The programs must not include activities for children that do not require substantial
5.14 involvement of the children's parents or other relatives. The programs must be reviewed
5.15 periodically to assure the instruction and materials are not racially, culturally, or sexually
5.16 biased. The programs must encourage parents to be aware of practices that may affect
5.17 equitable development of children.

5.18 (b) For the purposes of this section, "relative" or "relatives" means noncustodial
5.19 grandparents or other persons related to a child by blood, marriage, adoption, or foster
5.20 placement, excluding parents.

5.21 Sec. 9. Minnesota Statutes 2004, section 124D.13, subdivision 3, is amended to read:

5.22 Subd. 3. **Substantial parental involvement.** The requirement of substantial
5.23 parental or other relative involvement in subdivision 2 means that:

5.24 (a) parents or other relatives must be physically present much of the time in classes
5.25 with their children or be in concurrent classes;

5.26 (b) parenting education or family education must be an integral part of every early
5.27 childhood family education program;

5.28 (c) early childhood family education appropriations must not be used for traditional
5.29 day care or nursery school, or similar programs; and

5.30 (d) the form of parent involvement common to kindergarten, elementary school, or
5.31 early childhood special education programs such as parent conferences, newsletters, and
5.32 notes to parents do not qualify a program under subdivision 2.

5.33 Sec. 10. Minnesota Statutes 2005 Supplement, section 124D.175, is amended to read:

5.34 **124D.175 MINNESOTA EARLY LEARNING FOUNDATION PROPOSAL.**

5.35 (a) The commissioner must implement an early childhood development grant
5.36 program for low-income and other challenged families that increases the effectiveness

6.1 and expands the capacity of public and nonpublic early childhood development programs,
 6.2 which may include child care programs, and leads to improved early childhood parent
 6.3 education and children's kindergarten readiness. The program must include:

6.4 (1) grant awards to existing early childhood development program providers that
 6.5 also provide parent education programs and to qualified providers proposing to implement
 6.6 pilot programs for this same purpose;

6.7 (2) grant awards to enable low-income families to participate in these programs;

6.8 (3) grant awards to improve overall programmatic quality; and

6.9 (4) an evaluation of the programmatic and financial efficacy of all these programs,
 6.10 which may be performed using measures of services, staffing, and management systems
 6.11 that provide consistent information about system performance, show trends, confirm
 6.12 successes, and identify potential problems in early childhood development programs.

6.13 This grant program must not supplant existing early childhood development programs
 6.14 or child care funds.

6.15 (b) The commissioner must ~~contract with~~ make a grant to a private nonprofit, section
 6.16 501(c)(3) organization to implement the requirements of paragraph (a). Notwithstanding
 6.17 any laws to the contrary, the private nonprofit organization may contract with the
 6.18 University of Minnesota for purposes of implementing paragraph (a), clause (4). The
 6.19 private nonprofit organization must be governed by a board of up to 19 directors composed
 6.20 of members from the public and nonpublic sectors, where the nonpublic sector members
 6.21 compose a ~~simple~~ majority of board members ~~and where the public sector members are~~
 6.22 ~~state and local government officials, kindergarten through grade 12 or postsecondary~~
 6.23 ~~educators, and early childhood providers appointed by the governor.~~ Membership on the
 6.24 board of directors by a state agency official are work duties for the official and are not a
 6.25 conflict of interest under section 43A.38. The board of directors must appoint an executive
 6.26 director and must seek advice from geographically ~~and~~, ethnically, and economically
 6.27 diverse parents of young children and representatives of early childhood development
 6.28 providers, kindergarten through grade 12 and postsecondary educators, public libraries,
 6.29 and the business sector.

6.30 The governor shall appoint up to seven voting members that include representatives
 6.31 of:

6.32 (1) kindergarten through grade 12 or postsecondary educators;

6.33 (2) early childhood development providers, including child care providers;

6.34 (3) local school boards;

6.35 (4) nonprofit organizations with expertise in early childhood development; and

6.36 (5) federal early childhood programs serving low-income children.

7.1 The governor shall ensure that, to the extent possible, the board of directors is
7.2 balanced according to geography, race, ethnicity, age, gender, and economic status.

7.3 The commissioners of education and human services shall be nonvoting members
7.4 of the private nonprofit organization. The speaker of the house of representatives, the
7.5 minority leader of the house of representatives, the majority leader of the senate, and the
7.6 minority leader of the senate shall each appoint a legislator to be nonvoting members of
7.7 the board.

7.8 The board of directors is subject to the open meeting law under chapter 13D.
7.9 All other terms and conditions under which board members serve and operate must be
7.10 described in the articles and bylaws of the organization. The private nonprofit organization
7.11 is not a state agency and is not subject to laws governing public agencies except the
7.12 provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits
7.13 by the legislative auditor under chapter 3 apply.

7.14 (c) This section expires June 30, 2011. If no state appropriation is made for purposes
7.15 of this section, the commissioner must not implement paragraphs (a) and (b).

7.16 **EFFECTIVE DATE.** This section, paragraph (b), is effective retroactively from
7.17 July 1, 2005.

7.18 Sec. 11. Minnesota Statutes 2004, section 245A.023, is amended to read:

7.19 **245A.023 IN-SERVICE TRAINING.**

7.20 (a) For purposes of child care centers, in-service training must be completed within
7.21 the license period for which it is required. In-service training completed by staff persons
7.22 as required must be transferable upon a staff person's change in employment to another
7.23 child care program. License holders shall record all staff in-service training on forms
7.24 prescribed by the commissioner of human services.

7.25 (b) For purposes of family and group family child care, the license holder and each
7.26 primary caregiver must complete 12 hours of training each year. For purposes of this
7.27 section, a primary caregiver is an adult caregiver who provides services in the licensed
7.28 setting more than 30 days in any 12-month period.

7.29 Sec. 12. Minnesota Statutes 2004, section 245A.14, is amended by adding a
7.30 subdivision to read:

7.31 **Subd. 9a. Early childhood development training.** (a) For purposes of child
7.32 care centers, the director and all staff hired after July 1, 2006, shall complete and
7.33 document at least two hours of early childhood development training within the first year
7.34 of employment. Training completed under this subdivision may be used to meet the
7.35 requirements of Minnesota Rules, part 9503.0035, subparts 1 and 4.

8.1 (b) For purposes of family and group family child care, the license holder and
 8.2 each adult caregiver who provides care in the licensed setting more than 30 days in any
 8.3 12-month period shall complete and document at least two hours of early childhood
 8.4 development training within the first year of licensure or employment. Training completed
 8.5 under this subdivision may be used to meet the requirements of Minnesota Rules, part
 8.6 9502.0385, subparts 2 and 3.

8.7 (c) Notwithstanding paragraphs (a) and (b), individuals are exempt from this
 8.8 requirement if they:

8.9 (1) have taken a three-credit course on early childhood development within the
 8.10 past five years;

8.11 (2) have received a baccalaureate or masters degree in early childhood education or
 8.12 school age child care within the past five years;

8.13 (3) are licensed in Minnesota as a prekindergarten teacher, an early childhood
 8.14 educator, a kindergarten to sixth grade teacher with a prekindergarten specialty, an
 8.15 early childhood special education teacher, or an elementary teacher with a kindergarten
 8.16 endorsement; or

8.17 (4) have received a baccalaureate degree with a Montessori certificate within the
 8.18 past five years.

8.19 Sec. 13. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
 8.20 5, is amended to read:

8.21 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,
 8.22 section 119A.52:

8.23	\$ 19,100,000	.....	2006
8.24	\$ 19,100,000	.....	2007

8.25 Any balance in the first year does not cancel but is available in the second year.

8.26 Sec. 14. **EARLY CHILDHOOD AND EARLY ELEMENTARY GRADE**
 8.27 **INTEGRATION.**

8.28 For fiscal years 2007 through 2010, a school district, charter school, Head Start
 8.29 program, or any relevant public or private entity may work together to develop a pilot
 8.30 program to demonstrate the efficacy of integrating early childhood education and care with
 8.31 early elementary grades. A district, charter school, or Head Start program that develops
 8.32 an early childhood integration pilot program must use existing funds to pay for the pilot
 8.33 program's cost. School districts, charter schools, Head Start programs, and public or
 8.34 private entities that participate in this pilot program are encouraged to enter into an
 8.35 agreement to provide early education and care for children under a unified administrative
 8.36 structure that establishes an education continuum for children during the prekindergarten,

9.1 kindergarten, and postkindergarten years through grade 3. A copy of the agreement
9.2 must be sent to the commissioner of education. School districts, charter schools, Head
9.3 Start programs, and public or private entities that participate in this pilot program are
9.4 encouraged to provide for the education, support, and empowerment of parents and special
9.5 education for children as needed.

9.6 This provision does not supercede existing agreements and arrangements between
9.7 school districts or schools and early childhood education programs that are permitted
9.8 under existing law.

9.9 **Sec. 15. RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

9.10 Subdivision 1. Authorization for pilot project. The commissioner of human
9.11 services shall approve a pilot project in Ramsey County that will help teen parents remain
9.12 in school and complete the student's education while providing child care assistance for
9.13 the student's child. The pilot project shall increase coordination between services from
9.14 the Minnesota family investment program, the child care assistance program, and area
9.15 public schools with the goal of removing barriers that prevent teen parents from pursuing
9.16 educational goals.

9.17 Subd. 2. Program design and implementation. The Ramsey County child care
9.18 pilot project shall be established to improve the coordination of services to teen parents.
9.19 The pilot project shall:

9.20 (1) provide a streamlined process for sharing information between the Minnesota
9.21 family investment program under Minnesota Statutes, chapter 256J, the child care
9.22 assistance program under Minnesota Statutes, chapter 119B, and public schools in
9.23 Ramsey County;

9.24 (2) determine eligibility for child care assistance using the teen parent's eligibility
9.25 for reduced-cost or free school lunches in place of income verification; and

9.26 (3) waive the child care parent fee under Minnesota Statutes, section 119B.12,
9.27 subdivision 2, for teen parents whose income is below poverty level and whose children
9.28 attend school-based child care centers.

9.29 Subd. 3. Costs. Increased costs incurred under this section shall not increase the
9.30 basic sliding fee appropriation and shall not affect funds available for distribution under
9.31 Minnesota Statutes, sections 119B.06 and 119B.08.

9.32 **Sec. 16. REPEALER.**

9.33 Minnesota Statutes 2004, section 119A.51, is repealed."

9.34 Amend the title accordingly

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Stumpf,
 1.4 Chair of the K-12 Education Budget Division, to which was referred

1.5 **S.F. No. 2994:** A bill for an act relating to education; providing for prekindergarten
 1.6 through grade 12 education, including education excellence, education funding, and
 1.7 special programs; authorizing rulemaking; appropriating money; amending Minnesota
 1.8 Statutes 2004, sections 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023;
 1.9 120B.024; 121A.035; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31,
 1.10 subdivision 1, by adding a subdivision; 123B.77, subdivision 3, by adding a subdivision;
 1.11 123B.90, subdivision 2; 123B.91, by adding a subdivision; 124D.095, subdivision 3;
 1.12 124D.10, subdivision 16; 124D.61; 125A.02, subdivision 1; 125A.27, subdivision 11;
 1.13 125A.29; 125A.30; 125A.32; 125A.33; 125A.48; 125A.515, subdivisions 1, 3, 5, 6,
 1.14 7, 9, 10; 125A.63, subdivision 4; 125A.75, subdivision 1, by adding a subdivision;
 1.15 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502,
 1.16 subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 299F.30; 626.556,
 1.17 subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections 120B.021, subdivision
 1.18 1a; 120B.131, subdivision 2; 122A.414, subdivisions 2b, 3; 123B.92, subdivisions 1, 5;
 1.19 124D.095, subdivision 4; 125A.11, subdivision 1; 125A.28; 126C.17, subdivision 9;
 1.20 626.556, subdivision 3; Laws 2005, First Special Session chapter 5, article 2, section 84,
 1.21 subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A;
 1.22 122A; 124D; repealing Minnesota Statutes 2004, sections 121A.23; 123B.749; 125A.10;
 1.23 125A.515, subdivision 2; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

1.25 Delete everything after the enacting clause and insert:

1.26 **"ARTICLE 1**

1.27 **GENERAL EDUCATION**

1.28 Section 1. Minnesota Statutes 2004, section 120A.20, subdivision 1, is amended to
 1.29 read:

1.30 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or
 1.31 in part by state funds are public schools. Admission to a public school is free to any
 1.32 person who: (1) resides within the district that operates the school;~~who~~; (2) is under 21
 1.33 years of age; or who meets the requirements of paragraph (c); and ~~who~~ (3) satisfies the
 1.34 minimum age requirements imposed by this section. Notwithstanding the provisions of
 1.35 any law to the contrary, the conduct of all students under 21 years of age attending a
 1.36 public secondary school is governed by a single set of reasonable rules and regulations
 1.37 promulgated by the school board.

1.38 ~~No~~ (b) A person shall not be admitted to any a public school (1) as a kindergarten
 1.39 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in
 1.40 which the school year for which the pupil seeks admission commences; or (2) as a 1st
 41 grade student, unless the pupil is at least six years of age on September 1 of the calendar
 1.42 year in which the school year for which the pupil seeks admission commences or has
 1.43 completed kindergarten; except that any school board may establish a policy for admission
 1.44 of selected pupils at an earlier age.

2.1 (c) A pupil who becomes age 21 after enrollment is eligible for continued free public
 2.2 school enrollment until at least one of the following occurs: (1) the first September 1 after
 2.3 the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3)
 2.4 the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4)
 2.5 the end of the school year.

2.6 Sec. 2. Minnesota Statutes 2004, section 123A.06, subdivision 2, is amended to read:

2.7 Subd. 2. **People to be served.** A center shall provide programs for secondary
 2.8 pupils and adults. A center may also provide programs and services for elementary and
 2.9 secondary pupils who are not attending the center to assist them in being successful in
 2.10 school. A center shall use research-based best practices for serving limited English
 2.11 proficient students and their parents. An individual education plan team may identify a
 2.12 center as an appropriate placement to the extent a center can provide the student with the
 2.13 appropriate special education services described in the student's plan. Pupils eligible to
 2.14 be served are those ~~age five to adults 22 and older~~ who qualify under the graduation
 2.15 incentives program in section 124D.68, subdivision 2, those enrolled under section
 2.16 124D.02, subdivision 2, or those pupils who are eligible to receive special education
 2.17 services under sections 125A.03 to 125A.24, and 125A.65.

2.18 Sec. 3. Minnesota Statutes 2004, section 124D.02, subdivision 2, is amended to read:

2.19 Subd. 2. **Secondary school programs.** The board may permit a person who is over
 2.20 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a
 2.21 class or program at a secondary school if there is space available. In determining if there is
 2.22 space available, ~~full-time~~ public school students; eligible for free enrollment under section
 2.23 120A.20, subdivision 1, and shared-time students shall be given priority over students
 2.24 seeking enrollment pursuant to this subdivision, and students returning to complete a
 2.25 regular course of study shall be given priority over ~~part-time~~ other students seeking
 2.26 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

- 2.27 (1) residency in the school district;
- 2.28 (2) United States citizenship; or
- 2.29 (3) for a person over the age of 21, a high school diploma or equivalency certificate.

2.30 A person may enroll in a class or program even if that person attends evening school, an
 2.31 adult or continuing education, or a postsecondary educational program or institution.

2.32 Sec. 4. Minnesota Statutes 2004, section 124D.02, subdivision 4, is amended to read:

2.33 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections
 2.34 120A.20 and 123B.37, a board may charge a ~~part-time~~ student enrolled pursuant to
 2.35 subdivision 2 a reasonable fee for a class or program.

3.1 Sec. 5. Minnesota Statutes 2005 Supplement, section 124D.68, subdivision 2, is
3.2 amended to read:

3.3 Subd. 2. **Eligible pupils.** ~~The following pupils are~~ A pupil under the age of 21 or
3.4 who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to
3.5 participate in the graduation incentives program:

3.6 ~~(a) any pupil under the age of 21 who, if the pupil:~~

3.7 (1) performs substantially below the performance level for pupils of the same age
3.8 in a locally determined achievement test;

3.9 (2) is at least one year behind in satisfactorily completing coursework or obtaining
3.10 credits for graduation;

3.11 (3) is pregnant or is a parent;

3.12 (4) has been assessed as chemically dependent;

3.13 (5) has been excluded or expelled according to sections 121A.40 to 121A.56;

3.14 (6) has been referred by a school district for enrollment in an eligible program or
3.15 a program pursuant to section 124D.69;

3.16 (7) is a victim of physical or sexual abuse;

3.17 (8) has experienced mental health problems;

3.18 (9) has experienced homelessness sometime within six months before requesting a
3.19 transfer to an eligible program;

3.20 (10) speaks English as a second language or has limited English proficiency; or

3.21 (11) has withdrawn from school or has been chronically truant; ~~or.~~

3.22 ~~(b) any person who is at least 21 years of age and who:~~

3.23 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~
3.24 ~~at age 5;~~

3.25 ~~(2) has not completed the requirements for a high school diploma; and~~

3.26 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~

3.27 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~

3.28 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~

3.29 ~~the displaced homemaker program or any programs under the federal Jobs Training~~

3.30 ~~Partnership Act or its successor.~~

3.31 Sec. 6. Minnesota Statutes 2004, section 124D.68, subdivision 3, is amended to read:

3.32 Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2
3.33 may enroll in area learning centers under sections 123A.05 to 123A.08.

3.34 (b) A pupil who is eligible according to subdivision 2 and who is between the ages
3.35 of 16 and 21 may enroll in postsecondary courses under section 124D.09.

4.1 (c) A pupil who is eligible under subdivision 2, may enroll in any public elementary
4.2 or secondary education program. ~~However, a person who is eligible according to~~
4.3 ~~subdivision 2, clause (b), may enroll only if the school board has adopted a resolution~~
4.4 ~~approving the enrollment.~~

4.5 (d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic,
4.6 nonsectarian school that has contracted with the serving school district to provide
4.7 educational services.

4.8 (e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic
4.9 education programs approved under section 124D.52 and operated under the community
4.10 education program contained in section 124D.19.

4.11 Sec. 7. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

4.12 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
4.13 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph
4.14 (c), in average daily membership enrolled in the district of residence, in another district
4.15 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;
4.16 in a charter school under section 124D.10; or for whom the resident district pays tuition
4.17 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
4.18 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be
4.19 counted according to this subdivision.

4.20 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
4.21 by the commissioner and has an individual education plan is counted as the ratio of the
4.22 number of hours of assessment and education service to 825 times 1.25 with a minimum
4.23 average daily membership of 0.28, but not more than 1.25 pupil units.

4.24 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is
4.25 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

4.26 (c) A kindergarten pupil with a disability who is enrolled in a program approved
4.27 by the commissioner is counted as the ratio of the number of hours of assessment and
4.28 education services required in the fiscal year by the pupil's individual education program
4.29 plan to 875, but not more than one.

4.30 (d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a
4.31 pupil unit for fiscal year 2000 and thereafter.

4.32 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal
4.33 year 2000 and thereafter.

4.34 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
4.35 year 1995 and thereafter.

4.36 (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

5.1 (h) A pupil who is in the postsecondary enrollment options program is counted
5.2 as 1.3 pupil units.

5.3 Sec. 8. Minnesota Statutes 2004, section 126C.10, subdivision 6, is amended to read:

5.4 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions
5.5 7 and 8.

5.6 (a) "High school" means a public secondary school, except a charter school under
5.7 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If
5.8 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~
5.9 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest
5.10 school, the commissioner must designate one school in the district as a high school for the
5.11 purposes of this section.

5.12 (b) "Secondary average daily membership" means, for a district that has only one
5.13 high school, the average daily membership of pupils served in grades 7 through 12. For a
5.14 district that has more than one high school, "secondary average daily membership" for
5.15 each high school means the product of the average daily membership of pupils served in
5.16 grades 7 through 12 in the high school, times the ratio of six to the number of grades
5.17 in the high school.

5.18 (c) "Attendance area" means the total surface area of the district, in square miles,
5.19 divided by the number of high schools in the district. For a district that does not operate
5.20 a high school and is less than 19 miles from the nearest operating high school, the
5.21 attendance area equals zero.

5.22 (d) "Isolation index" for a high school means the square root of 55 percent of the
5.23 attendance area plus the distance in miles, according to the usually traveled routes,
5.24 between the high school and the nearest high school. For a district in which there is located
5.25 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

5.26 (1) the square root of one-half of the attendance area; and

5.27 (2) the distance from the border of the district to the nearest high school.

5.28 (e) "Qualifying high school" means a high school that has an isolation index greater
5.29 than 23 and that has secondary average daily membership of less than 400.

5.30 (f) "Qualifying elementary school" means ~~an~~ a public elementary school, except a
5.31 charter school under section 124D.10, that is located 19 miles or more from the nearest
5.32 elementary school or from the nearest elementary school within the district and, in either
5.33 case, has an elementary average daily membership of an average of 20 or fewer per grade.

5.34 (g) "Elementary average daily membership" means, for a district that has only
5.35 one elementary school, the average daily membership of pupils served in kindergarten
5.36 through grade 6. For a district that has more than one elementary school, "average daily

6.1 membership" for each school means the average daily membership of pupils served in
 6.2 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades
 6.3 in the elementary school.

6.4 Sec. 9. Minnesota Statutes 2004, section 126C.44, is amended to read:

6.5 **126C.44 SAFE SCHOOLS LEVY.**

6.6 Each district may make a levy on all taxable property located within the district for
 6.7 the purposes specified in this section. The maximum amount which may be levied for all
 6.8 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal
 6.9 cost pupil units for the school year. The proceeds of the levy must be reserved and used
 6.10 for directly funding the following purposes or for reimbursing the cities and counties who
 6.11 contract with the district for the following purposes: (1) to pay the costs incurred for the
 6.12 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in
 6.13 services in the district's schools; (2) to pay the costs for a drug abuse prevention program
 6.14 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)
 6.15 to pay the costs for a gang resistance education training curriculum in the district's schools;
 6.16 (4) to pay the costs for security in the district's schools and on school property; or (5) to
 6.17 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence
 6.18 prevention measures taken by the school district. For expenditures under clause (1), the
 6.19 district must initially attempt to contract for services to be provided by peace officers or
 6.20 sheriffs with the police department of each city or the sheriff's department of the county
 6.21 within the district containing the school receiving the services. If a local police department
 6.22 or a county sheriff's department does not wish to provide the necessary services, the
 6.23 district may contract for these services with any other police or sheriff's department
 6.24 located entirely or partially within the school district's boundaries. ~~The levy authorized~~
 6.25 ~~under this section is not included in determining the school district's levy limitations.~~

6.26 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

6.27 Sec. 10. **REPEALER.**

6.28 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

6.29 **ARTICLE 2**

6.30 **EDUCATION EXCELLENCE**

6.31 Section 1. Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to
 6.32 read:

6.33 Subd. 3. **Parent defined; residency determined.** (a) In this section and sections
 6.34 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal
 6.35 custody of a child.

7.1 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,
7.2 or other person having legal custody of a child under age 18. For an unmarried pupil age
7.3 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,
7.4 in which case it means the guardian or conservator.

7.5 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of
7.6 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and
7.7 who is placed in a center for care and treatment, shall be the school district in which the
7.8 pupil's biological or adoptive parent or designated guardian resides.

7.9 (d) For a married pupil age 18 or over, the school district of residence is the school
7.10 district in which the married pupil resides.

7.11 (e) If a district reasonably believes that a student does not meet the residency
7.12 requirements of the school district in which the student is attending school, the student
7.13 may be removed from the school only after the district sends the student's parents written
7.14 notice of the district's belief, including the facts upon which the belief is based, and an
7.15 opportunity to provide documentary evidence of residency in person to the superintendent
7.16 or designee, or, at the option of the parents, by sending the documentary evidence to the
7.17 superintendent, or a designee, who will then make a determination as to the residency
7.18 status of the student.

7.19 Sec. 2. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,
7.20 is amended to read:

7.21 Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's
7.22 application signed by the student's parent or guardian, a school district, area learning
7.23 center, or charter school must declare that a student meets or exceeds a specific academic
7.24 standard required for graduation under this section if the local school board, the school
7.25 board of the school district in which the area learning center is located, or the charter
7.26 school board of directors determines that the student:

7.27 (1) is participating in a course of study, including an advanced placement or
7.28 international baccalaureate course or program; a learning opportunity outside the
7.29 curriculum of the district, area learning center, or charter school; or an approved
7.30 preparatory program for employment or postsecondary education that is equally or more
7.31 rigorous than the corresponding state or local academic standard required by the district,
7.32 area learning center, or charter school;

7.33 (2) would be precluded from participating in the rigorous course of study, learning
7.34 opportunity, or preparatory employment or postsecondary education program if the student
7.35 were required to achieve the academic standard to be waived; and

8.1 (3) satisfactorily completes the requirements for the rigorous course of study,
8.2 learning opportunity, or preparatory employment or postsecondary education program.

8.3 Consistent with the requirements of this section, the local school board, the school
8.4 board of the school district in which the area learning center is located, or the charter
8.5 school board of directors also may formally determine other circumstances in which to
8.6 declare that a student meets or exceeds a specific academic standard that the site requires
8.7 for graduation under this section.

8.8 (b) A student who satisfactorily completes a postsecondary enrollment options
8.9 course or program under section 124D.09, or an advanced placement or international
8.10 baccalaureate course or program under section 120B.13 is not required to complete other
8.11 requirements of the academic standards corresponding to that specific rigorous course
8.12 of study.

8.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.14 Sec. 3. Minnesota Statutes 2004, section 120B.023, is amended to read:

8.15 **120B.023 BENCHMARKS.**

8.16 **Subdivision 1. Benchmarks implement, supplement statewide academic**
8.17 **standards.** (a) The commissioner must supplement required state academic standards with
8.18 grade-level benchmarks. High school benchmarks may cover more than one grade. The
8.19 benchmarks must implement statewide academic standards by specifying the academic
8.20 knowledge and skills that schools must offer and students must achieve to satisfactorily
8.21 complete a state standard. The commissioner must publish benchmarks ~~are published~~ to
8.22 inform and guide parents, teachers, school districts, and other interested persons and for to
8.23 use in developing tests consistent with the benchmarks.

8.24 (b) The commissioner shall publish benchmarks in the State Register and transmit
8.25 the benchmarks in any other manner that makes them accessible to the general public. The
8.26 commissioner may charge a reasonable fee for publications.

8.27 (c) Once established, the commissioner may change the benchmarks only with
8.28 specific legislative authorization and after completing a review under ~~paragraph (d)~~
8.29 subdivision 2.

8.30 (d) The commissioner must develop and implement a system for reviewing ~~on~~
8.31 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and
8.32 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent
8.33 with subdivision 2.

8.34 (e) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

9.1 Subd. 2. Revisions and reviews required. (a) The education commissioner must
9.2 revise and appropriately embed technology and information literacy standards consistent
9.3 with recommendations from school media specialists, into the state's academic standards
9.4 and graduation requirements and implement a review cycle for state academic standards
9.5 and related benchmarks, consistent with this subdivision. During each review cycle, the
9.6 commissioner also must examine the alignment of each required academic standard and
9.7 related benchmark with the knowledge and skills students need for college readiness and
9.8 advanced work in the particular subject area.

9.9 (b) The commissioner in the 2006-2007 school year must revise and align the state's
9.10 academic standards and high school graduation requirements in mathematics to require
9.11 that students satisfactorily complete the revised mathematics standards, beginning in the
9.12 2010-2011 school year. Under the revised standards:

9.13 (1) students must satisfactorily complete an algebra I credit by the end of eighth
9.14 grade; and

9.15 (2) students scheduled to graduate in the 2014-2015 school year or later must
9.16 satisfactorily complete an algebra II credit or its equivalent.

9.17 The commissioner also must ensure that the statewide mathematics assessments
9.18 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school
9.19 year are aligned with the state academic standards in mathematics. The statewide 11th
9.20 grade math test administered to students under clause (2) beginning in the 2013-2014
9.21 school year must include algebra II test items that are aligned with corresponding state
9.22 academic standards in mathematics. The commissioner must implement a review of the
9.23 academic standards and related benchmarks in mathematics beginning in the 2015-2016
9.24 school year.

9.25 (c) The commissioner in the 2007-2008 school year must revise and align the state's
9.26 academic standards and high school graduation requirements in the arts to require that
9.27 students satisfactorily complete the revised arts standards beginning in the 2010-2011
9.28 school year. The commissioner must implement a review of the academic standards and
9.29 related benchmarks in arts beginning in the 2016-2017 school year.

9.30 (d) The commissioner in the 2008-2009 school year must revise and align the state's
9.31 academic standards and high school graduation requirements in science to require that
9.32 students satisfactorily complete the revised science standards, beginning in the 2011-2012
9.33 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
9.34 school year or later must satisfactorily complete a chemistry or physics credit. The
9.35 commissioner must implement a review of the academic standards and related benchmarks
9.36 in science beginning in the 2017-2018 school year.

10.1 (e) The commissioner in the 2009-2010 school year must revise and align the state's
 10.2 academic standards and high school graduation requirements in language arts to require
 10.3 that students satisfactorily complete the revised language arts standards beginning in the
 10.4 2012-2013 school year. The commissioner must implement a review of the academic
 10.5 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

10.6 (f) The commissioner in the 2010-2011 school year must revise and align the state's
 10.7 academic standards and high school graduation requirements in social studies to require
 10.8 that students satisfactorily complete the revised social studies standards beginning in the
 10.9 2013-2014 school year. The commissioner must implement a review of the academic
 10.10 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

10.11 (g) School districts and charter schools must revise and align local academic
 10.12 standards and high school graduation requirements in health, physical education, world
 10.13 languages and career and technical education to require students to complete the revised
 10.14 standards beginning in a school year determined by the school district or charter school.
 10.15 School districts and charter schools must formally establish a periodic review cycle for the
 10.16 academic standards and related benchmarks in health, physical education, world languages
 10.17 and career and technical education.

10.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.19 Sec. 4. Minnesota Statutes 2004, section 120B.024, is amended to read:

10.20 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**
 10.21 **STUDENT TRANSFERS.**

10.22 (a) Students beginning 9th grade in the 2004-2005 school year and later must
 10.23 successfully complete the following high school level course credits for graduation:

10.24 (1) four credits of language arts;

10.25 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
 10.26 and probability sufficient to satisfy the academic standard and beginning in the 2010-2011
 10.27 school year for students scheduled to graduate in the 2014-2015 school year or later, one
 10.28 algebra II credit or its equivalent;

10.29 (3) three credits of science, including at least one credit in biology and for the
 10.30 2011-2012 school year and later, one credit in chemistry or physics;

10.31 (4) three and one-half credits of social studies, encompassing at least United
 10.32 States history, geography, government and citizenship, world history, and economics or
 10.33 three credits of social studies encompassing at least United States history, geography,
 10.34 government and citizenship, and world history, and one-half credit of economics taught in
 10.35 a school's social studies or business department;

10.36 (5) one credit in the arts; and

11.1 (6) a minimum of seven elective course credits.

11.2 (b) A course credit is equivalent to a student successfully completing an academic
11.3 year of study or a student mastering the applicable subject matter, as determined by the
11.4 local school district.

11.5 (c) A district, area learning center, and charter school must establish processes by
11.6 which to transfer as completed:

11.7 (1) those course credit requirements that other school sites within the district or
11.8 other public schools verify on transcripts as completed; and

11.9 (2) the work that educational institutions outside the state accept for completing the
11.10 equivalent of course credit requirements and verify on transcripts as completed.

11.11 EFFECTIVE DATE. This section is effective the day following final enactment.

11.12 Sec. 5. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

11.13 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
11.14 Teaching must issue licenses under its jurisdiction to persons the board finds to be
11.15 qualified and competent for their respective positions.

11.16 (b) The board must require a person to successfully complete an examination of
11.17 skills in reading, writing, and mathematics before being granted an initial teaching license
11.18 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
11.19 education programs. The board must require colleges and universities offering a board
11.20 approved teacher preparation program to provide remedial assistance that includes a
11.21 formal diagnostic component to persons enrolled in their institution who did not achieve a
11.22 qualifying score on the skills examination, including those for whom English is a second
11.23 language. The colleges and universities must provide assistance in the specific academic
11.24 areas of deficiency in which the person did not achieve a qualifying score. School
11.25 districts must provide similar, appropriate, and timely remedial assistance that includes a
11.26 formal diagnostic component and mentoring to those persons employed by the district
11.27 who completed their teacher education program outside the state of Minnesota, received
11.28 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
11.29 skills examination, including those persons for whom English is a second language. The
11.30 Board of Teaching shall report annually to the education committees of the legislature
11.31 on the total number of teacher candidates during the most recent school year taking the
11.32 skills examination, the number who achieve a qualifying score on the examination, the
11.33 number who do not achieve a qualifying score on the examination, the distribution of all
11.34 candidates' scores, the number of candidates who have taken the examination at least once

12.1 before, and the number of candidates who have taken the examination at least once before
12.2 and achieve a qualifying score.

12.3 (c) A person who has completed an approved teacher preparation program and
12.4 obtained a one-year license to teach, but has not successfully completed the skills
12.5 examination, may renew the one-year license for two additional one-year periods. Each
12.6 renewal of the one-year license is contingent upon the licensee:

12.7 (1) providing evidence of participating in an approved remedial assistance program
12.8 provided by a school district or postsecondary institution that includes a formal diagnostic
12.9 component in the specific areas in which the licensee did not obtain qualifying scores; and

12.10 (2) attempting to successfully complete the skills examination during the period
12.11 of each one-year license.

12.12 (d) The Board of Teaching must grant continuing licenses only to those persons who
12.13 have met board criteria for granting a continuing license, which includes successfully
12.14 completing the skills examination in reading, writing, and mathematics.

12.15 (e) All colleges and universities approved by the board of teaching to prepare
12.16 persons for teacher licensure must include in their teacher preparation programs a common
12.17 core of teaching knowledge and skills to be acquired by all persons recommended
12.18 for teacher licensure. This common core shall meet the standards developed by the
12.19 interstate new teacher assessment and support consortium in its 1992 "model standards
12.20 for beginning teacher licensing and development;" and must include technology and
12.21 information literacy standards that are consistent with recommendations from media
12.22 specialists and the department's educator licensing and teacher quality division. The board
12.23 must develop and implement a system for reviewing on a seven-year cycle all standards of
12.24 effective practice for teachers beginning in the 2007-2008 school year. Amendments to
12.25 standards adopted under this paragraph are covered by chapter 14. The board of teaching
12.26 shall report annually to the education committees of the legislature on the performance
12.27 of teacher candidates on common core assessments of knowledge and skills under this
12.28 paragraph during the most recent school year.

12.29 **EFFECTIVE DATE. This section is effective the day following final enactment.**

12.30 Sec. 6. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4, is
12.31 amended to read:

12.32 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
12.33 academic credit for completing the requirements of an online learning course or program.
12.34 Secondary credits granted to an online learning student must be counted toward the
12.35 graduation and credit requirements of the enrolling district. The enrolling district must
12.36 apply the same graduation requirements to all students, including online learning students,

13.1 and must continue to provide nonacademic services to online learning students. If a
13.2 student completes an online learning course or program that meets or exceeds a graduation
13.3 standard or grade progression requirement at the enrolling district, that standard or
13.4 requirement is met. The enrolling district must use the same criteria for accepting online
13.5 learning credits or courses as it does for accepting credits or courses for transfer students
13.6 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher
13.7 contact time of an online learning student in proportion to the number of online learning
13.8 courses the student takes from an online learning provider that is not the enrolling district.

13.9 (b) An online learning student may:

13.10 (1) enroll during a single school year in a maximum of 12 semester-long courses or
13.11 their equivalent delivered by an online learning provider or the enrolling district;

13.12 (2) complete course work at a grade level that is different from the student's current
13.13 grade level; and

13.14 (3) enroll in additional courses with the online learning provider under a separate
13.15 agreement that includes terms for payment of any tuition or course fees.

13.16 ~~(c) A student with a disability may enroll in an online learning course or program~~
13.17 ~~if the student's IEP team determines that online learning is appropriate education for~~
13.18 ~~the student.~~

13.19 ~~(d)~~ (c) An online learning student has the same access to the computer hardware
13.20 and education software available in a school as all other students in the enrolling district.
13.21 An online learning provider must assist an online learning student whose family qualifies
13.22 for the education tax credit under section 290.0674 to acquire computer hardware and
13.23 educational software for online learning purposes.

13.24 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.
13.25 Such online learning does not generate online learning funds under this section. An
13.26 enrolling district that offers online learning only to its enrolled students is not subject
13.27 to the reporting requirements or review criteria under subdivision 7. A teacher with a
13.28 Minnesota license must assemble and deliver instruction to enrolled students receiving
13.29 online learning from an enrolling district. The delivery of instruction occurs when the
13.30 student interacts with the computer or the teacher and receives ongoing assistance and
13.31 assessment of learning. The instruction may include curriculum developed by persons
13.32 other than a teacher with a Minnesota license.

13.33 ~~(f)~~ (e) An online learning provider that is not the enrolling district is subject to
13.34 the reporting requirements and review criteria under subdivision 7. A teacher with a
13.35 Minnesota license must assemble and deliver instruction to online learning students. The
13.36 delivery of instruction occurs when the student interacts with the computer or the teacher.

14.1 and receives ongoing assistance and assessment of learning. The instruction may include
14.2 curriculum developed by persons other than a teacher with a Minnesota license. Unless
14.3 the commissioner grants a waiver, a teacher providing online learning instruction must not
14.4 instruct more than 40 students in any one online learning course or program.

14.5 Sec. 7. Minnesota Statutes 2004, section 124D.096, is amended to read:

14.6 **124D.096 ON-LINE LEARNING AID.**

14.7 (a) The on-line learning aid for an on-line learning provider equals the product
14.8 of the adjusted on-line learning average daily membership for students under section
14.9 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under
14.10 section 126C.05, subdivision 1, times the formula allowance.

14.11 (b) Notwithstanding section 127A.45, the department must pay each on-line learning
14.12 provider 80 percent of the current year aid payment percentage multiplied by the amount
14.13 in paragraph (a) within 45 days of receiving final enrollment and course completion
14.14 information each quarter or semester. A final payment equal to 20 percent of the amount in
14.15 paragraph (a) The final adjustment payment must be the amount of the actual entitlement,
14.16 after adjustment for actual data, minus the payments made during the fiscal year of the
14.17 entitlement. This payment must be made on September 30 of the next fiscal year.

14.18 Sec. 8. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

14.19 Subd. 16. **Transportation.** (a) By July 1 of each year, a charter school A charter
14.20 school after its first fiscal year of operation by March 1 of each fiscal year and a charter
14.21 school by July 1 of its first fiscal year of operation must notify the district in which the
14.22 school is located and the Department of Education if it will provide transportation for
14.23 pupils enrolled in the school its own transportation or use the transportation services of the
14.24 district in which it is located for the fiscal year.

14.25 (b) If a charter school elects to provide transportation for pupils, the transportation
14.26 must be provided by the charter school within the district in which the charter school is
14.27 located. The state must pay transportation aid to the charter school according to section
14.28 124D.11, subdivision 2.

14.29 For pupils who reside outside the district in which the charter school is located, the
14.30 charter school is not required to provide or pay for transportation between the pupil's
14.31 residence and the border of the district in which the charter school is located. A parent
14.32 may be reimbursed by the charter school for costs of transportation from the pupil's
14.33 residence to the border of the district in which the charter school is located if the pupil is
14.34 from a family whose income is at or below the poverty level, as determined by the federal
14.35 government. The reimbursement may not exceed the pupil's actual cost of transportation

15.1 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
15.2 more than 250 miles per week.

15.3 At the time a pupil enrolls in a charter school, the charter school must provide the
15.4 parent or guardian with information regarding the transportation.

15.5 (c) If a charter school does not elect to provide transportation, transportation for
15.6 pupils enrolled at the school must be provided by the district in which the school is
15.7 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
15.8 pupil residing in the same district in which the charter school is located. Transportation
15.9 may be provided by the district in which the school is located, according to sections
15.10 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
15.11 district. If the district provides the transportation, the scheduling of routes, manner and
15.12 method of transportation, control and discipline of the pupils, and any other matter relating
15.13 to the transportation of pupils under this paragraph shall be within the sole discretion,
15.14 control, and management of the district.

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

15.16 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,
15.17 subdivision 3, aid payments for the current fiscal year to a charter school not in its first
15.18 year of operation shall be of an equal amount on each of the 23 payment dates. A charter
15.19 school in its first year of operation shall receive, on its first payment date, ten percent of its
15.20 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter
15.21 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage
15.22 multiplied by the cumulative amount guaranteed.

15.23 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the
15.24 end of a school year, ~~80 percent of~~ the current year aid payment percentage multiplied by
15.25 the amount due for the school year may be paid to the school after audit of prior fiscal year
15.26 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or
15.27 at the end of a school year, notwithstanding section 127A.45, subdivision 3, preliminary
15.28 final payments may be made after audit of pupil counts, monitoring of special education
15.29 expenditures, and documentation of lease expenditures for the final year of operation.
15.30 Final payment may be made upon receipt of audited financial statements under section
15.31 123B.77, subdivision 3.

15.32 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
15.33 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
15.34 of student attendance for that school year.

15.35 (d) In order to receive state aid payments under this subdivision, a charter school in
15.36 its first three years of operation must submit a school calendar in the form and manner

16.1 requested by the department and a quarterly report to the Department of Education. The
 16.2 report must list each student by grade, show the student's start and end dates, if any,
 16.3 with the charter school, and for any student participating in a learning year program,
 16.4 the report must list the hours and times of learning year activities. The report must be
 16.5 submitted not more than two weeks after the end of the calendar quarter to the department.
 16.6 The department must develop a Web-based reporting form for charter schools to use
 16.7 when submitting enrollment reports. A charter school in its fourth and subsequent year of
 16.8 operation must submit a school calendar and enrollment information to the department in
 16.9 the form and manner requested by the department.

16.10 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
 16.11 school and satisfaction of creditors, cash and investment balances remaining shall be
 16.12 returned to the state.

16.13 Sec. 10. Minnesota Statutes 2004, section 124D.61, is amended to read:

16.14 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

16.15 A district ~~which receives aid pursuant to section 124D.65 must comply with that~~
 16.16 enrolls one or more children of limited English proficiency must implement an educational
 16.17 program that includes at a minimum the following program requirements:

16.18 (1) identification and reclassification criteria for children of limited English
 16.19 proficiency and program entrance and exit criteria for children with limited English
 16.20 proficiency must be documented by the district, applied uniformly to children of limited
 16.21 English proficiency, and made available to parents and other stakeholders upon request;

16.22 (2) a written plan of services that describes programming by English proficiency
 16.23 level made available to parents upon request. The plan must articulate the amount and
 16.24 scope of service offered to children of limited English proficiency through an educational
 16.25 program for children of limited English proficiency;

16.26 (3) professional development opportunities for ESL, bilingual education,
 16.27 mainstream, and all staff working with children of limited English proficiency which are:
 16.28 (i) coordinated with the district's professional development activities; (ii) related to the
 16.29 needs of children of limited English proficiency; and (iii) ongoing;

16.30 (4) to the extent possible, the district must avoid isolating children of limited English
 16.31 proficiency for a substantial part of the school day; and

16.32 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical
 16.33 education, permit pupils of limited English proficiency shall be permitted to participate
 16.34 fully and on an equal basis with their contemporaries in public school classes provided
 16.35 for these subjects. To the extent possible, the district must assure to pupils enrolled in a

17.1 program for limited English proficient students an equal and meaningful opportunity to
 17.2 participate fully with other pupils in all extracurricular activities.

17.3 Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
 17.4 13, is amended to read:

17.5 Subd. 13. **Examination fees; teacher training and support programs.** (a) For
 17.6 students' advanced placement and international baccalaureate examination fees under
 17.7 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
 17.8 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
 17.9 subdivision 1:

17.10 \$ 4,500,000 2006

17.11 \$ 4,500,000 2007

17.12 (b) The advanced placement program shall receive 75 percent of the appropriation
 17.13 each year and the international baccalaureate program shall receive 25 percent of the
 17.14 appropriation each year. The department, in consultation with representatives of the
 17.15 advanced placement and international baccalaureate programs selected by the Advanced
 17.16 Placement Advisory Council and IBMN, respectively, shall determine the amounts of
 17.17 the expenditures each year for examination fees and training and support programs for
 17.18 each program.

17.19 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
 17.20 \$500,000 each year is for teachers to attend subject matter summer training programs
 17.21 and follow-up support workshops approved by the advanced placement or international
 17.22 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~
 17.23 ~~advanced placement or international baccalaureate summer training program or workshop~~
 17.24 ~~shall be the same. The commissioner shall determine the payment process and the amount~~
 17.25 ~~of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for
 17.26 teaching in the advanced placement or international baccalaureate program. Any reserved
 17.27 funding not expended for teacher training may be used for exam fees and other support
 17.28 programs for each program.

17.29 (d) The commissioner shall pay all examination fees for all students of low-income
 17.30 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
 17.31 of available appropriations shall also pay examination fees for students sitting for an
 17.32 advanced placement examination, international baccalaureate examination, or both.

7.33 Any balance in the first year does not cancel but is available in the second year.

17.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.35 Sec. 12. **2006 SCHOOL ACCOUNTABILITY REPORT.**

18.1 Notwithstanding Minnesota Statutes, section 120B.36, for 2006 reporting only, the
18.2 Department of Education may delay the release to the public and the posting of the 2006
18.3 school performance report cards and adequate yearly progress data on its public Web
18.4 site to no later than November 30, 2006.

18.5 ARTICLE 3

18.6 SPECIAL EDUCATION

18.7 Section 1. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to
18.8 read:

18.9 Subdivision 1. **Approval of education programs.** The commissioner shall
18.10 approve education programs for placement of children and youth in ~~care and treatment~~
18.11 residential facilities including detention centers, before being licensed by the Department
18.12 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~
18.13 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~
18.14 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and
18.15 federal education laws including the Individuals with Disabilities Education Act (IDEA).
18.16 This section applies only to placements in facilities licensed by the Department of Human
18.17 Services or the Department of Corrections.

18.18 Sec. 2. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

18.19 Subd. 3. **Responsibilities for providing education.** (a) The district in which the
18.20 residential facility is located must provide education services, including special education
18.21 if eligible, to all students placed in a facility ~~for care and treatment.~~

18.22 (b) For education programs operated by the Department of Corrections, the
18.23 providing district shall be the Department of Corrections. For students remanded to the
18.24 commissioner of corrections, the providing and resident district shall be the Department
18.25 of Corrections.

18.26 ~~(c) Placement for care and treatment does not automatically make a student eligible~~
18.27 ~~for special education. A student placed in a care and treatment facility is eligible for~~
18.28 ~~special education under state and federal law including the Individuals with Disabilities~~
18.29 ~~Education Act under United States Code, title 20, chapter 33.~~

18.30 Sec. 3. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

18.31 Subd. 5. **Education programs for students placed in residential facilities ~~for~~**
18.32 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility
18.33 approved under this section that has an on-site education program, the providing district,
18.34 upon notice from the care and treatment facility, must contact the resident district within
18.35 one business day to determine if a student has been identified as having a disability, and

19.1 to request at least the student's transcript, and for students with disabilities, the most
 19.2 recent individualized education plan (IEP) and evaluation report, and to determine if the
 19.3 student has been identified as a student with a disability. The resident district must send a
 19.4 facsimile copy to the providing district within two business days of receiving the request.

19.5 (b) If a student placed ~~for care and treatment~~ under this section has been identified as
 19.6 having a disability and has an individual education plan in the resident district:

19.7 (1) the providing agency must conduct an individualized education plan meeting
 19.8 to reach an agreement about continuing or modifying special education services in
 19.9 accordance with the current individualized education plan goals and objectives and to
 19.10 determine if additional evaluations are necessary; and

19.11 (2) at least the following people shall receive written notice or documented phone
 19.12 call to be followed with written notice to attend the individualized education plan meeting:

19.13 (i) the person or agency placing the student;

19.14 (ii) the resident district;

19.15 (iii) the appropriate teachers and related services staff from the providing district;

19.16 (iv) appropriate staff from the ~~care and treatment~~ residential facility;

19.17 (v) the parents or legal guardians of the student; and

19.18 (vi) when appropriate, the student.

19.19 (c) For a student who has not been identified as a student with a disability, a
 19.20 screening must be conducted by the providing districts as soon as possible to determine
 19.21 the student's educational and behavioral needs and must include a review of the student's
 19.22 educational records.

19.23 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

19.24 Subd. 6. **Exit report summarizing educational progress.** If a student has been
 19.25 placed in a ~~care and treatment~~ facility under this section for 15 or more business days, the
 19.26 providing district must prepare an exit report summarizing the regular education, special
 19.27 education, evaluation, educational progress, and service information and must send the
 19.28 report to the resident district and the next providing district if different, the parent or
 19.29 legal guardian, and any appropriate social service agency. For students with disabilities,
 19.30 this report must include the student's IEP.

19.31 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

19.32 Subd. 7. **Minimum educational services required.** When a student is placed in a
 19.33 facility approved under this section, at a minimum, the providing district is responsible for:

19.34 (1) the education necessary, including summer school services, for a student who is
 19.35 not performing at grade level as indicated in the education record or IEP; and

20.1 (2) a school day, of the same length as the school day of the providing district, unless
20.2 the unique needs of the student, as documented through the IEP or education record in
20.3 consultation with treatment providers, requires an alteration in the length of the school day.

20.4 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

20.5 Subd. 9. **Reimbursement for education services.** (a) Education services
20.6 provided to students who have been placed ~~for care and treatment~~ under this section are
20.7 reimbursable in accordance with special education and general education statutes.

20.8 (b) Indirect or consultative services provided in conjunction with regular education
20.9 prereferral interventions and assessment provided to regular education students suspected
20.10 of being disabled and who have demonstrated learning or behavioral problems in a
20.11 screening are reimbursable with special education categorical aids.

20.12 (c) Regular education, including screening, provided to students with or without
20.13 disabilities is not reimbursable with special education categorical aids.

20.14 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

20.15 Subd. 10. **Students unable to attend school but not ~~placed in care and treatment~~**
20.16 **facilities covered under this section.** Students who are absent from, or predicted to
20.17 be absent from, school for 15 consecutive or intermittent days, and placed at home or
20.18 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~
20.19 ~~students placed for care and treatment~~ entitled to regular and special education services
20.20 consistent with applicable law and rule. These students include students with and without
20.21 disabilities who are home due to accident or illness, in a hospital or other medical facility,
20.22 or in a day treatment center. ~~These students are entitled to education services through~~
20.23 ~~their district of residence.~~

20.24 Sec. 8. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

20.25 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~
20.26 commissioner shall establish an advisory committee for each resource center. The
20.27 advisory committees shall develop recommendations regarding the resource centers and
20.28 submit an annual report to the commissioner on the form and in the manner prescribed by
20.29 the commissioner.

20.30 Sec. 9. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

20.31 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
20.32 actually expended by a district, based on mileage, for necessary travel of essential
20.33 personnel providing home-based services to children with a disability under age five
20.34 and their families.

21.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.2 Sec. 10. **DEPARTMENT OF EDUCATION RULES.**

21.3 Before July 1, 2007, the Department of Education shall amend Minnesota Rules,
21.4 part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

21.5 Sec. 11. **REPEALER.**

21.6 Minnesota Statutes 2004, section 125A.515, subdivision 2, is repealed.

21.7 **ARTICLE 4**

21.8 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

21.9 Section 1. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to
21.10 read:

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

21.27 **ARTICLE 5**

21.28 **STATE AGENCIES**

21.29 Section 1. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to
21.30 read:

21.31 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit
21.32 from attending either academy may be admitted to the academy if the admission does not
21.33 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota
21.34 State Academies must obtain reimbursement from the other state for the costs of the

22.1 out-of-state admission. The state board may enter into an agreement with the appropriate
 22.2 authority in the other state for the reimbursement. Money received from another state
 22.3 must be deposited in the ~~general~~ special revenue fund and credited to the general operating
 22.4 account of the academies. The money is appropriated to the academies.

22.5 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

22.6 **ARTICLE 6**
 22.7 **PREKINDERGARTEN THROUGH GRADE 12 EDUCATION**
 22.8 **FORECAST ADJUSTMENTS**
 22.9 **A. GENERAL EDUCATION**

22.10 Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision
 22.11 2, is amended to read:

22.12 Subd. 2. **General education aid.** For general education aid under Minnesota
 22.13 Statutes, section 126C.13, subdivision 4:

22.14		5,136,578,000		
22.15	\$	<u>5,819,153,000</u>	.....	2006
22.16		5,390,196,000		
22.17	\$	<u>5,472,247,000</u>	.....	2007

22.18 The 2006 appropriation includes ~~\$784,978,000~~ \$787,978,000 for 2005 and
 22.19 ~~\$4,351,600,000~~ \$5,031,175,000 for 2006.

22.20 The 2007 appropriation includes ~~\$817,588,000~~ \$513,848,000 for 2006 and
 22.21 ~~\$4,572,608,000~~ \$4,958,399,000 for 2007.

22.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.23 Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 3,
 22.24 is amended to read:

22.25 Subd. 3. **Referendum tax base replacement aid.** For referendum tax base
 22.26 replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

22.27		8,704,000		
22.28	\$	<u>9,200,000</u>	.....	2006
22.29	\$	8,704,000	.....	2007

22.30 The 2006 appropriation includes \$1,366,000 for 2005 and ~~\$7,338,000~~ \$7,834,000
 22.31 for 2006.

22.32 The 2007 appropriation includes ~~\$1,366,000~~ \$870,000 for 2006 and ~~\$7,338,000~~
 22.33 \$7,834,000 for 2007.

22.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.35 Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5,
22.36 is amended to read:

23.1 Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
23.2 127A.49:

23.3	903,000		
23.4	\$ <u>909,000</u>	.....	2006
23.5	955,000		
23.6	\$ <u>1,026,000</u>	.....	2007

23.7 The 2006 appropriation includes \$187,000 for 2005 and ~~\$716,000~~ \$722,000 for 2006.

23.8 The 2007 appropriation includes ~~\$133,000~~ \$80,000 for 2006 and ~~\$822,000~~ \$946,000
23.9 for 2007.

23.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.11 Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6,
23.12 is amended to read:

23.13 Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota
23.14 Statutes, section 123A.485:

23.15	253,000		
23.16	\$ <u>527,000</u>	.....	2007

23.17 The 2007 appropriation includes \$0 for 2006 and ~~\$253,000~~ \$527,000 for 2007.

23.18 Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7,
23.19 is amended to read:

23.20 Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
23.21 Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

23.22	15,370,000		
23.23	\$ <u>15,458,000</u>	.....	2006
23.24	16,434,000		
23.25	\$ <u>15,991,000</u>	.....	2007

23.26 The 2006 appropriation includes ~~\$2,305,000~~ \$1,864,000 for 2005 and ~~\$13,065,000~~
23.27 \$13,594,000 for 2006.

23.28 The 2007 appropriation includes ~~\$2,433,000~~ \$1,510,000 for 2006 and ~~\$14,001,000~~
23.29 \$14,481,000 for 2007.

23.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.31 Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8,
23.32 is amended to read:

23.33 Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid
23.34 under Minnesota Statutes, section 123B.92, subdivision 9:

23.35 ~~21,451,000~~
 23.36 \$ 21,371,000 2006
 23.37 ~~23,043,000~~
 23.38 \$ 20,843,000 2007

24.1 The 2006 appropriation includes \$3,274,000 for 2005 and ~~\$18,177,000~~ \$18,097,000
 24.2 for 2006.

24.3 The 2007 appropriation includes ~~\$3,385,000~~ \$2,010,000 for 2006 and ~~\$19,658,000~~
 24.4 \$18,833,000 for 2007.

24.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.6 **B. EDUCATION EXCELLENCE**

24.7 Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2,
 24.8 is amended to read:

24.9 **Subd. 2. Charter school building lease aid.** For building lease aid under Minnesota
 24.10 Statutes, section 124D.11, subdivision 4:

24.11 ~~25,465,000~~
 24.12 \$ 25,331,000 2006
 24.13 ~~30,929,000~~
 24.14 \$ 27,806,000 2007

24.15 The 2006 appropriation includes ~~\$3,324,000~~ \$3,173,000 for 2005 and ~~\$22,141,000~~
 24.16 \$22,158,000 for 2006.

24.17 The 2007 appropriation includes ~~\$4,123,000~~ \$2,462,000 for 2006 and ~~\$26,806,000~~
 24.18 \$25,344,000 for 2007.

24.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.20 Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3,
 24.21 is amended to read:

24.22 **Subd. 3. Charter school startup aid.** For charter school startup cost aid under
 24.23 Minnesota Statutes, section 124D.11:

24.24 ~~1,393,000~~
 24.25 \$ 1,291,000 2006
 24.26 ~~3,185,000~~
 24.27 \$ 2,347,000 2007

24.28 The 2006 appropriation includes \$0 for 2005 and ~~\$1,393,000~~ \$1,291,000 for 2006.

24.29 The 2007 appropriation includes ~~\$259,000~~ \$143,000 for 2006 and ~~\$2,926,000~~
 24.30 \$2,204,000 for 2007.

24.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.32 Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4,
 24.33 is amended to read:

24.34 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section
24.35 124D.86, subdivision 5:

25.1		57,801,000		
25.2	\$	<u>59,404,000</u>	.....	2006
25.3		57,536,000		
25.4	\$	<u>58,405,000</u>	.....	2007

25.5 The 2006 appropriation includes \$8,545,000 for 2005 and ~~\$49,256,000~~ \$50,859,000
25.6 for 2006.

25.7 The 2007 appropriation includes ~~\$9,173,000~~ \$5,650,000 for 2006 and ~~\$48,363,000~~
25.8 \$52,755,000 for 2007.

25.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.10 Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
25.11 6, is amended to read:

25.12 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For
25.13 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
25.14 section 124D.87:

25.15		7,768,000		
25.16	\$	<u>6,032,000</u>	.....	2006
25.17		9,908,000		
25.18	\$	<u>10,134,000</u>	.....	2007

25.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.20 Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
25.21 7, is amended to read:

25.22 Subd. 7. **Success for the future.** For American Indian success for the future grants
25.23 under Minnesota Statutes, section 124D.81:

25.24		2,137,000		
25.25	\$	<u>2,240,000</u>	.....	2006
25.26	\$	2,137,000	.....	2007

25.27 The 2006 appropriation includes ~~\$335,000~~ \$316,000 for 2005 and ~~\$1,802,000~~
25.28 \$1,924,000 for 2006.

25.29 The 2007 appropriation includes ~~\$335,000~~ \$213,000 for 2006 and ~~\$1,802,000~~
25.30 \$1,924,000 for 2007.

25.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.32 Sec. 12. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
25.33 10, is amended to read:

25.34 Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota
25.35 Statutes, section 124D.83:

27.1 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based
 27.2 services under Minnesota Statutes, section 125A.75, subdivision 1:

27.3		187,000		
27.4	\$	<u>198,000</u>	.....	2006
27.5	\$	195,000	.....	2007

27.6 The 2006 appropriation includes \$28,000 for 2005 and ~~\$159,000~~ \$170,000 for 2006.

27.7 The 2007 appropriation includes ~~\$29,000~~ \$18,000 for 2006 and ~~\$166,000~~ \$177,000
 27.8 for 2007.

27.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.10 Sec. 16. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision
 27.11 5, is amended to read:

27.12 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota
 27.13 Statutes, section 125A.79, subdivision 7:

27.14		102,083,000		
27.15	\$	<u>106,453,000</u>	.....	2006
27.16		104,286,000		
27.17	\$	<u>104,333,000</u>	.....	2007

27.18 The 2006 appropriation includes \$37,455,000 for 2005 and ~~\$64,628,000~~ \$68,998,000
 27.19 for 2006.

27.20 The 2007 appropriation includes ~~\$38,972,000~~ \$34,602,000 for 2006 and ~~\$65,314,000~~
 27.21 \$69,731,000 for 2007.

27.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.23 Sec. 17. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision
 27.24 6, is amended to read:

27.25 Subd. 6. **Transition for disabled students.** For aid for transition programs for
 27.26 children with disabilities under Minnesota Statutes, section 124D.454:

27.27		8,788,000		
27.28	\$	<u>9,300,000</u>	.....	2006
27.29		8,765,000		
27.30	\$	<u>8,781,000</u>	.....	2007

27.31 The 2006 appropriation includes \$1,380,000 for 2005 and ~~\$7,408,000~~ \$7,920,000
 27.32 for 2006.

27.33 The 2007 appropriation includes ~~\$1,379,000~~ \$880,000 for 2006 and ~~\$7,386,000~~
 34 \$7,901,000 for 2007.

27.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.36 Sec. 18. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision
 27.37 7, is amended to read:

28.1 **Subd. 7. Court-placed special education revenue.** For reimbursing serving
 28.2 school districts for unreimbursed eligible expenditures attributable to children placed in
 28.3 the serving school district by court action under Minnesota Statutes, section 125A.79,
 28.4 subdivision 4:

28.5	65,000		
28.6	\$ <u>46,000</u>	.....	2006
28.7	\$ <u>70,000</u>	.....	2007

28.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.9 Sec. 19. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision
 28.10 2, is amended to read:

28.11 **Subd. 2. Health and safety revenue.** For health and safety aid according to
 28.12 Minnesota Statutes, section 123B.57, subdivision 5:

28.13	802,000		
28.14	\$ <u>823,000</u>	.....	2006
28.15	578,000		
28.16	\$ <u>352,000</u>	.....	2007

28.17 The 2006 appropriation includes \$211,000 for 2005 and ~~\$591,000~~ \$612,000 for 2006.

28.18 The 2007 appropriation includes ~~\$109,000~~ \$68,000 for 2006 and ~~\$469,000~~ \$284,000
 28.19 for 2007.

28.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.21 Sec. 20. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision
 28.22 3, is amended to read:

28.23 **Subd. 3. Debt service equalization.** For debt service aid according to Minnesota
 28.24 Statutes, section 123B.53, subdivision 6:

28.25	25,654,000		
28.26	\$ <u>27,205,000</u>	.....	2006
28.27	24,134,000		
28.28	\$ <u>18,411,000</u>	.....	2007

28.29 The 2006 appropriation includes \$4,654,000 for 2005 and ~~\$21,000,000~~ \$22,551,000
 28.30 for 2006.

28.31 The 2007 appropriation includes ~~\$3,911,000~~ \$2,505,000 for 2006 and ~~\$20,223,000~~
 28.32 \$15,906,000 for 2007.

28.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.34 Sec. 21. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision
 28.35 4, is amended to read:

28.36 **Subd. 4. Alternative facilities bonding aid.** For alternative facilities bonding aid,
 28.37 according to Minnesota Statutes, section 123B.59, subdivision 1:

30.1 The 2006 appropriation includes \$1,345,000 for 2005 and ~~\$7,225,000~~ \$7,713,000
 30.2 for 2006.

30.3 The 2007 appropriation includes ~~\$1,345,000~~ \$857,000 for 2006 and ~~\$7,225,000~~
 30.4 \$7,713,000 for 2007.

30.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.6 Sec. 25. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 3,
 30.7 is amended to read:

30.8 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota
 30.9 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

30.10	903,000		
30.11	\$ <u>954,000</u>	.....	2006
30.12	\$ 903,000	.....	2007

30.13 The 2006 appropriation includes \$141,000 for 2005 and ~~\$762,000~~ \$813,000 for 2006.

30.14 The 2007 appropriation includes ~~\$141,000~~ \$90,000 for 2006 and ~~\$762,000~~ \$813,000
 30.15 for 2007.

30.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.17 Sec. 26. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 5,
 30.18 is amended to read:

30.19 Subd. 5. **Regional library telecommunications aid.** For regional library
 30.20 telecommunications aid under Minnesota Statutes, section 134.355:

30.21	1,200,000		
30.22	\$ <u>1,268,000</u>	.....	2006
30.23	\$ 1,200,000	.....	2007

30.24 The 2006 appropriation includes \$188,000 for 2005 and ~~\$1,012,000~~ \$1,080,000
 30.25 for 2006.

30.26 The 2007 appropriation includes ~~\$188,000~~ \$120,000 for 2006 and ~~\$1,012,000~~
 30.27 \$1,080,000 for 2007.

30.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.29 **G. EARLY CHILDHOOD EDUCATION**

30.30 Sec. 27. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
 30.31 2, is amended to read:

30.32 Subd. 2. **School readiness.** For revenue for school readiness programs under
 30.33 Minnesota Statutes, sections 124D.15 and 124D.16:

32.1 Sec. 30. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2,
32.2 is amended to read:

32.3 Subd. 2. **Community education aid.** For community education aid under
32.4 Minnesota Statutes, section 124D.20:

32.5		1,918,000		
32.6	\$	<u>2,043,000</u>	.....	2006
32.7		1,837,000		
32.8	\$	<u>1,949,000</u>	.....	2007

32.9 The 2006 appropriation includes ~~\$390,000~~ \$385,000 for 2005 and ~~\$1,528,000~~
32.10 \$1,658,000 for 2006.

32.11 The 2007 appropriation includes ~~\$284,000~~ \$184,000 for 2006 and ~~\$1,553,000~~
32.12 \$1,765,000 for 2007.

32.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

32.14 Sec. 31. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 3,
32.15 is amended to read:

32.16 Subd. 3. **Adults with disabilities program aid.** For adults with disabilities
32.17 programs under Minnesota Statutes, section 124D.56:

32.18		710,000		
32.19	\$	<u>750,000</u>	.....	2006
32.20	\$	710,000	.....	2007

32.21 The 2006 appropriation includes \$111,000 for 2005 and ~~\$599,000~~ \$639,000 for 2006.

32.22 The 2007 appropriation includes ~~\$111,000~~ \$71,000 for 2006 and ~~\$599,000~~ \$639,000
32.23 for 2007.

32.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

32.25 Sec. 32. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5,
32.26 is amended to read:

32.27 Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,
32.28 section 124D.22:

32.29	\$	17,000	.....	2006
32.30	\$	7,000 <u>4,000</u>	.....	2007

32.31 The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

32.32 The 2007 appropriation includes ~~\$2,000~~ \$1,000 for 2006 and ~~\$5,000~~ \$3,000 for 2007.

32.33

32.34 I. SELF-SUFFICIENCY AND LIFELONG LEARNING

32.35 Sec. 33. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2,
32.36 is amended to read:

33.1 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota
 33.2 Statutes:

33.3		36,518,000		
33.4	\$	<u>38,601,000</u>	.....	2006
33.5		36,540,000		
33.6	\$	<u>36,539,000</u>	.....	2007

33.7 The 2006 appropriation includes \$5,707,000 for 2005 and ~~\$30,811,000~~ \$32,894,000
 33.8 for 2006.

33.9 The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~
 33.10 \$32,885,000 for 2007.

33.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

33.12 ARTICLE 7

33.13 TECHNICAL AND CONFORMING AMENDMENTS

33.14 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is
 33.15 amended to read:

33.16 Subd. 2. **Adopting policies.** ~~(a)~~ A school board shall have in place an adopted
 33.17 written policy that includes the following:

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

33.20 (2) a process for evaluating each student's progress toward meeting academic
 33.21 standards and identifying the strengths and weaknesses of instruction and curriculum
 33.22 affecting students' progress;

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

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

33.25 (5) an education effectiveness plan aligned with section 122A.625 that integrates
 33.26 instruction, curriculum, and technology.

33.27 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

33.28 Subd. 10. **Requirements for immunization statements.** (a) A statement required
 33.29 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization
 33.30 shall include month, day, and year for immunizations administered after January 1, 1990.

33.31 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~
 33.32 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~
 33.33 ~~toxoid no earlier than 11 years of age.~~

33.34 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~
 33.35 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~
 33.36 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

36.1 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

36.2 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall
36.3 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.
36.4 The board must promote academic standards based on high expectation and an assessment
36.5 system to measure academic performance toward the achievement of those standards. The
36.6 board must focus on the academies' needs as a whole and not prefer one school over the
36.7 other. The board of the Minnesota State Academies shall consist of nine persons. The
36.8 members of the board shall be appointed by the governor with the advice and consent of
36.9 the senate. One member must be from the seven-county metropolitan area, one member
36.10 must be from greater Minnesota, and one member may be appointed at-large. The board
36.11 must be composed of:

36.12 (1) one present or former superintendent of an independent school district;

36.13 (2) one present or former special education director;

36.14 (3) the commissioner of education or the commissioner's designee;

36.15 (4) one member of the blind community;

36.16 (5) one member of the deaf community;

36.17 (6) two members of the general public with business, administrative, or financial
36.18 expertise;

36.19 (7) one nonvoting, unpaid ex officio member appointed by the site council for the
36.20 State Academy for the Deaf; and

36.21 (8) one nonvoting, unpaid ex officio member appointed by the site council for the
36.22 State Academy for the Blind.

36.23 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is
36.24 amended to read:

36.25 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

36.26 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,
36.27 supplemental revenue, transition revenue, and referendum revenue is less than the value of
36.28 the school district at or immediately above the 95th percentile of school districts in its
36.29 equity region for those revenue categories; and

36.30 (2) the school district's administrative offices are not located in a city of the first
36.31 class on July 1, 1999.

36.32 (b) Equity revenue for a qualifying district that receives referendum revenue under
36.33 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal
36.34 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school
36.35 district's equity index computed under subdivision 27.

37.1 (c) Equity revenue for a qualifying district that does not receive referendum revenue
37.2 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal
37.3 cost pupil units for that year times \$13.

37.4 (d) A school district's equity revenue is increased by the greater of zero or an amount
37.5 equal to the district's resident marginal cost pupil units times the difference between ten
37.6 percent of the statewide average amount of referendum revenue per resident marginal cost
37.7 pupil unit for that year and the district's referendum revenue per resident marginal cost
37.8 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for
37.9 that year.

37.10 (e) A school district's equity revenue for a school district located in the metro equity
37.11 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

37.12 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school
37.13 district that has per pupil referendum revenue below the 95th percentile qualifies for
37.14 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

37.15 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
37.16 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its
37.17 adjusted marginal cost pupil units.

37.18 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is
37.19 amended to read:

37.20 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings
37.21 given them unless the specific content indicates otherwise:

37.22 (a) "Family assessment" means a comprehensive assessment of child safety, risk
37.23 of subsequent child maltreatment, and family strengths and needs that is applied to a
37.24 child maltreatment report that does not allege substantial child endangerment. Family
37.25 assessment does not include a determination as to whether child maltreatment occurred
37.26 but does determine the need for services to address the safety of family members and the
37.27 risk of subsequent maltreatment.

37.28 (b) "Investigation" means fact gathering related to the current safety of a child
37.29 and the risk of subsequent maltreatment that determines whether child maltreatment
37.30 occurred and whether child protective services are needed. An investigation must be used
37.31 when reports involve substantial child endangerment, and for reports of maltreatment in
37.32 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to
37.33 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and
37.34 13, and 124D.10; or in a nonlicensed personal care provider association as defined in
37.35 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

38.1 (c) "Substantial child endangerment" means a person responsible for a child's care, a
38.2 person who has a significant relationship to the child as defined in section 609.341, or a
38.3 person in a position of authority as defined in section 609.341, who by act or omission
38.4 commits or attempts to commit an act against a child under their care that constitutes
38.5 any of the following:

38.6 (1) egregious harm as defined in section 260C.007, subdivision 14;

38.7 (2) sexual abuse as defined in paragraph (d);

38.8 (3) abandonment under section 260C.301, subdivision 2;

38.9 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the
38.10 child's physical or mental health, including a growth delay, which may be referred to as
38.11 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

38.12 (5) murder in the first, second, or third degree under section 609.185, 609.19, or
38.13 609.195;

38.14 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

38.15 (7) assault in the first, second, or third degree under section 609.221, 609.222, or
38.16 609.223;

38.17 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

38.18 (9) criminal sexual conduct under sections 609.342 to 609.3451;

38.19 (10) solicitation of children to engage in sexual conduct under section 609.352;

38.20 (11) malicious punishment or neglect or endangerment of a child under section
38.21 609.377 or 609.378;

38.22 (12) use of a minor in sexual performance under section 617.246; or

38.23 (13) parental behavior, status, or condition which mandates that the county attorney
38.24 file a termination of parental rights petition under section 260C.301, subdivision 3,
38.25 paragraph (a).

38.26 (d) "Sexual abuse" means the subjection of a child by a person responsible for the
38.27 child's care, by a person who has a significant relationship to the child, as defined in
38.28 section 609.341, or by a person in a position of authority, as defined in section 609.341,
38.29 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual
38.30 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),
38.31 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct
38.32 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual
38.33 abuse also includes any act which involves a minor which constitutes a violation of
38.34 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes
38.35 threatened sexual abuse.

39.1 (e) "Person responsible for the child's care" means (1) an individual functioning
39.2 within the family unit and having responsibilities for the care of the child such as a
39.3 parent, guardian, or other person having similar care responsibilities, or (2) an individual
39.4 functioning outside the family unit and having responsibilities for the care of the child
39.5 such as a teacher, school administrator, other school employees or agents, or other lawful
39.6 custodian of a child having either full-time or short-term care responsibilities including,
39.7 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,
39.8 and coaching.

39.9 (f) "Neglect" means:

39.10 (1) failure by a person responsible for a child's care to supply a child with necessary
39.11 food, clothing, shelter, health, medical, or other care required for the child's physical or
39.12 mental health when reasonably able to do so;

39.13 (2) failure to protect a child from conditions or actions that seriously endanger the
39.14 child's physical or mental health when reasonably able to do so, including a growth delay,
39.15 which may be referred to as a failure to thrive, that has been diagnosed by a physician and
39.16 is due to parental neglect;

39.17 (3) failure to provide for necessary supervision or child care arrangements
39.18 appropriate for a child after considering factors as the child's age, mental ability, physical
39.19 condition, length of absence, or environment, when the child is unable to care for the
39.20 child's own basic needs or safety, or the basic needs or safety of another child in their care;

39.21 (4) failure to ensure that the child is educated as defined in sections 120A.22 and
39.22 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's
39.23 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

39.24 (5) nothing in this section shall be construed to mean that a child is neglected solely
39.25 because the child's parent, guardian, or other person responsible for the child's care in
39.26 good faith selects and depends upon spiritual means or prayer for treatment or care of
39.27 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,
39.28 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report
39.29 if a lack of medical care may cause serious danger to the child's health. This section does
39.30 not impose upon persons, not otherwise legally responsible for providing a child with
39.31 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

39.32 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,
39.33 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal
39.34 symptoms in the child at birth, results of a toxicology test performed on the mother at
39.35 delivery or the child at birth, or medical effects or developmental delays during the child's
39.36 first year of life that medically indicate prenatal exposure to a controlled substance;

40.1 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

40.2 (8) chronic and severe use of alcohol or a controlled substance by a parent or
40.3 person responsible for the care of the child that adversely affects the child's basic needs
40.4 and safety; or

40.5 (9) emotional harm from a pattern of behavior which contributes to impaired
40.6 emotional functioning of the child which may be demonstrated by a substantial and
40.7 observable effect in the child's behavior, emotional response, or cognition that is not
40.8 within the normal range for the child's age and stage of development, with due regard to
40.9 the child's culture.

40.10 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,
40.11 inflicted by a person responsible for the child's care on a child other than by accidental
40.12 means, or any physical or mental injury that cannot reasonably be explained by the child's
40.13 history of injuries, or any aversive or deprivation procedures, or regulated interventions,
40.14 that have not been authorized under section 121A.67 or 245.825. Abuse does not include
40.15 reasonable and moderate physical discipline of a child administered by a parent or legal
40.16 guardian which does not result in an injury. Abuse does not include the use of reasonable
40.17 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions
40.18 which are not reasonable and moderate include, but are not limited to, any of the following
40.19 that are done in anger or without regard to the safety of the child:

40.20 (1) throwing, kicking, burning, biting, or cutting a child;

40.21 (2) striking a child with a closed fist;

40.22 (3) shaking a child under age three;

40.23 (4) striking or other actions which result in any nonaccidental injury to a child
40.24 under 18 months of age;

40.25 (5) unreasonable interference with a child's breathing;

40.26 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

40.27 (7) striking a child under age one on the face or head;

40.28 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled
40.29 substances which were not prescribed for the child by a practitioner, in order to control
40.30 or punish the child; or other substances that substantially affect the child's behavior,
40.31 motor coordination, or judgment or that results in sickness or internal injury, or subjects
40.32 the child to medical procedures that would be unnecessary if the child were not exposed
40.33 to the substances;

40.34 (9) unreasonable physical confinement or restraint not permitted under section
40.35 609.379, including but not limited to tying, caging, or chaining; or

41.1 (10) in a school facility or school zone, an act by a person responsible for the child's
41.2 care that is a violation under section 121A.58.

41.3 (h) "Report" means any report received by the local welfare agency, police
41.4 department, county sheriff, or agency responsible for assessing or investigating
41.5 maltreatment pursuant to this section.

41.6 (i) "Facility" means:

41.7 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,
41.8 sanitarium, or other facility or institution required to be licensed under sections 144.50 to
41.9 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

41.10 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and
41.11 124D.10; or

41.12 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,
41.13 subdivision 16, and 256B.0625, subdivision 19a.

41.14 (j) "Operator" means an operator or agency as defined in section 245A.02.

41.15 (k) "Commissioner" means the commissioner of human services.

41.16 (l) "Practice of social services," for the purposes of subdivision 3, includes but is
41.17 not limited to employee assistance counseling and the provision of guardian ad litem and
41.18 parenting time expeditor services.

41.19 (m) "Mental injury" means an injury to the psychological capacity or emotional
41.20 stability of a child as evidenced by an observable or substantial impairment in the child's
41.21 ability to function within a normal range of performance and behavior with due regard to
41.22 the child's culture.

41.23 (n) "Threatened injury" means a statement, overt act, condition, or status that
41.24 represents a substantial risk of physical or sexual abuse or mental injury. Threatened
41.25 injury includes, but is not limited to, exposing a child to a person responsible for the
41.26 child's care, as defined in paragraph (e), clause (1), who has:

41.27 (1) subjected a child to, or failed to protect a child from, an overt act or condition
41.28 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a
41.29 similar law of another jurisdiction;

41.30 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause
41.31 (4), or a similar law of another jurisdiction;


41.32 (3) committed an act that has resulted in an involuntary termination of parental rights
41.33 under section 260C.301, or a similar law of another jurisdiction; or

41.34 (4) committed an act that has resulted in the involuntary transfer of permanent legal
41.35 and physical custody of a child to a relative under section 260C.201, subdivision 11,
41.36 paragraph (d), clause (1), or a similar law of another jurisdiction.

42.1 (o) Persons who conduct assessments or investigations under this section shall take
 42.2 into account accepted child-rearing practices of the culture in which a child participates
 42.3 and accepted teacher discipline practices, which are not injurious to the child's health,
 42.4 welfare, and safety."

42.5 Amend the title accordingly

42.6 And when so amended that the bill be recommended to pass and be referred to
 42.7 the full committee.

42.8 
 42.9 (Division Chair)

42.10 April 6, 2006
 42.11 (Date of Division recommendation)

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.3 **S.F. No. 2994:** A bill for an act relating to education; providing for prekindergarten
 1.4 through grade 12 education, including education excellence, education funding, and
 1.5 special programs; authorizing rulemaking; appropriating money; amending Minnesota
 1.6 Statutes 2004, sections 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023;
 1.7 120B.024; 121A.035; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31,
 1.8 subdivision 1, by adding a subdivision; 123B.77, subdivision 3, by adding a subdivision;
 1.9 123B.90, subdivision 2; 123B.91, by adding a subdivision; 124D.095, subdivision 3;
 1.10 124D.10, subdivision 16; 124D.61; 125A.02, subdivision 1; 125A.27, subdivision 11;
 1.11 125A.29; 125A.30; 125A.32; 125A.33; 125A.48; 125A.515, subdivisions 1, 3, 5, 6,
 1.12 7, 9, 10; 125A.63, subdivision 4; 125A.75, subdivision 1, by adding a subdivision;
 1.13 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502,
 1.14 subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 299F.30; 626.556,
 1.15 subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections 120B.021, subdivision
 1.16 1a; 120B.131, subdivision 2; 122A.414, subdivisions 2b, 3; 123B.92, subdivisions 1, 5;
 1.17 124D.095, subdivision 4; 125A.11, subdivision 1; 125A.28; 126C.17, subdivision 9;
 1.18 626.556, subdivision 3; Laws 2005, First Special Session chapter 5, article 2, section 84,
 1.19 subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A;
 1.20 122A; 124D; repealing Minnesota Statutes 2004, sections 121A.23; 123B.749; 125A.10;
 125A.515, subdivision 2; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

1.22 Delete everything after the enacting clause and insert:

1.23 **"ARTICLE 1**

1.24 **GENERAL EDUCATION**

1.25 Section 1. Minnesota Statutes 2004, section 120A.20, subdivision 1, is amended to
 1.26 read:

1.27 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or
 1.28 in part by state funds are public schools. Admission to a public school is free to any
 1.29 person who: (1) resides within the district that operates the school, ~~who~~; (2) is under 21
 1.30 years of age; ~~or who meets the requirements of paragraph (c); and ~~who~~ (3) satisfies the~~
 1.31 minimum age requirements imposed by this section. Notwithstanding the provisions of
 1.32 any law to the contrary, the conduct of all students under 21 years of age attending a
 1.33 public secondary school is governed by a single set of reasonable rules and regulations
 1.34 promulgated by the school board.

1.35 ~~No~~ (b) A person shall not be admitted to ~~any~~ a public school (1) as a kindergarten
 1.36 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in
 1.37 which the school year for which the pupil seeks admission commences; or (2) as a 1st
 1.38 grade student, unless the pupil is at least six years of age on September 1 of the calendar
 1.39 year in which the school year for which the pupil seeks admission commences or has
 1.40 completed kindergarten; except that any school board may establish a policy for admission
 1.41 of selected pupils at an earlier age.

2 (c) A pupil who becomes age 21 after enrollment is eligible for continued free public
 1.43 school enrollment until at least one of the following occurs: (1) the first September 1 after
 1.44 the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3)

2.1 the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4)
2.2 the end of the school year.

2.3 Sec. 2. Minnesota Statutes 2004, section 123A.06, subdivision 2, is amended to read:

2.4 Subd. 2. **People to be served.** A center shall provide programs for secondary
2.5 pupils and adults. A center may also provide programs and services for elementary and
2.6 secondary pupils who are not attending the center to assist them in being successful in
2.7 school. A center shall use research-based best practices for serving limited English
2.8 proficient students and their parents. An individual education plan team may identify a
2.9 center as an appropriate placement to the extent a center can provide the student with the
2.10 appropriate special education services described in the student's plan. Pupils eligible to
2.11 be served are those ~~age five to adults 22 and older~~ who qualify under the graduation
2.12 incentives program in section 124D.68, subdivision 2, those enrolled under section
2.13 124D.02, subdivision 2, or those pupils who are eligible to receive special education
2.14 services under sections 125A.03 to 125A.24, and 125A.65.

2.15 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.76, subdivision 3, is
2.16 amended to read:

2.17 Subd. 3. **Expenditures by building.** (a) For the purposes of this section, "building"
2.18 means education site as defined in section 123B.04, subdivision 1.

2.19 (b) Each district shall maintain separate accounts to identify general fund
2.20 expenditures for each building. All expenditures for regular instruction, secondary
2.21 vocational instruction, and school administration must be reported to the department
2.22 separately for each building. All expenditures for special education instruction,
2.23 instructional support services, and pupil support services provided within a specific
2.24 building must be reported to the department separately for each building. Salary
2.25 expenditures reported by building must reflect actual salaries for staff at the building and
2.26 must not be based on districtwide averages. All other general fund expenditures may be
2.27 reported by building or on a districtwide basis.

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

2.32 (1) expenditures not reported by building shall be allocated among buildings on a
uniform per pupil basis;

2.34 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision
2.35 4;

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

3.3 (4) alternative teacher compensation revenue shall be allocated according to section
 3.4 122A.415, subdivision 1;

3.5 (5) other general education revenue shall be allocated on a uniform per pupil unit
 3.6 basis;

3.7 ~~(5)~~ (6) first grade preparedness aid shall be allocated according to section 124D.081;

3.8 ~~(6)~~ (7) state and federal special education aid and Title I aid shall be allocated in
 3.9 proportion to district expenditures for these programs by building; and

3.10 ~~(7)~~ (8) other general fund revenues shall be allocated on a uniform per pupil basis,
 3.11 except that the department may allocate other revenues attributable to specific buildings
 3.12 directly to those buildings.

3.13 Sec. 4. Minnesota Statutes 2004, section 124D.02, subdivision 2, is amended to read:

3.14 Subd. 2. **Secondary school programs.** The board may permit a person who is over
 3.15 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a
 3.16 class or program at a secondary school if there is space available. In determining if there is
 3.17 space available, ~~full-time public school students;~~ eligible for free enrollment under section
 3.18 120A.20, subdivision 1, and shared-time students shall be given priority over students
 3.19 seeking enrollment pursuant to this subdivision, and students returning to complete a
 3.20 regular course of study shall be given priority over ~~part-time~~ other students seeking
 3.21 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

3.22 (1) residency in the school district;

3.23 (2) United States citizenship; or

3.24 (3) for a person over the age of 21, a high school diploma or equivalency certificate.

3.25 A person may enroll in a class or program even if that person attends evening school, an
 3.26 adult or continuing education, or a postsecondary educational program or institution.

3.27 Sec. 5. Minnesota Statutes 2004, section 124D.02, subdivision 4, is amended to read:

3.28 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections
 3.29 120A.20 and 123B.37, a board may charge a ~~part-time~~ student enrolled pursuant to
 3.30 subdivision 2 a reasonable fee for a class or program.

3.31 Sec. 6. Minnesota Statutes 2005 Supplement, section 124D.68, subdivision 2, is
 3.32 amended to read:

3.33 Subd. 2. **Eligible pupils.** ~~The following pupils are~~ A pupil under the age of 21 or
 3.34 who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to
 3.35 participate in the graduation incentives program:

4.1 ~~(a) any pupil under the age of 21 who, if the pupil:~~

4.2 (1) performs substantially below the performance level for pupils of the same age
4.3 in a locally determined achievement test;

4.4 (2) is at least one year behind in satisfactorily completing coursework or obtaining
4.5 credits for graduation;

4.6 (3) is pregnant or is a parent;

4.7 (4) has been assessed as chemically dependent;

4.8 (5) has been excluded or expelled according to sections 121A.40 to 121A.56;

4.9 (6) has been referred by a school district for enrollment in an eligible program or
4.10 a program pursuant to section 124D.69;

4.11 (7) is a victim of physical or sexual abuse;

4.12 (8) has experienced mental health problems;

4.13 (9) has experienced homelessness sometime within six months before requesting a
4.14 transfer to an eligible program;

4.15 (10) speaks English as a second language or has limited English proficiency; or

4.16 (11) has withdrawn from school or has been chronically truant; ~~or.~~

4.17 ~~(b) any person who is at least 21 years of age and who:~~

4.18 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~
4.19 ~~at age 5;~~

4.20 ~~(2) has not completed the requirements for a high school diploma; and~~

4.21 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~
4.22 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~
4.23 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~
4.24 ~~the displaced homemaker program or any programs under the federal Jobs Training~~
4.25 ~~Partnership Act or its successor.~~

4.26 Sec. 7. Minnesota Statutes 2004, section 124D.68, subdivision 3, is amended to read:

4.27 Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2
4.28 may enroll in area learning centers under sections 123A.05 to 123A.08.

4.29 (b) A pupil who is eligible according to subdivision 2 and who is between the ages
4.30 of 16 and 21 may enroll in postsecondary courses under section 124D.09.

4.31 (c) A pupil who is eligible under subdivision 2, may enroll in any public elementary
4.32 or secondary education program. ~~However, a person who is eligible according to~~
~~subdivision 2, clause (b), may enroll only if the school board has adopted a resolution~~
4.34 ~~approving the enrollment.~~

5.1 (d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic,
5.2 nonsectarian school that has contracted with the serving school district to provide
5.3 educational services.

5.4 (e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic
5.5 education programs approved under section 124D.52 and operated under the community
5.6 education program contained in section 124D.19.

5.7 Sec. 8. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

5.8 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
5.9 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph
5.10 (c), in average daily membership enrolled in the district of residence, in another district
5.11 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;
5.12 in a charter school under section 124D.10; or for whom the resident district pays tuition
5.13 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
5.14 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be
5.15 counted according to this subdivision.

5.16 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
5.17 by the commissioner and has an individual education plan is counted as the ratio of the
5.18 number of hours of assessment and education service to 825 times 1.25 with a minimum
5.19 average daily membership of 0.28, but not more than 1.25 pupil units.

5.20 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is
5.21 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

5.22 (c) A kindergarten pupil with a disability who is enrolled in a program approved
5.23 by the commissioner is counted as the ratio of the number of hours of assessment and
5.24 education services required in the fiscal year by the pupil's individual education program
5.25 plan to 875, but not more than one.

5.26 (d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a
5.27 pupil unit for fiscal year 2000 and thereafter.

5.28 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal
5.29 year 2000 and thereafter.

5.30 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
5.31 year 1995 and thereafter.

5.32 (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

5.33 (h) A pupil who is in the postsecondary enrollment options program is counted
5.34 as 1.3 pupil units.

5.35 Sec. 9. Minnesota Statutes 2004, section 126C.10, subdivision 6, is amended to read:

6.1 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions
6.2 7 and 8.

6.3 (a) "High school" means a public secondary school, except a charter school under
6.4 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If
6.5 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~
6.6 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest
6.7 school, the commissioner must designate one school in the district as a high school for the
6.8 purposes of this section.

6.9 (b) "Secondary average daily membership" means, for a district that has only one
6.10 high school, the average daily membership of pupils served in grades 7 through 12. For a
6.11 district that has more than one high school, "secondary average daily membership" for
6.12 each high school means the product of the average daily membership of pupils served in
6.13 grades 7 through 12 in the high school, times the ratio of six to the number of grades
6.14 in the high school.

6.15 (c) "Attendance area" means the total surface area of the district, in square miles,
6.16 divided by the number of high schools in the district. For a district that does not operate
6.17 a high school and is less than 19 miles from the nearest operating high school, the
6.18 attendance area equals zero.

6.19 (d) "Isolation index" for a high school means the square root of 55 percent of the
6.20 attendance area plus the distance in miles, according to the usually traveled routes,
6.21 between the high school and the nearest high school. For a district in which there is located
6.22 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

6.23 (1) the square root of one-half of the attendance area; and

6.24 (2) the distance from the border of the district to the nearest high school.

6.25 (e) "Qualifying high school" means a high school that has an isolation index greater
6.26 than 23 and that has secondary average daily membership of less than 400.

6.27 (f) "Qualifying elementary school" means ~~an~~ a public elementary school, except a
6.28 charter school under section 124D.10, that is located 19 miles or more from the nearest
6.29 elementary school or from the nearest elementary school within the district and, in either
6.30 case, has an elementary average daily membership of an average of 20 or fewer per grade.

6.31 (g) "Elementary average daily membership" means, for a district that has only
6.32 one elementary school, the average daily membership of pupils served in kindergarten
6.33 through grade 6. For a district that has more than one elementary school, "average daily
6.34 membership" for each school means the average daily membership of pupils served in
6.35 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades
6.36 in the elementary school.

7.1 Sec. 10. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 31,
7.2 is amended to read:

7.3 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the
7.4 greater of zero or the product of the ratio of the number of adjusted marginal cost pupil
7.5 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002
7.6 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference
7.7 between: (1) the lesser of the district's general education revenue per adjusted marginal
7.8 cost pupil unit for fiscal year 2003 or the amount of general education revenue the district
7.9 would have received per adjusted marginal cost pupil unit for fiscal year 2004 according
7.10 to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year
7.11 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil
7.12 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

7.13 (b) A district's transition revenue for fiscal year 2006 and later equals the sum of
7.14 ~~(1) the product of the district's transition allowance times the district's adjusted marginal~~
7.15 ~~cost pupil units plus (2) the amount of referendum revenue under section 126C.17 and~~
7.16 ~~general education revenue, excluding transition revenue, for fiscal year 2004 attributable~~
7.17 ~~to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten~~
7.18 ~~program implemented by the district before July 1, 2003, and reported as kindergarten~~
7.19 ~~pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of~~
7.20 ~~compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to~~
7.21 ~~pupils four years of age on September 1, 2003, enrolled in a prekindergarten program~~
7.22 ~~implemented by the district before July 1, 2003, and reported as kindergarten pupils~~
7.23 ~~under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04~~ the district's
7.24 transition for prekindergarten revenue under subdivision 31a.

7.25 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007
7.26 and later.

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

7.29 Subd. 31a. **Transition for prekindergarten revenue.** For fiscal year 2007 and
7.30 later, a school district's transition for prekindergarten revenue equals the sum of (1) the
7.31 amount of referendum revenue under section 126C.17 and general education revenue,
7.32 excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years
7.33 of age on September 1, 2003, enrolled in a prekindergarten program implemented by the
7.34 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,
7.35 subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education
7.36 revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of

8.1 age on September 1, 2003, enrolled in a prekindergarten program implemented by the
 8.2 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,
 8.3 subdivision 1, for fiscal year 2004 multiplied by .04.

8.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007
 8.5 and later.

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

8.8 Subd. 31b. **Uses of transition for prekindergarten revenue.** A school district that
 8.9 receives revenue under subdivision 31a must reserve that revenue for prekindergarten
 8.10 programs serving students who turn age four by September 1 and who will enter
 8.11 kindergarten the following year.

2 **EFFECTIVE DATE.** This section is effective for fiscal year 2007 and later.

8.13 Sec. 13. Minnesota Statutes 2005 Supplement, section 126C.43, subdivision 2, is
 8.14 amended to read:

8.15 **Subd. 2. Payment to unemployment insurance program trust fund by state**
 8.16 **and political subdivisions.** (a) A district may levy the amount necessary (~~it~~) (1) to pay
 8.17 the district's obligations under section 268.052, subdivision 1, and (~~it~~) (2) to pay for job
 8.18 placement services offered to employees who may become eligible for benefits pursuant
 8.19 to section 268.085 for the fiscal year the levy is certified.

8.20 (b) Districts with a balance remaining in their reserve for reemployment as of June
 8.21 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each
 8.22 year a levy reduction must be made to return these funds to taxpayers. The amount of
 8.23 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for
 8.24 reemployment, or (2) the amount of the district's current levy under paragraph (a).

8.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.26 Sec. 14. Minnesota Statutes 2004, section 126C.44, is amended to read:

8.27 **126C.44 SAFE SCHOOLS LEVY.**

8.28 Each district may make a levy on all taxable property located within the district for
 8.29 the purposes specified in this section. The maximum amount which may be levied for all
 8.30 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal
 8.31 cost pupil units for the school year. The proceeds of the levy must be reserved and used
 2 for directly funding the following purposes or for reimbursing the cities and counties who
 8.33 contract with the district for the following purposes: (1) to pay the costs incurred for the
 8.34 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in

9.1 services in the district's schools; (2) to pay the costs for a drug abuse prevention program
 9.2 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)
 9.3 to pay the costs for a gang resistance education training curriculum in the district's schools;
 9.4 (4) to pay the costs for security in the district's schools and on school property; or (5) to
 9.5 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence
 9.6 prevention measures taken by the school district. For expenditures under clause (1), the
 9.7 district must initially attempt to contract for services to be provided by peace officers or
 9.8 sheriffs with the police department of each city or the sheriff's department of the county
 9.9 within the district containing the school receiving the services. If a local police department
 9.10 or a county sheriff's department does not wish to provide the necessary services, the
 9.11 district may contract for these services with any other police or sheriff's department
 9.12 located entirely or partially within the school district's boundaries. ~~The levy authorized~~
 9.13 ~~under this section is not included in determining the school district's levy limitations.~~

9.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

9.15 Sec. 15. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,
 9.16 is amended to read:

9.17 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general
 9.18 fund payments for a district nonoperating fund must be made at the current year aid
 9.19 payment percentage of the estimated entitlement during the fiscal year of the entitlement.
 9.20 This amount shall be paid in 12 equal monthly installments. The amount of the actual
 9.21 entitlement, after adjustment for actual data, minus the payments made during the fiscal
 9.22 year of the entitlement must be paid prior to October 31 of the following school year. The
 9.23 commissioner may make advance payments of debt service equalization aid and state-paid
 9.24 tax credits for a district's debt service fund earlier than would occur under the preceding
 9.25 schedule if the district submits evidence showing a serious cash flow problem in the fund.
 9.26 The commissioner may make earlier payments during the year and, if necessary, increase
 9.27 the percent of the entitlement paid to reduce the cash flow problem.

9.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.29 Sec. 16. **ALTERNATIVE TEACHER COMPENSATION REVENUE FOR**
 9.30 **SPECIAL SCHOOL DISTRICT NO. 6, SOUTH ST. PAUL.**

9.31 Notwithstanding Minnesota Statutes, sections 122A.413, 122A.414, 122A.415,
 9.32 and 126C.10, Special School District No. 6, South St. Paul, shall be eligible for
 9.33 alternative teacher compensation revenue under Minnesota Statutes, section 122A.415,
 9.34 for the elementary and middle years international baccalaureate pilot program. The
 9.35 revenue generated from the alternative teacher compensation program must be used

10.1 for preinstructional startup costs, including staff, training, curriculum materials, and
 10.2 preparation costs.

10.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2007
 10.4 through 2011.

10.5 Sec. 17. **REPEALER.**

10.6 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

10.7 **ARTICLE 2**

10.8 **EDUCATION EXCELLENCE**

10.9 Section 1. Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to
 10.10 read:

10.11 Subd. 3. **Parent defined; residency determined.** (a) In this section and sections
 10.12 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal
 10.13 custody of a child.

10.14 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,
 10.15 or other person having legal custody of a child under age 18. For an unmarried pupil age
 10.16 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,
 10.17 in which case it means the guardian or conservator.

10.18 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of
 10.19 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and
 10.20 who is placed in a center for care and treatment, shall be the school district in which the
 10.21 pupil's biological or adoptive parent or designated guardian resides.

10.22 (d) For a married pupil age 18 or over, the school district of residence is the school
 10.23 district in which the married pupil resides.

10.24 (e) If a district reasonably believes that a student does not meet the residency
 10.25 requirements of the school district in which the student is attending school, the student
 10.26 may be removed from the school only after the district sends the student's parents written
 10.27 notice of the district's belief, including the facts upon which the belief is based, and an
 10.28 opportunity to provide documentary evidence of residency in person to the superintendent
 10.29 or designee, or, at the option of the parents, by sending the documentary evidence to the
 10.30 superintendent, or a designee, who will then make a determination as to the residency
 10.31 status of the student.

10.32 Sec. 2. Minnesota Statutes 2004, section 120B.021, subdivision 1, is amended to read:

10.33 Subdivision 1. **Required academic standards.** The following subject areas are
 10.34 required for statewide accountability:

10.35 (1) language arts;

- 11.1 (2) mathematics;
- 11.2 (3) science;
- 11.3 (4) social studies, including history, geography, economics, and government and
11.4 citizenship;
- 11.5 (5) health and physical education, for which locally developed academic standards
11.6 apply; and
- 11.7 (6) the arts, for which statewide or locally developed academic standards apply, as
11.8 determined by the school district. Public elementary and middle schools must offer at least
11.9 three and require at least two of the following four arts areas: dance; music; theater; and
11.10 visual arts. Public high schools must offer at least three and require at least one of the
11.11 following five arts areas: media arts; dance; music; theater; and visual arts.

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

11.14 For purposes of applicable federal law, the academic standards for language arts,
11.15 mathematics, and science apply to all public school students, except the very few students
11.16 with extreme cognitive or physical impairments for whom an individualized education
11.17 plan team has determined that the required academic standards are inappropriate.
11.18 An individualized education plan team that makes this determination must establish
11.19 alternative standards.

11.20 A school district, no later than the 2007-2008 school year, must adopt graduation
11.21 requirements that meet or exceed state graduation requirements established in law or
11.22 rule. A school district that incorporates these state graduation requirements before the
11.23 2007-2008 school year must provide students who enter the 9th grade in or before
11.24 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
11.25 established graduation requirements in effect when the students entered the 9th grade.
11.26 District efforts to develop, implement, or improve instruction or curriculum as a result
11.27 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
11.28 and 120B.20.

11.29 At a minimum, school districts must maintain the same physical education and
11.30 health education requirements for students in kindergarten through grade 8 adopted for the
11.31 2005-2006 school year through the 2008-2009 school year. Before a revision of the local
11.32 health and physical education standards, a school district must consult the grade-specific
11.33 benchmarks developed by the Department of Education's health and physical education
11.34 quality teaching network for the six national physical education standards and the seven
11.35 national health standards.

12.1 The commissioner must include the contributions of Minnesota American Indian
12.2 tribes and communities as they relate to each of the academic standards during the review
12.3 and revision of the required academic standards.

12.4 Sec. 3. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,
12.5 is amended to read:

12.6 Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's
12.7 application signed by the student's parent or guardian, a school district, area learning
12.8 center, or charter school must declare that a student meets or exceeds a specific academic
12.9 standard required for graduation under this section if the local school board, the school
12.10 board of the school district in which the area learning center is located, or the charter
12.11 school board of directors determines that the student:

12.12 (1) is participating in a course of study, including an advanced placement or
12.13 international baccalaureate course or program; a learning opportunity outside the
12.14 curriculum of the district, area learning center, or charter school; or an approved
12.15 preparatory program for employment or postsecondary education that is equally or more
12.16 rigorous than the corresponding state or local academic standard required by the district,
12.17 area learning center, or charter school;

12.18 (2) would be precluded from participating in the rigorous course of study, learning
12.19 opportunity, or preparatory employment or postsecondary education program if the student
12.20 were required to achieve the academic standard to be waived; and

12.21 (3) satisfactorily completes the requirements for the rigorous course of study,
12.22 learning opportunity, or preparatory employment or postsecondary education program.

12.23 Consistent with the requirements of this section, the local school board, the school board
12.24 of the school district in which the area learning center is located, or the charter school
12.25 board of directors also may formally determine other circumstances in which to declare
12.26 that a student meets or exceeds a specific academic standard that the site requires for
12.27 graduation under this section.

12.28 (b) A student who satisfactorily completes a postsecondary enrollment options
12.29 course or program under section 124D.09, or an advanced placement or international
12.30 baccalaureate course or program under section 120B.13, is not required to complete other
12.31 requirements of the academic standards corresponding to that specific rigorous course
12.32 of study.

33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.34 Sec. 4. Minnesota Statutes 2004, section 120B.023, is amended to read:

12.35 **120B.023 BENCHMARKS.**

13.1 **Subdivision 1. Benchmarks implement, supplement statewide academic**
 13.2 **standards.** (a) The commissioner must supplement required state academic standards with
 13.3 grade-level benchmarks. High school benchmarks may cover more than one grade. The
 13.4 benchmarks must implement statewide academic standards by specifying the academic
 13.5 knowledge and skills that schools must offer and students must achieve to satisfactorily
 13.6 complete a state standard. The commissioner must publish benchmarks ~~are published~~ to
 13.7 inform and guide parents, teachers, school districts, and other interested persons and ~~for~~ to
 13.8 use in developing tests consistent with the benchmarks.

13.9 (b) The commissioner shall publish benchmarks in the State Register and transmit
 13.10 the benchmarks in any other manner that makes them accessible to the general public. The
 13.11 commissioner may charge a reasonable fee for publications.

13.12 (c) Once established, the commissioner may change the benchmarks only with
 13.13 specific legislative authorization and after completing a review under ~~paragraph (d)~~
 13.14 subdivision 2.

13.15 (d) The commissioner must develop and implement a system for reviewing ~~on~~
 13.16 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and
 13.17 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent
 13.18 with subdivision 2.

13.19 (e) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

13.20 **Subd. 2. Revisions and reviews required.** (a) The commissioner of education must
 13.21 revise and appropriately embed technology and information literacy standards consistent
 13.22 with recommendations from school media specialists into the state's academic standards
 13.23 and graduation requirements and implement a review cycle for state academic standards
 13.24 and related benchmarks, consistent with this subdivision. During each review cycle, the
 13.25 commissioner also must examine the alignment of each required academic standard and
 13.26 related benchmark with the knowledge and skills students need for college readiness and
 13.27 advanced work in the particular subject area.

13.28 (b) The commissioner in the 2006-2007 school year must revise and align the state's
 13.29 academic standards and high school graduation requirements in mathematics to require
 13.30 that students satisfactorily complete the revised mathematics standards, beginning in the
 13.31 2010-2011 school year. Under the revised standards:

13.32 (1) students must satisfactorily complete an algebra I credit by the end of eighth
 13.33 grade; and

13.34 (2) students scheduled to graduate in the 2014-2015 school year or later must
 13.35 satisfactorily complete an algebra II credit or its equivalent.

14.1 The commissioner also must ensure that the statewide mathematics assessments
14.2 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011
14.3 school year are aligned with the state academic standards in mathematics. The statewide
14.4 11th grade mathematics test administered to students under clause (2) beginning in
14.5 the 2013-2014 school year must include algebra II test items that are aligned with
14.6 corresponding state academic standards in mathematics. The commissioner must
14.7 implement a review of the academic standards and related benchmarks in mathematics
14.8 beginning in the 2015-2016 school year.

14.9 (c) The commissioner in the 2007-2008 school year must revise and align the state's
14.10 academic standards and high school graduation requirements in the arts to require that
14.11 students satisfactorily complete the revised arts standards beginning in the 2010-2011
14.12 school year. The commissioner must implement a review of the academic standards and
14.13 related benchmarks in arts beginning in the 2016-2017 school year.

14.14 (d) The commissioner in the 2008-2009 school year must revise and align the state's
14.15 academic standards and high school graduation requirements in science to require that
14.16 students satisfactorily complete the revised science standards, beginning in the 2011-2012
14.17 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
14.18 school year or later must satisfactorily complete a chemistry or physics credit. The
14.19 commissioner must implement a review of the academic standards and related benchmarks
14.20 in science beginning in the 2017-2018 school year.

14.21 (e) The commissioner in the 2009-2010 school year must revise and align the state's
14.22 academic standards and high school graduation requirements in language arts to require
14.23 that students satisfactorily complete the revised language arts standards beginning in the
14.24 2012-2013 school year. The commissioner must implement a review of the academic
14.25 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

14.26 (f) The commissioner in the 2010-2011 school year must revise and align the state's
14.27 academic standards and high school graduation requirements in social studies to require
14.28 that students satisfactorily complete the revised social studies standards beginning in the
14.29 2013-2014 school year. The commissioner must implement a review of the academic
14.30 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

14.31 (g) School districts and charter schools must revise and align local academic
14.32 standards and high school graduation requirements in health, physical education, world
14.33 languages, and career and technical education to require students to complete the revised
14.34 standards beginning in a school year determined by the school district or charter school.
14.35 School districts and charter schools must formally establish a periodic review cycle for

15.1 the academic standards and related benchmarks in health, physical education, world
 15.2 languages, and career and technical education.

15.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.4 Sec. 5. Minnesota Statutes 2004, section 120B.024, is amended to read:

15.5 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**
 15.6 **STUDENT TRANSFERS.**

15.7 (a) Students beginning 9th grade in the 2004-2005 school year and later must
 15.8 successfully complete the following high school level course credits for graduation:

15.9 (1) four credits of language arts;

15.10 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
 15.11 and probability sufficient to satisfy the academic standard and beginning in the 2010-2011
 15.12 school year for students scheduled to graduate in the 2014-2015 school year or later, one
 15.13 algebra II credit or its equivalent;

15.14 (3) three credits of science, including at least one credit in biology and for the
 15.15 2011-2012 school year and later, one credit in chemistry or physics;

15.16 (4) three and one-half credits of social studies, encompassing at least United
 15.17 States history, geography, government and citizenship, world history, and economics or
 15.18 three credits of social studies encompassing at least United States history, geography,
 15.19 government and citizenship, and world history, and one-half credit of economics taught in
 15.20 a school's social studies, agriculture education, or business department;

15.21 (5) one credit in the arts; and

15.22 (6) a minimum of seven elective course credits.

15.23 (b) Students beginning 9th grade in the 2006-2007 school year and later must
 15.24 complete the following course credits for graduation in addition to those specified in
 15.25 paragraph (a), clauses (1) to (5):

15.26 (1) one-half credit in physical education and one-half credit in health education; and

15.27 (2) a minimum of six elective course credits instead of the seven elective course
 15.28 credits specified in paragraph (a), clause (6).

15.29 (c) A course credit is equivalent to a student successfully completing an academic
 15.30 year of study or a student mastering the applicable subject matter, as determined by the
 15.31 local school district.

15.32 (d) An agriculture science course may fulfill a science credit requirement under
 15.33 this section.

15.34 (e) A district, area learning center, and charter school must establish processes by
 15.35 which to transfer as completed:

16.1 (1) those course credit requirements that other school sites within the district or
 16.2 other public schools verify on transcripts as completed; and

16.3 (2) the work that educational institutions outside the state accept for completing the
 16.4 equivalent of course credit requirements and verify on transcripts as completed.

16.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.6 Sec. 6. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is
 16.7 amended to read:

16.8 Subd. 2. **Reimbursement for examination fees.** The state may reimburse
 16.9 college-level examination program (CLEP) fees for a Minnesota public or nonpublic
 16.10 high school student who has successfully completed one or more college-level courses
 16.11 in high school ~~and earned a satisfactory score on one or more CLEP examinations in the~~
 16.12 subject matter of each examination in the following subjects: composition and literature,
 16.13 mathematics and science, social sciences and history, foreign languages, and business and
 16.14 humanities. The state may reimburse each ~~successful~~ student for up to six examination
 16.15 fees. The commissioner shall establish application procedures and a process and schedule
 16.16 for fee reimbursements. The commissioner must give priority to reimburse the CLEP
 16.17 examination fees of students of low-income families.

16.18 Sec. 7. **[121A.02] SCHOOL SAFETY.**

16.19 **Subdivision 1. School safety advisory council.** A school safety advisory council
 16.20 is established under section 15.059. The advisory council is composed of 12 members
 16.21 representing school boards, school counselors, school psychologists, law enforcement
 16.22 agencies, mental health services, substance abuse services, faith communities, school
 16.23 administrators, students, and school athletic departments and extracurricular organizations.
 16.24 The members of the council shall be appointed by the commissioner and must be from
 16.25 geographically diverse regions of the state.

16.26 **Subd. 2. Duties.** The advisory council shall advise the commissioner on issues
 16.27 related to school safety. The advisory council, in cooperation with the commissioner,
 16.28 shall make recommendations for the creation of a Center for School Safety for the state
 16.29 that serves as the central point for the collection and dissemination of information about
 16.30 successful school safety programs, provide services to schools to assess current school
 16.31 environments, and provide materials, training, and technical assistance.

16.32 **Subd. 3. Center for School Safety.** Consistent with the recommendations of the
 16.33 advisory council, the commissioner shall establish the Center for School Safety. The
 16.34 commissioner may develop and utilize a request for proposal process for the establishment
 16.35 of the Center for School Safety. The advisory council shall continue to advise the

17.1 commissioner and the center on its operations. The Center for School Safety shall, at a
 17.2 minimum:

17.3 (1) establish a clearinghouse for information and materials concerning school safety;

17.4 (2) provide safe school assessments;

17.5 (3) provide training and technical assistance customized to individual school needs

17.6 for school staff, students, and parents;

17.7 (4) provide services to enhance school climate;

17.8 (5) coordinate school efforts with the broader community; and

17.9 (6) evaluate and report on the implementation and effectiveness of the services

17.10 provided by the center.

17.11 Sec. 8. Minnesota Statutes 2004, section 121A.035, is amended to read:

17.12 **121A.035 CRISIS MANAGEMENT POLICY.**

17.13 Subdivision 1. **Model policy.** ~~By December 1, 1999,~~ The commissioner shall

17.14 maintain and make available to school boards and charter schools a model crisis

17.15 management policy that includes, among other items, school lock-down and tornado drills,

17.16 consistent with subdivision 2, and school fire drills under section 299F.30.

17.17 Subd. 2. **School district and charter school policy.** ~~By July 1, 2000,~~ A school

17.18 board and a charter school must adopt a ~~district~~ crisis management policy to address

17.19 potential violent crisis situations in the district or charter school. The policy must be

17.20 developed ~~in consultation~~ cooperatively with administrators, teachers, employees,

17.21 students, parents, community members, law enforcement agencies, other emergency

17.22 management officials, county attorney offices, social service agencies, emergency medical

17.23 responders, and any other appropriate individuals or organizations. The policy must

17.24 include at least five school lock-down drills, five school fire drills consistent with section

17.25 299F.30, and one tornado drill.

17.26 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and

17.27 later.

17.28 Sec. 9. **[121A.231] COMPREHENSIVE FAMILY LIFE AND SEXUALITY**
 17.29 **EDUCATION PROGRAMS.**

17.30 Subdivision 1. **Definitions.** (a) "Comprehensive family life and sexuality education"

17.31 means education in grades 7 through 12 that:

17.32 (1) respects community values and encourages family communication;

17.33 (2) develops skills in communication, decision making, and conflict resolution;

17.34 (3) contributes to healthy relationships;

18.1 (4) provides human development and sexuality education that is age appropriate
 18.2 and medically accurate;

18.3 (5) includes an abstinence-first approach to delaying initiation of sexual activity that
 18.4 emphasizes abstinence while also including education about the use of protection and
 18.5 contraception; and

18.6 (6) promotes individual responsibility.

18.7 (b) "Age appropriate" refers to topics, messages, and teaching methods suitable to
 18.8 particular ages or age groups of children and adolescents, based on developing cognitive,
 18.9 emotional, and behavioral capacity typical for the age or age group.

18.10 (c) "Medically accurate" means verified or supported by research conducted in
 18.11 compliance with scientific methods and published in peer-reviewed journals, where
 18.12 appropriate, and recognized as accurate and objective by professional organizations
 18.13 and agencies in the relevant field, such as the federal Centers for Disease Control
 18.14 and Prevention, the American Public Health Association, the American Academy of
 18.15 Pediatrics, or the American College of Obstetricians and Gynecologists.

18.16 Subd. 2. Curriculum requirements. (a) A school district may offer and may
 18.17 independently establish policies, procedures, curriculum, and services for providing
 18.18 comprehensive family life and sexuality education that is age appropriate and medically
 18.19 accurate for kindergarten through grade 6.

18.20 (b) A school district must offer and may independently establish policies, procedures,
 18.21 curriculum, and services for providing comprehensive family life and sexuality education
 18.22 that is age appropriate and medically accurate for grades 7 through 12.

18.23 Subd. 3. Notice and parental options. (a) It is the legislature's intent to encourage
 18.24 pupils to communicate with their parents or guardians about human sexuality and to respect
 18.25 rights of parents or guardians to supervise their children's education on these subjects.

18.26 (b) Parents or guardians may excuse their children from all or part of a
 18.27 comprehensive family life and sexuality education program.

18.28 (c) A school district must establish procedures for providing parents or guardians
 18.29 reasonable notice with the following information:

18.30 (1) if the district is offering a comprehensive family life and sexuality education
 18.31 program to the parents' or guardians' child during the course of the year;

18.32 (2) how the parents or guardians may inspect the written and audio/visual
 18.33 educational materials used in the program and the process for inspection;

18.34 (3) if the program is presented by school district personnel or outside consultants,
 18.35 and if outside consultants are used, who they may be; and

19.1 (4) parents' or guardians' right to choose not to have their child participate in the
19.2 program and the procedure for exercising that right.

19.3 (d) A school district must establish procedures for reasonably restricting the
19.4 availability of written and audio/visual educational materials from public view of students
19.5 who have been excused from all or part of a comprehensive family life and sexuality
19.6 education program at the request of a parent or guardian.

19.7 Subd. 4. Assistance to school districts. (a) The Department of Education may
19.8 offer services to school districts to help them implement effective comprehensive family
19.9 life and sexuality education programs. In providing these services, the department may
19.10 contract with a school district, or a school district in partnership with a local health agency
19.11 or a nonprofit organization, to establish up to eight regional training sites, taking into
19.12 account geographical balance, to provide:

19.13 (1) training for teachers, parents, and community members in the development of
19.14 comprehensive family life and sexuality education curriculum or services and in planning
19.15 for monitoring and evaluation activities;

19.16 (2) resource staff persons to provide expert training, curriculum development and
19.17 implementation, and evaluation services;

19.18 (3) technical assistance to promote and coordinate community, parent, and youth
19.19 forums in communities identified as having high needs for comprehensive family life
19.20 and sexuality education;

19.21 (4) technical assistance for issue management and policy development training for
19.22 school boards, superintendents, principals, and administrators across the state; and

19.23 (5) funding for grants to school-based comprehensive family life and sexuality
19.24 education programs to promote innovation and to recognize outstanding performance and
19.25 promote replication of demonstrably effective strategies.

19.26 (b) Technical assistance provided by the department to school districts or regional
19.27 training sites may:

19.28 (1) promote instruction and use of materials that are age appropriate;

19.29 (2) provide information that is medically accurate and objective;

19.30 (3) provide instruction and promote use of materials that are respectful of marriage
19.31 and commitments in relationships;

19.32 (4) provide instruction and promote use of materials that are appropriate for use
19.33 with pupils and family experiences based on race, gender, sexual orientation, and ethnic
19.34 and cultural background, and appropriately accommodate alternative learning based on
19.35 language or disability;

20.1 (5) provide instruction and promote use of materials that encourage pupils to
20.2 communicate with their parents or guardians about human sexuality;

20.3 (6) provide instruction and promote use of age-appropriate materials that teach
20.4 abstinence from sexual intercourse as the only certain way to prevent unintended
20.5 pregnancy or sexually transmitted infections, including HIV, and provide information
20.6 about the role and value of abstinence while also providing medically accurate information
20.7 on other methods of preventing and reducing risk for unintended pregnancy and sexually
20.8 transmitted infections;

20.9 (7) provide instruction and promote use of age-appropriate materials that are
20.10 medically accurate in explaining transmission modes, risks, symptoms, and treatments for
20.11 sexually transmitted infections, including HIV;

20.12 (8) provide instruction and promote use of age-appropriate materials that address
20.13 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted
20.14 infections, including HIV, in an age-appropriate manner;

20.15 (9) provide instruction and promote use of age-appropriate materials that provide
20.16 information about the effectiveness and safety of all FDA-approved methods for
20.17 preventing and reducing risk for unintended pregnancy and sexually transmitted
20.18 infections, including HIV;

20.19 (10) provide instruction and promote use of age-appropriate materials that provide
20.20 instruction in skills for making and implementing responsible decisions about sexuality;

20.21 (11) provide instruction and promote use of age-appropriate materials that provide
20.22 instruction in skills for making and implementing responsible decisions about finding and
20.23 using health services; and

20.24 (12) provide instruction and promote use of age-appropriate materials that do not
20.25 teach or promote religious doctrine or reflect or promote bias against any person on the
20.26 basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

20.27 Sec. 10. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

20.28 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
20.29 Teaching must issue licenses under its jurisdiction to persons the board finds to be
20.30 qualified and competent for their respective positions.

20.31 (b) The board must require a person to successfully complete an examination of
20.32 skills in reading, writing, and mathematics before being granted an initial teaching license
20.33 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
20.34 education programs. The board must require colleges and universities offering a board
20.35 approved teacher preparation program to provide remedial assistance that includes a
20.36 formal diagnostic component to persons enrolled in their institution who did not achieve a

21.1 qualifying score on the skills examination, including those for whom English is a second
21.2 language. The colleges and universities must provide assistance in the specific academic
21.3 areas of deficiency in which the person did not achieve a qualifying score. School
21.4 districts must provide similar, appropriate, and timely remedial assistance that includes a
21.5 formal diagnostic component and mentoring to those persons employed by the district
21.6 who completed their teacher education program outside the state of Minnesota, received
21.7 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
21.8 skills examination, including those persons for whom English is a second language. The
21.9 Board of Teaching shall report annually to the education committees of the legislature
21.10 on the total number of teacher candidates during the most recent school year taking the
21.11 skills examination, the number who achieve a qualifying score on the examination, the
21.12 number who do not achieve a qualifying score on the examination, the distribution of all
21.13 candidates' scores, the number of candidates who have taken the examination at least once
21.14 before, and the number of candidates who have taken the examination at least once before
21.15 and achieve a qualifying score.

21.16 (c) A person who has completed an approved teacher preparation program and
21.17 obtained a one-year license to teach, but has not successfully completed the skills
21.18 examination, may renew the one-year license for two additional one-year periods. Each
21.19 renewal of the one-year license is contingent upon the licensee:

21.20 (1) providing evidence of participating in an approved remedial assistance program
21.21 provided by a school district or postsecondary institution that includes a formal diagnostic
21.22 component in the specific areas in which the licensee did not obtain qualifying scores; and

21.23 (2) attempting to successfully complete the skills examination during the period
21.24 of each one-year license.

21.25 (d) The Board of Teaching must grant continuing licenses only to those persons who
21.26 have met board criteria for granting a continuing license, which includes successfully
21.27 completing the skills examination in reading, writing, and mathematics.

21.28 (e) All colleges and universities approved by the board of teaching to prepare persons
21.29 for teacher licensure must include in their teacher preparation programs a common core
21.30 of teaching knowledge and skills to be acquired by all persons recommended for teacher
21.31 licensure. This common core shall meet the standards developed by the interstate new
21.32 teacher assessment and support consortium in its 1992 "model standards for beginning
21.33 teacher licensing and development," and must include technology and information
21.34 literacy standards that are consistent with recommendations from media specialists and
21.35 the department's Educator Licensing and Teacher Quality Division. The board must
21.36 develop and implement a system for reviewing on a seven-year cycle all standards of

22.1 effective practice for teachers beginning in the 2007-2008 school year. Amendments to
22.2 standards adopted under this paragraph are covered by chapter 14. The board of teaching
22.3 shall report annually to the education committees of the legislature on the performance
22.4 of teacher candidates on common core assessments of knowledge and skills under this
22.5 paragraph during the most recent school year.

22.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.7 Sec. 11. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 2b,
22.8 is amended to read:

22.9 Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section
22.10 and sections 122A.413 and 122A.415, the department must prepare and transmit to
22.11 interested school districts, intermediate school districts, school sites, and charter schools
22.12 a standard form for applying to participate in the alternative teacher professional pay
22.13 system. An interested school district, intermediate school district, school site, or charter
22.14 school must submit to the commissioner a completed application executed by the district
22.15 superintendent and the exclusive bargaining representative of the teachers if the applicant
22.16 is a school district, intermediate school district, or school site, or executed by the charter
22.17 school board of directors if the applicant is a charter school. The application must include
22.18 the proposed alternative teacher professional pay system agreement under subdivision
22.19 2. The department must convene a review committee that at least includes teachers and
22.20 administrators within 30 days of receiving a completed application to recommend to
22.21 the commissioner whether to approve or disapprove the application. The commissioner
22.22 must approve applications on a first-come, first-served basis. The applicant's alternative
22.23 teacher professional pay system agreement must be legally binding on the applicant
22.24 and the collective bargaining representative before the applicant receives alternative
22.25 compensation revenue. The commissioner must approve or disapprove an application
22.26 based solely on the explicit requirements under subdivisions 2 and 2a and may not impose
22.27 any other conditions for approval.

22.28 (b) If the commissioner disapproves an application, the commissioner must give the
22.29 applicant timely notice of the specific reasons in detail for disapproving the application.
22.30 The applicant may revise and resubmit its application and related documents to the
22.31 commissioner within 30 days of receiving notice of the commissioner's disapproval and
22.32 the commissioner must approve or disapprove the revised application, consistent with this
22.33 subdivision. Applications that are revised and then approved are considered submitted on
22.34 the date the applicant initially submitted the application.

22.35 Sec. 12. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 3,
22.36 is amended to read:

23.1 Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate
23.2 school districts, school sites, and charter schools must report on the implementation and
23.3 effectiveness of the alternative teacher professional pay system, particularly addressing
23.4 each requirement under subdivision 2 and make annual recommendations by June 15 to
23.5 their school boards. The school board or board of directors shall transmit a copy of the
23.6 report with a summary of the findings and recommendations of the district, intermediate
23.7 school district, school site, or charter school to the commissioner.

23.8 (b) If the commissioner determines that a school district, intermediate school district,
23.9 school site, or charter school that receives alternative teacher compensation revenue is not
23.10 complying with the requirements of this section, the commissioner may withhold funding
23.11 from that participant. Before making the determination, the commissioner must notify the
23.12 participant of any deficiencies and provide the participant an opportunity to comply.

23.13 (c) The commissioner's review and evaluation of an alternative teacher professional
23.14 pay system must be judged relative to the participant's approved plan and may not impose
23.15 any criteria other than are contained in the plan or the explicit requirements of this section.

23.16 Sec. 13. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

23.17 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the
23.18 calendar year of the submission of the unaudited financial data, the district must provide to
23.19 the commissioner audited financial data for the preceding fiscal year. The audit must be
23.20 conducted in compliance with generally accepted governmental auditing standards, the
23.21 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office
23.22 of the State Auditor. An audited financial statement prepared in a form which will allow
23.23 comparison with and correction of material differences in the unaudited financial data
23.24 shall be submitted to the commissioner and the state auditor by December 31. The audited
23.25 financial statement must also provide a statement of assurance pertaining to uniform
23.26 financial accounting and reporting standards compliance and a copy of the management
23.27 letter submitted to the district by the school district's auditor.

23.28 (b) By January 15 of the calendar year following the submission of the unaudited
23.29 financial data, the commissioner shall convert the audited financial data required by this
23.30 subdivision into the consolidated financial statement format required under subdivision 1a
23.31 and publish the information on the department's Web site.

23.32 **EFFECTIVE DATE.** This section is effective for financial statements prepared in
23.33 2006 and later.

23.34 Sec. 14. Minnesota Statutes 2004, section 123B.90, subdivision 2, is amended to read:

24.1 Subd. 2. **Student training.** (a) Each district must provide public school pupils
24.2 enrolled in kindergarten through grade 10 with age-appropriate school bus safety training,
24.3 as described in this section, of the following concepts:

24.4 (1) transportation by school bus is a privilege and not a right;

24.5 (2) district policies for student conduct and school bus safety;

24.6 (3) appropriate conduct while on the school bus;

24.7 (4) the danger zones surrounding a school bus;

24.8 (5) procedures for safely boarding and leaving a school bus;

24.9 (6) procedures for safe street or road crossing; and

24.10 (7) school bus evacuation.

24.11 (b) Each nonpublic school located within the district must provide all nonpublic
24.12 school pupils enrolled in kindergarten through grade 10 who are transported by school
24.13 bus at public expense and attend school within the district's boundaries with training as
24.14 required in paragraph (a).

24.15 (c) Students enrolled in kindergarten through grade 6 who are transported by school
24.16 bus and are enrolled during the first or second week of school must receive the school bus
24.17 safety training competencies by the end of the third week of school. Students enrolled in
24.18 grades 7 through 10 who are transported by school bus and are enrolled during the first or
24.19 second week of school and have not previously received school bus safety training must
24.20 receive the training or receive bus safety instructional materials by the end of the sixth
24.21 week of school. ~~Students taking driver's training instructional classes and other students in~~
24.22 ~~grades 9 and grade 9 or 10~~ must receive training in the laws and proper procedures when
24.23 operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten
24.24 through grade 10 who enroll in a school after the second week of school and are
24.25 transported by school bus and have not received training in their previous school district
24.26 shall undergo school bus safety training or receive bus safety instructional materials
24.27 within four weeks of the first day of attendance. Upon request of the superintendent
24.28 of schools, the school transportation safety director in each district must certify to the
24.29 ~~superintendent of schools annually~~ that all students transported by school bus within
24.30 the district have received the school bus safety training according to this section. Upon
24.31 request of the superintendent of the school district where the nonpublic school is located,
24.32 the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to
24.33 the school transportation safety director of the district in which the school is located that
24.34 the school's students transported by school bus at public expense have received training
24.35 according to this section.

25.1 (d) A district and a nonpublic school with students transported by school bus at
 25.2 public expense may provide kindergarten pupils with bus safety training before the first
 25.3 day of school.

25.4 (e) A district and a nonpublic school with students transported by school bus at
 25.5 public expense may also provide student safety education for bicycling and pedestrian
 25.6 safety, for students enrolled in kindergarten through grade 5.

25.7 (f) A district and a nonpublic school with students transported by school bus at
 25.8 public expense must make reasonable accommodations for the school bus safety training
 25.9 of pupils known to speak English as a second language and pupils with disabilities.

25.10 (g) The district and a nonpublic school with students transported by school bus at
 25.11 public expense must provide students enrolled in kindergarten through grade 3 school bus
 25.12 safety training twice during the school year.

25.13 (h) A district and a nonpublic school with students transported by school bus at public
 25.14 expense must conduct a school bus evacuation drill at least once during the school year.

25.15 **EFFECTIVE DATE.** This section is effective July 1, 2006.

25.16 Sec. 15. Minnesota Statutes 2004, section 123B.91, is amended by adding a
 25.17 subdivision to read:

25.18 **Subd. 1a. Compliance by nonpublic and charter school students.** A nonpublic or
 25.19 charter school student transported by a public school district shall comply with student bus
 25.20 conduct and student bus discipline policies of the transporting public school district.

25.21 **EFFECTIVE DATE.** This section is effective July 1, 2006.

25.22 Sec. 16. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is
 25.23 amended to read:

25.24 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
 25.25 terms defined in this subdivision have the meanings given to them.

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

25.28 (1) the sum of:

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

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

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

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

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

26.9 (1) Regular transportation is:

26.10 (i) transportation to and from school during the regular school year for resident
 26.11 elementary pupils residing one mile or more from the public or nonpublic school they
 26.12 attend, and resident secondary pupils residing two miles or more from the public
 26.13 or nonpublic school they attend, excluding desegregation transportation and noon
 26.14 kindergarten transportation; but with respect to transportation of pupils to and from
 26.15 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

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

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

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

26.22 (v) transportation to and from school during the regular school year required under
 26.23 subdivision 3 for nonresident elementary pupils when the distance from the attendance
 26.24 area border to the public school is one mile or more, and for nonresident secondary pupils
 26.25 when the distance from the attendance area border to the public school is two miles or
 26.26 more, excluding desegregation transportation and noon kindergarten transportation.

26.27 For the purposes of this paragraph, a district may designate a licensed day care
 26.28 facility, school day care facility, respite care facility, the residence of a relative, or the
 26.29 residence of a person chosen by the pupil's parent or guardian as the home of a pupil for
 26.30 part or all of the day, if requested by the pupil's parent or guardian, and if that facility or
 26.31 residence is within the attendance area of the school the pupil attends.

26.32 (2) Excess transportation is:

26.33 (i) transportation to and from school during the regular school year for resident
 26.34 secondary pupils residing at least one mile but less than two miles from the public or
 26.35 nonpublic school they attend, and transportation to and from school for resident pupils

27.1 residing less than one mile from school who are transported because of extraordinary
27.2 traffic, drug, or crime hazards; and

27.3 (ii) transportation to and from school during the regular school year required under
27.4 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
27.5 border to the school is at least one mile but less than two miles from the public school
27.6 they attend, and for nonresident pupils when the distance from the attendance area border
27.7 to the school is less than one mile from the school and who are transported because of
27.8 extraordinary traffic, drug, or crime hazards.

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

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

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

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

27.21 (iii) necessary transportation for resident pupils with disabilities required by sections
27.22 125A.12, and 125A.26 to 125A.48;

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

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

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

27.34 (vii) services described in clauses (i) to (vi), when provided for pupils with
27.35 disabilities in conjunction with a summer instructional program that relates to the pupil's

28.1 individual education plan or in conjunction with a learning year program established
28.2 under section 124D.128.

28.3 For purposes of computing special education base revenue under section 125A.76,
28.4 subdivision 2, the cost of providing transportation for children with disabilities includes
28.5 (A) the additional cost of transporting a homeless student from a temporary nonshelter
28.6 home in another district to the school of origin, or a formerly homeless student from a
28.7 permanent home in another district to the school of origin but only through the end of the
28.8 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
28.9 2005, and used primarily for transportation of pupils with disabilities, calculated according
28.10 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
28.11 transportation category must be excluded in calculating the actual expenditure per pupil
28.12 transported in the regular and excess transportation categories according to paragraph (a).

28.13 (5) "Nonpublic nonregular transportation" is:

28.14 (i) transportation from one educational facility to another within the district for
28.15 resident pupils enrolled on a shared-time basis in educational programs, excluding
28.16 transportation for nonpublic pupils with disabilities under clause (4);

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

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

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

28.26 **EFFECTIVE DATE.** This section is effective July 1, 2006.

28.27 Sec. 17. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is
28.28 amended to read:

28.29 Subd. 5. **District reports.** (a) Each district must report data to the department as
28.30 required by the department to account for transportation expenditures.

28.31 (b) Salaries and fringe benefits of district employees whose primary duties are
28.32 other than transportation, including central office administrators and staff, building
28.33 administrators and staff, teachers, social workers, school nurses, and instructional aides,
28.34 must not be included in a district's transportation expenditures, except that a district may
28.35 include salaries and benefits according to paragraph (c) for (1) an employee designated
28.36 as the district transportation director, (2) an employee providing direct support to the

29.1 transportation director, or (3) an employee providing direct transportation services such as
 29.2 a bus driver or bus aide.

29.3 (c) Salaries and fringe benefits of ~~other~~ the district employees listed in paragraph
 29.4 (b), clauses (1), (2), and (3), who work part time in transportation and part time in other
 29.5 areas must not be included in a district's transportation expenditures unless the district
 29.6 maintains documentation of the employee's time spent on pupil transportation matters in
 29.7 the form and manner prescribed by the department.

29.8 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
 29.9 leased buses, student board and lodging, crossing guards, and aides on buses, must
 29.10 be allocated among transportation categories based on cost-per-mile, cost-per-student,
 29.11 cost-per-hour, or cost-per-route, regardless of whether the transportation services are
 29.12 provided on district-owned or contractor-owned school buses. Expenditures for school
 29.13 bus driver salaries and fringe benefits may either be directly charged to the appropriate
 29.14 transportation category or may be allocated among transportation categories based
 29.15 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures
 29.16 by private contractors or individuals who provide transportation exclusively in one
 29.17 transportation category must be charged directly to the appropriate transportation category.
 29.18 Transportation services provided by contractor-owned school bus companies incorporated
 29.19 under different names but owned by the same individual or group of individuals must be
 29.20 treated as the same company for cost allocation purposes.

29.21 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

29.22 Sec. 18. Minnesota Statutes 2004, section 124D.095, subdivision 3, is amended to read:

29.23 Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may
 29.24 apply to an on-line learning provider to enroll in on-line learning. A student age 17 or
 29.25 younger must have the written consent of a parent or guardian to apply. No school district
 29.26 or charter school may prohibit a student from applying to enroll in on-line learning. An
 29.27 on-line learning provider that accepts a student under this section must, within ten days,
 29.28 notify the student and the enrolling district if the enrolling district is not the on-line
 29.29 learning provider. The notice must report the student's course or program and hours
 29.30 of instruction.

29.31 (b) An on-line learning student must notify the enrolling district at least ~~30~~ 45
 29.32 days before taking an on-line learning course or program ~~if the enrolling district is not~~
 29.33 ~~providing the on-line learning.~~ An on-line learning provider must notify the commissioner
 29.34 that it is delivering on-line learning and report the number of on-line learning students it is
 29.35 accepting and the on-line learning courses and programs it is delivering.

30.1 (c) An on-line learning provider may limit enrollment if the provider's school board
30.2 or board of directors adopts by resolution specific standards for accepting and rejecting
30.3 students' applications.

30.4 (d) An enrolling district may reduce an on-line learning student's regular classroom
30.5 instructional membership in proportion to the student's membership in on-line learning
30.6 courses.

30.7 Sec. 19. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4,
30.8 is amended to read:

30.9 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
30.10 academic credit for completing the requirements of an online learning course or program.
30.11 Secondary credits granted to an online learning student must be counted toward the
30.12 graduation and credit requirements of the enrolling district. The enrolling district must
30.13 apply the same graduation requirements to all students, including online learning students,
30.14 and must continue to provide nonacademic services to online learning students. If a
30.15 student completes an online learning course or program that meets or exceeds a graduation
30.16 standard or grade progression requirement at the enrolling district, that standard or
30.17 requirement is met. The enrolling district must use the same criteria for accepting online
30.18 learning credits or courses as it does for accepting credits or courses for transfer students
30.19 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher
30.20 contact time of an online learning student in proportion to the number of online learning
30.21 courses the student takes from an online learning provider that is not the enrolling district.

30.22 (b) An online learning student may:

30.23 (1) enroll during a single school year in a maximum of 12 semester-long courses or
30.24 their equivalent delivered by an online learning provider or the enrolling district;

30.25 (2) complete course work at a grade level that is different from the student's current
30.26 grade level; and

30.27 (3) enroll in additional courses with the online learning provider under a separate
30.28 agreement that includes terms for payment of any tuition or course fees.

30.29 ~~(c) A student with a disability may enroll in an online learning course or program~~
30.30 ~~if the student's IEP team determines that online learning is appropriate education for~~
30.31 ~~the student.~~

30.32 ~~(d)~~ (c) An online learning student has the same access to the computer hardware
30.33 and education software available in a school as all other students in the enrolling district.
30.34 An online learning provider must assist an online learning student whose family qualifies
30.35 for the education tax credit under section 290.0674 to acquire computer hardware and
30.36 educational software for online learning purposes.

31.1 ~~(c)~~ (d) An enrolling district may offer online learning to its enrolled students.
 31.2 Such online learning does not generate online learning funds under this section. An
 31.3 enrolling district that offers online learning only to its enrolled students is not subject
 31.4 to the reporting requirements or review criteria under subdivision 7. A teacher with a
 31.5 Minnesota license must assemble and deliver instruction to enrolled students receiving
 31.6 online learning from an enrolling district. The delivery of instruction occurs when the
 31.7 student interacts with the computer or the teacher and receives ongoing assistance and
 31.8 assessment of learning. The instruction may include curriculum developed by persons
 31.9 other than a teacher with a Minnesota license.

31.10 ~~(f)~~ (e) An online learning provider that is not the enrolling district is subject to
 31.11 the reporting requirements and review criteria under subdivision 7. A teacher with a
 31.12 Minnesota license must assemble and deliver instruction to online learning students. The
 31.13 delivery of instruction occurs when the student interacts with the computer or the teacher
 31.14 and receives ongoing assistance and assessment of learning. The instruction may include
 31.15 curriculum developed by persons other than a teacher with a Minnesota license. Unless
 31.16 the commissioner grants a waiver, a teacher providing online learning instruction must not
 31.17 instruct more than 40 students in any one online learning course or program.

31.18 Sec. 20. Minnesota Statutes 2004, section 124D.096, is amended to read:

31.19 **124D.096 ON-LINE LEARNING AID.**

31.20 (a) The on-line learning aid for an on-line learning provider equals the product
 31.21 of the adjusted on-line learning average daily membership for students under section
 31.22 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under
 31.23 section 126C.05, subdivision 1, times the formula allowance.

31.24 (b) Notwithstanding section 127A.45, the department must pay each on-line learning
 31.25 provider ~~80 percent of the current year aid payment percentage multiplied by the amount~~
 31.26 in paragraph (a) within 45 days of receiving final enrollment and course completion
 31.27 information each quarter or semester. ~~A final payment equal to 20 percent of the amount in~~
 31.28 ~~paragraph (a)~~ The final adjustment payment must be the amount of the actual entitlement,
 31.29 after adjustment for actual data, minus the payments made during the fiscal year of the
 31.30 entitlement. This payment must be made on September 30 of the next fiscal year.

31.31 Sec. 21. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

31.32 Subd. 16. **Transportation.** (a) ~~By July 1 of each year, a charter school~~ A charter
 31.33 school after its first fiscal year of operation by March 1 of each fiscal year and a charter
 31.34 school by July 1 of its first fiscal year of operation must notify the district in which the
 31.35 school is located and the Department of Education if it will provide ~~transportation for~~

32.1 ~~pupils enrolled in the school~~ its own transportation or use the transportation services of the
 32.2 district in which it is located for the fiscal year.

32.3 (b) If a charter school elects to provide transportation for pupils, the transportation
 32.4 must be provided by the charter school within the district in which the charter school is
 32.5 located. The state must pay transportation aid to the charter school according to section
 32.6 124D.11, subdivision 2.

32.7 For pupils who reside outside the district in which the charter school is located, the
 32.8 charter school is not required to provide or pay for transportation between the pupil's
 32.9 residence and the border of the district in which the charter school is located. A parent
 32.10 may be reimbursed by the charter school for costs of transportation from the pupil's
 32.11 residence to the border of the district in which the charter school is located if the pupil is
 32.12 from a family whose income is at or below the poverty level, as determined by the federal
 32.13 government. The reimbursement may not exceed the pupil's actual cost of transportation
 32.14 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
 32.15 more than 250 miles per week.

32.16 At the time a pupil enrolls in a charter school, the charter school must provide the
 32.17 parent or guardian with information regarding the transportation.

32.18 (c) If a charter school does not elect to provide transportation, transportation for
 32.19 pupils enrolled at the school must be provided by the district in which the school is
 32.20 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
 32.21 pupil residing in the same district in which the charter school is located. Transportation
 32.22 may be provided by the district in which the school is located, according to sections
 32.23 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
 32.24 district. If the district provides the transportation, the scheduling of routes, manner and
 32.25 method of transportation, control and discipline of the pupils, and any other matter relating
 32.26 to the transportation of pupils under this paragraph shall be within the sole discretion,
 32.27 control, and management of the district.

32.28 Sec. 22. Minnesota Statutes 2004, section 124D.11, subdivision 9, is amended to read:

32.29 **Subd. 9. Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,
 32.30 subdivision 3, aid payments for the current fiscal year to a charter school not in its first
 32.31 year of operation shall be of an equal amount on each of the 23 payment dates. A charter
 32.32 school in its first year of operation shall receive, on its first payment date, ten percent of its
 32.33 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter
 32.34 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage
 32.35 multiplied by the cumulative amount guaranteed.

33.1 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the
 33.2 end of a school year, ~~80 percent of the current year aid payment percentage multiplied by~~
 33.3 the amount due for the school year may be paid to the school after audit of prior fiscal year
 33.4 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at
 33.5 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary
 33.6 final payments may be made after audit of pupil counts, monitoring of special education
 33.7 expenditures, and documentation of lease expenditures for the final year of operation.
 33.8 Final payment may be made upon receipt of audited financial statements under section
 33.9 123B.77, subdivision 3.

33.10 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
 33.11 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
 33.12 of student attendance for that school year.

33.13 (d) In order to receive state aid payments under this subdivision, a charter school in
 33.14 its first three years of operation must submit a school calendar in the form and manner
 33.15 requested by the department and a quarterly report to the Department of Education. The
 33.16 report must list each student by grade, show the student's start and end dates, if any,
 33.17 with the charter school, and for any student participating in a learning year program,
 33.18 the report must list the hours and times of learning year activities. The report must be
 33.19 submitted not more than two weeks after the end of the calendar quarter to the department.
 33.20 The department must develop a Web-based reporting form for charter schools to use
 33.21 when submitting enrollment reports. A charter school in its fourth and subsequent year of
 33.22 operation must submit a school calendar and enrollment information to the department in
 33.23 the form and manner requested by the department.

33.24 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
 33.25 school and satisfaction of creditors, cash and investment balances remaining shall be
 33.26 returned to the state.

33.27 Sec. 23. Minnesota Statutes 2004, section 124D.61, is amended to read:

33.28 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

33.29 A district ~~which receives aid pursuant to section 124D.65 must comply with that~~
 33.30 enrolls one or more children of limited English proficiency must implement an educational
 33.31 program that includes at a minimum the following program requirements:

33.32 (1) identification and reclassification criteria for children of limited English
 33.33 proficiency and program entrance and exit criteria for children with limited English
 33.34 proficiency must be documented by the district, applied uniformly to children of limited
 33.35 English proficiency, and made available to parents and other stakeholders upon request;

34.1 (2) a written plan of services that describes programming by English proficiency
 34.2 level made available to parents upon request. The plan must articulate the amount and
 34.3 scope of service offered to children of limited English proficiency through an educational
 34.4 program for children of limited English proficiency;

34.5 (3) professional development opportunities for ESL, bilingual education,
 34.6 mainstream, and all staff working with children of limited English proficiency which are:
 34.7 (i) coordinated with the district's professional development activities; (ii) related to the
 34.8 needs of children of limited English proficiency; and (iii) ongoing;

34.9 (4) to the extent possible, the district must avoid isolating children of limited English
 34.10 proficiency for a substantial part of the school day; and

34.11 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical
 34.12 education, permit pupils of limited English proficiency shall be permitted to participate
 34.13 fully and on an equal basis with their contemporaries in public school classes provided
 34.14 for these subjects. To the extent possible, the district must assure to pupils enrolled in a
 34.15 program for limited English proficient students an equal and meaningful opportunity to
 34.16 participate fully with other pupils in all extracurricular activities.

34.17 Sec. 24. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

34.18 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,
 34.19 blindness, visual disability, speech or language impairment, physical handicap, other
 34.20 health impairment, mental handicap, emotional/behavioral disorder, specific learning
 34.21 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and
 34.22 needs special instruction and services, as determined by the standards of the commissioner,
 34.23 is a child with a disability. In addition, every child under age three, and at local district
 34.24 discretion from age three to age seven, who needs special instruction and services, as
 34.25 determined by the standards of the commissioner, because the child has a substantial delay
 34.26 or has an identifiable physical or mental condition known to hinder normal development is
 34.27 a child with a disability.

34.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.29 Sec. 25. Minnesota Statutes 2004, section 125A.75, is amended by adding a
 34.30 subdivision to read:

34.31 **Subd. 9. Litigation costs; annual report.** (a) By November 30 of each year,
 34.32 a school district must annually report the district's special education litigation costs,
 34.33 including attorney fees and costs of due process hearings, to the commissioner of
 34.34 education, consistent with the Uniform Financial Accounting and Reporting Standards.

35.1 (b) By January 15 of each year, the commissioner shall report school district special
35.2 education litigation costs to the house of representatives and the senate committees having
35.3 jurisdiction over kindergarten through grade 12 education finance.

35.4 Sec. 26. Minnesota Statutes 2004, section 169.01, subdivision 6, is amended to read:

35.5 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils
35.6 to or from a school defined in section 120A.22, or to or from school-related activities, by
35.7 the school or a school district, or by someone under an agreement with the school or a
35.8 school district. A school bus does not include a motor vehicle transporting children to or
35.9 from school for which parents or guardians receive direct compensation from a school
35.10 district, a motor coach operating under charter carrier authority, a transit bus providing
35.11 services as defined in section 174.22, subdivision 7, a multifunction school activity bus
35.12 as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying
35.13 as a type III vehicle under paragraph (5), when the vehicle is properly registered and
35.14 insured and being driven by an employee or agent of a school district for nonscheduled
35.15 or nonregular transportation. A school bus may be type A, type B, type C, or type D, or
35.16 type III as follows:

35.17 (1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway
35.18 front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~
35.19 ~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight
35.20 rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a
35.21 GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

35.22 (2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance
35.23 door is behind the front wheels. This definition includes two classifications: type B-I,
35.24 with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater
35.25 than 10,000 pounds.

35.26 (3) A "type C school bus" is constructed utilizing a chassis with a hood and front
35.27 fender assembly. The entrance door is behind the front wheels. A "type C school bus" also
35.28 includes a cutaway truck chassis or truck chassis with cab with or without a left side door
35.29 and with a GVWR greater than 21,500 pounds.

35.30 (4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance
35.31 door is ahead of the front wheels.

35.32 (5) Type III school buses and type III Head Start buses are restricted to passenger
35.33 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating
35.34 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of
35.35 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value
35.36 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school

36.1 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type
 36.2 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a
 36.3 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must
 36.4 have been originally manufactured to comply with the passenger safety standards.

36.5 **EFFECTIVE DATE.** This section is effective January 1, 2007.

36.6 Sec. 27. Minnesota Statutes 2004, section 169.447, subdivision 2, is amended to read:

36.7 Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses manufactured
 36.8 after December 31, 1994, must be equipped with driver seat belts and seat belt assemblies
 36.9 of the type described in section 169.685, subdivision 3. School bus drivers and Head
 36.10 Start bus drivers must use these seat belts.

36.11 **EFFECTIVE DATE.** This section is effective July 1, 2006.

36.12 Sec. 28. Minnesota Statutes 2004, section 169.4501, subdivision 1, is amended to read:

36.13 Subdivision 1. **National standards adopted.** Except as provided in sections
 36.14 169.4502 and 169.4503, the construction, design, equipment, and color of types A,
 36.15 B, C, and D school buses used for the transportation of school children shall meet the
 36.16 requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005
 36.17 edition of the "National School Transportation Specifications and Procedures" adopted
 36.18 by the National ~~Conference~~ Congress on School Transportation. Except as provided
 36.19 in section 169.4504, the construction, design, and equipment of types A, B, C, and D
 36.20 school buses used for the transportation of students with disabilities also shall meet the
 36.21 requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National
 36.22 School Transportation Specifications and Procedures. The "bus chassis standards," "bus
 36.23 body standards," and "specially equipped school bus standards" sections of the ~~2000~~
 36.24 2005 edition of the "National School Transportation Specifications and Procedures" are
 36.25 incorporated by reference in this chapter.

36.26 **EFFECTIVE DATE.** This section is effective January 1, 2007.

36.27 Sec. 29. Minnesota Statutes 2004, section 169.4501, subdivision 2, is amended to read:

36.28 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections
 36.29 169.4502 and 169.4503, govern the construction, design, equipment, and color of school
 36.30 buses used for the transportation of school children, when owned or leased and operated
 36.31 by a school or privately owned or leased and operated under a contract with a school.
 36.32 Each school, its officers and employees, and each person employed under the contract is
 36.33 subject to these standards.

37.1 (b) The standards apply to school buses manufactured after ~~October 31, 2004~~
 37.2 December 31, 2006. Buses complying with the standards when manufactured need not
 37.3 comply with standards established later except as specifically provided for by law.

37.4 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,
 37.5 2006, must conform to the Minnesota standards in effect on the date the vehicle was
 37.6 manufactured except as specifically provided for in law.

37.7 (d) A new bus body may be remounted on a used chassis provided that the remounted
 37.8 vehicle meets state and federal standards for new buses which are current at the time of the
 37.9 remounting. Permission must be obtained from the commissioner of public safety before
 37.10 the remounting is done. A used bus body may not be remounted on a new or used chassis.

37.11 **EFFECTIVE DATE.** This section is effective January 1, 2007.

37.12 Sec. 30. Minnesota Statutes 2004, section 169.4502, subdivision 5, is amended to read:

37.13 Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the
 37.14 manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal
 37.15 devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the
 37.16 battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus
 37.17 with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050
 37.18 cold cranking amperes.

37.19 (b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and
 37.20 type C and D buses, the battery shall be temporarily mounted on the chassis frame. The
 37.21 final location of the battery and the appropriate cable lengths in these buses must comply
 37.22 with the SBMI design objectives booklet.

37.23 (c) All batteries shall be mounted according to chassis manufacturers'
 37.24 recommendations.

37.25 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least
 37.26 550 cold cranking amperes may be installed in the engine compartment only if used in
 37.27 combination with a generator or alternator of at least ~~120~~ 130 amperes.

37.28 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be
 37.29 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used
 37.30 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not
 37.31 apply to those buses with wheelchair lifts or diesel engines.

37.32 **EFFECTIVE DATE.** This section is effective January 1, 2007.

37.33 Sec. 31. Minnesota Statutes 2004, section 169.4503, subdivision 20, is amended to
 37.34 read:

38.1 Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats
38.2 shall be covered with a material that has fire retardant or fire block characteristics.

38.3 (b) All seats must have a minimum cushion depth of 15 inches and a seat back
38.4 height of at least 20 inches above the seating reference point.

38.5 **EFFECTIVE DATE.** This section is effective January 1, 2007.

38.6 Sec. 32. Minnesota Statutes 2004, section 171.321, subdivision 4, is amended to read:

38.7 Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when
38.8 transporting school children to or from school or upon a school-related trip or activity
38.9 without having demonstrated sufficient skills and knowledge to transport students in
38.10 a safe and legal manner.

38.11 (b) A bus driver must have training or experience that allows the driver to meet at
38.12 least the following competencies:

38.13 (1) safely operate the type of school bus the driver will be driving;

38.14 (2) understand student behavior, including issues relating to students with
38.15 disabilities;

38.16 (3) encourage orderly conduct of students on the bus and handle incidents of
38.17 misconduct appropriately;

38.18 (4) know and understand relevant laws, rules of the road, and local school bus
38.19 safety policies;

38.20 (5) handle emergency situations; and

38.21 (6) safely load and unload students.

38.22 (c) The commissioner of public safety shall develop a comprehensive model
38.23 school bus driver training program and model assessments for school bus driver training
38.24 competencies, which are not subject to chapter 14. A school district, nonpublic school, or
38.25 private contractor may use alternative assessments for bus driver training competencies
38.26 with the approval of the commissioner of public safety. After completion of bus driver
38.27 training competencies, a driver may receive at least eight hours of school bus in-service
38.28 training any year as an alternative to being assessed for bus driver competencies. The
38.29 employer shall keep the assessment and a record of the in-service training for the current
38.30 period available for inspection by representatives of the commissioner.

38.31 **EFFECTIVE DATE.** This section is effective July 1, 2006.

38.32 Sec. 33. Minnesota Statutes 2004, section 171.321, subdivision 5, is amended to read:

39.1 Subd. 5. **Annual evaluation and license verification.** (a) A school district,
 39.2 nonpublic school, or private contractor shall provide in-service training ~~annually~~ by June
 39.3 30 of each year to each school bus driver.

39.4 (b) A school district, nonpublic school, or private contractor shall ~~annually~~ by June
 39.5 30 of each year verify the validity of the driver's license of each employee who regularly
 39.6 transports students for the district in a type A school bus, a type B school bus, a type C
 39.7 school bus, or type D school bus, or regularly transports students for the district in a type
 39.8 III vehicle with the National Driver Register or with the Department of Public Safety.

39.9 (c) Members of a nonprofit bus drivers' trade association under private contract
 39.10 with an independent school district shall not be charged a fee greater than the fee, if any,
 39.11 imposed upon an independent school district for accessing an employee's driver's license
 39.12 records from the Department of Public Safety in compliance with this section.

39.13 **EFFECTIVE DATE.** This section is effective July 1, 2006.

39.14 Sec. 34. Minnesota Statutes 2004, section 299F.30, is amended to read:

39.15 **299F.30 FIRE DRILL IN SCHOOL; DOORS AND EXITS.**

39.16 Subdivision 1. **Duties of fire marshal.** Consistent with this section and section
 39.17 121A.035, it shall be the duty of the state fire marshal, deputies and assistants, to require
 39.18 public and private schools and educational institutions to have ~~at least nine~~ fire drills
 39.19 each school year and to keep all doors and exits unlocked from the inside of the building
 39.20 during school hours. The fire marshal must require nonpublic schools and educational
 39.21 institutions not subject to section 121A.035 to have at least one fire drill each month
 39.22 during the school year.

39.23 Subd. 2. **Fire drill.** Each superintendent, principal or other person in charge of a
 39.24 public or private school, educational institution, children's home or orphanage housing 20
 39.25 or more students or other persons, shall instruct and train such students or other persons to
 39.26 quickly and expeditiously quit the premises in case of fire or other emergency by means of
 39.27 drills or rapid dismissals ~~at least once each month~~ while such school, institution, home or
 39.28 orphanage is in operation. Records of such drills shall be posted so that such records are
 39.29 available for review by the state fire marshal at all times and shall include the drill date
 39.30 and the time required to evacuate the building.

39.31 Subd. 3. **School doors and exits.** Consistent with this section and section
 39.32 121A.035, each superintendent, principal or other person in charge of a public or private
 39.33 school, educational institution, children's home or orphanage shall keep all doors and exits
 39.34 of such school, institution, home or orphanage unlocked so that persons can leave by such
 39.35 doors or exits at any time during the hours of normal operation.

40.1 EFFECTIVE DATE. This section is effective for the 2006-2007 school year and
40.2 later.

40.3 Sec. 35. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 3, is
40.4 amended to read:

40.5 Subd. 3. **Persons mandated to report.** (a) Subject to paragraph (c), a person who
40.6 knows or has reason to believe a child is being neglected or physically or sexually abused,
40.7 as defined in subdivision 2, or has been neglected or physically or sexually abused within
40.8 the preceding three years, shall immediately report the information to the local welfare
40.9 agency, agency responsible for assessing or investigating the report, police department, or
40.10 the county sheriff if the person is:

40.11 (1) a professional or professional's delegate who is engaged in the practice of
40.12 the healing arts, social services, hospital administration, psychological or psychiatric
40.13 treatment, child care, education, correctional supervision, probation and correctional
40.14 services, or law enforcement; or

40.15 (2) employed as a member of the clergy and received the information while
40.16 engaged in ministerial duties, provided that a member of the clergy is not required by
40.17 this subdivision to report information that is otherwise privileged under section 595.02,
40.18 subdivision 1, paragraph (c).

40.19 The police department or the county sheriff, upon receiving a report, shall
40.20 immediately notify the local welfare agency or agency responsible for assessing or
40.21 investigating the report, orally and in writing. The local welfare agency, or agency
40.22 responsible for assessing or investigating the report, upon receiving a report, shall
40.23 immediately notify the local police department or the county sheriff orally and in writing.
40.24 The county sheriff and the head of every local welfare agency, agency responsible for
40.25 assessing or investigating reports, and police department shall each designate a person
40.26 within their agency, department, or office who is responsible for ensuring that the
40.27 notification duties of this paragraph and paragraph (b) are carried out. Nothing in this
40.28 subdivision shall be construed to require more than one report from any institution, facility,
40.29 school, or agency. If the agency receiving a report determines that it is not responsible for
40.30 assessing or investigating the report, the agency shall immediately notify the agency it
40.31 determines is responsible for assessing or investigating the report under this section.

40.32 (b) Any person may voluntarily report to the local welfare agency, agency
40.33 responsible for assessing or investigating the report, police department, or the county
40.34 sheriff if the person knows, has reason to believe, or suspects a child is being or has been
40.35 neglected or subjected to physical or sexual abuse. The police department or the county
40.36 sheriff, upon receiving a report, shall immediately notify the local welfare agency or

41.1 agency responsible for assessing or investigating the report, orally and in writing. The
 41.2 local welfare agency or agency responsible for assessing or investigating the report, upon
 41.3 receiving a report, shall immediately notify the local police department or the county
 41.4 sheriff orally and in writing.

41.5 (c) A person mandated to report physical or sexual child abuse or neglect occurring
 41.6 within a ~~licensed facility~~ or a school as defined under subdivision 3b, shall report the
 41.7 information to the agency responsible for licensing the facility under sections 144.50 to
 41.8 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; ~~or a nonlicensed personal care~~
 41.9 ~~provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625,~~
 41.10 ~~subdivision 19,~~ or to the agency responsible for assessing or investigating the report, if the
 41.11 facility is not licensed. A health or corrections agency receiving a report may request the
 41.12 local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A
 41.13 board or other entity whose licensees perform work within a school facility, upon receiving
 41.14 a complaint of alleged maltreatment, shall provide information about the circumstances of
 41.15 the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4,
 41.16 applies to data received by the commissioner of education from a licensing entity.

41.17 (d) Any person mandated to report shall receive a summary of the disposition of
 41.18 any report made by that reporter, including whether the case has been opened for child
 41.19 protection or other services, or if a referral has been made to a community organization,
 41.20 unless release would be detrimental to the best interests of the child. Any person who is
 41.21 not mandated to report shall, upon request to the local welfare agency, receive a concise
 41.22 summary of the disposition of any report made by that reporter, unless release would be
 41.23 detrimental to the best interests of the child.

41.24 (e) For purposes of this subdivision, "immediately" means as soon as possible but in
 41.25 no event longer than 24 hours.

41.26 Sec. 36. Minnesota Statutes 2004, section 626.556, subdivision 3b, is amended to read:

41.27 Subd. 3b. **Agency Department of Education responsible for assessing or**
 41.28 **investigating reports of maltreatment.** The Department of Education is the agency
 41.29 responsible for assessing or investigating allegations of child maltreatment in schools
 41.30 as defined in sections ~~120A.05, subdivisions 9, 11, and 13;~~ 120A.05, subdivisions 9,
 41.31 11, 13, and 17, and 124D.10, unless the alleged maltreatment occurred in a program or
 41.32 facility licensed by the commissioner of human services. "School" includes a school-age
 33 care program, Head Start program, early childhood family education program, school
 41.34 district-administered day treatment facility, or other program licensed or administered
 41.35 by the commissioner of education that provides services for minors and is located in
 41.36 or operated by a school.

42.1 Sec. 37. Minnesota Statutes 2004, section 626.556, subdivision 3c, is amended to read:

42.2 Subd. 3c. ~~Agency~~ **Local welfare agency, Department of Human Services,**
 42.3 **or Department of Health** responsible for assessing or investigating reports of
 42.4 maltreatment. ~~The following agencies are the administrative agencies responsible for~~
 42.5 ~~assessing or investigating reports of alleged child maltreatment in facilities made under~~
 42.6 ~~this section:~~

42.7 ~~(1)~~ (a) The county local welfare agency is the agency responsible for assessing or
 42.8 investigating:

42.9 (1) allegations of maltreatment in child foster care, family child care, and legally
 42.10 unlicensed child care and in juvenile correctional facilities licensed under section 241.021
 42.11 located in the local welfare agency's county; and

42.12 (2) other allegations of maltreatment that are not the responsibility of another agency
 42.13 under this subdivision or subdivision 3b.

42.14 ~~(2)~~ (b) The Department of Human Services is the agency responsible for assessing
 42.15 or investigating allegations of maltreatment in facilities licensed under chapters 245A and
 42.16 245B, except for child foster care and family child care; ~~and.~~

42.17 ~~(3)~~ (c) The Department of Health is the agency responsible for assessing or
 42.18 investigating allegations of child maltreatment in facilities licensed under sections 144.50
 42.19 to 144.58, and in unlicensed home health care.

42.20 Sec. 38. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
 42.21 13, is amended to read:

42.22 Subd. 13. **Examination fees; teacher training and support programs.** (a) For
 42.23 students' advanced placement and international baccalaureate examination fees under
 42.24 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
 42.25 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
 42.26 subdivision 1:

42.27	\$ 4,500,000	.....	2006
42.28	\$ 4,500,000	.....	2007

42.29 (b) The advanced placement program shall receive 75 percent of the appropriation
 42.30 each year and the international baccalaureate program shall receive 25 percent of the
 42.31 appropriation each year. The department, in consultation with representatives of the
 42.32 advanced placement and international baccalaureate programs selected by the Advanced
 33 Placement Advisory Council and IBMN, respectively, shall determine the amounts of
 42.34 the expenditures each year for examination fees and training and support programs for
 42.35 each program.

43.1 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
 43.2 \$500,000 each year is for teachers to attend subject matter summer training programs
 43.3 and follow-up support workshops approved by the advanced placement or international
 43.4 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~
 43.5 ~~advanced placement or international baccalaureate summer training program or workshop~~
 43.6 ~~shall be the same. The commissioner shall determine the payment process and the amount~~
 43.7 ~~of the subsidy. Teachers shall apply for teacher training scholarships to prepare for~~
 43.8 ~~teaching in the advanced placement or international baccalaureate program. Any reserved~~
 43.9 ~~funding not expended for teacher training may be used for exam fees and other support~~
 43.10 ~~programs for each program.~~

43.11 (d) The commissioner shall pay all examination fees for all students of low-income
 43.12 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
 43.13 of available appropriations shall also pay examination fees for students sitting for an
 43.14 advanced placement examination, international baccalaureate examination, or both.

43.15 Any balance in the first year does not cancel but is available in the second year.

43.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

43.17 **Sec. 39. RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**
 43.18 **"BLIND" AND "BLINDNESS."**

43.19 The commissioner of education, where appropriate, must incorporate references to
 43.20 "blind" and "blindness" into the definition of visually impaired under Minnesota Rules,
 43.21 part 3525.1345, and amend the rule title to include the word "blind."

43.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

43.23 **Sec. 40. 2006 SCHOOL ACCOUNTABILITY REPORT.**

43.24 Notwithstanding Minnesota Statutes, section 120B.36, for 2006 reporting only, the
 43.25 Department of Education may delay the release to the public and the posting of the 2006
 43.26 school performance report cards and adequate yearly progress data on its public Web
 43.27 site to no later than November 30, 2006.

43.28 **Sec. 41. CHARACTER DEVELOPMENT EDUCATION; PILOT PROGRAM.**

43.29 Subdivision 1. Pilot program created. School districts may develop a pilot
 43.30 program to implement comprehensive character development education under Minnesota
 43.31 Statutes, section 120B.232, subdivision 1.

43.32 Subd. 2. Approved provider list. (a) Based upon available resources, the
 43.33 commissioner of education shall maintain a character development education curriculum
 43.34 approved provider list. The character development education curriculum of approved

44.1 providers shall be research based and evaluated by an independent party. Approved
 44.2 comprehensive character development education curriculum must include:

44.3 (1) age appropriate character development for the classroom in elementary or
 44.4 secondary grades;

44.5 (2) teacher training workshops and in-service training;

44.6 (3) midyear consulting between the school district and the provider; and

44.7 (4) an assessment program.

44.8 (b) Funding for the approved provider list shall be from existing department
 44.9 resources under Minnesota Statutes, section 120B.232, subdivision 2.

44.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

44.11 Sec. 42. **REPEALER.**

44.12 (a) Minnesota Statutes 2004, sections 121A.23; and 123B.749, are repealed.

44.13 (b) Minnesota Statutes 2004, sections 169.4502, subdivision 15; and 169.4503,
 44.14 subdivisions 17, 18, and 26, are repealed.

44.15 **EFFECTIVE DATE.** This section, paragraph (b), is effective January 1, 2007.

44.16 **ARTICLE 3**

44.17 **SPECIAL EDUCATION**

44.18 Section 1. Minnesota Statutes 2005 Supplement, section 125A.11, subdivision 1,
 44.19 is amended to read:

44.20 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
 44.21 when a school district provides instruction and services outside the district of residence,
 44.22 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The
 44.23 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition
 44.24 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum
 44.25 of (1) the actual cost of providing special instruction and services to the child including
 44.26 a proportionate amount for special transportation and unreimbursed building lease and
 44.27 debt service costs for facilities used primarily for special education, plus (2) the amount
 44.28 of general education revenue and referendum aid attributable to the pupil, minus (3) the
 44.29 amount of special education aid for children with a disability received on behalf of that
 44.30 child, minus (4) if the pupil receives special instruction and services outside the regular
 44.31 classroom for more than 60 percent of the school day, the amount of general education
 44.32 revenue and referendum aid, excluding portions attributable to district and school
 44.33 administration, district support services, operations and maintenance, capital expenditures,
 44.34 and pupil transportation, attributable to that pupil for the portion of time the pupil receives

45.1 special instruction in and services outside of the regular classroom. If the boards involved
45.2 do not agree upon the tuition rate, either board may apply to the commissioner to fix the
45.3 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or
45.4 request a written statement from each board, giving each board at least ten days' notice,
45.5 and after the hearing or review of the written statements the commissioner must make an
45.6 order fixing the tuition rate, which is binding on both school districts. General education
45.7 revenue and referendum aid attributable to a pupil must be calculated using the resident
45.8 district's average general education and referendum revenue per adjusted pupil unit.

45.9 (b) For fiscal year 2007 and later, when a school district provides special instruction
45.10 and services for a pupil with a disability as defined in section 125A.02 outside the district
45.11 of residence, excluding a pupil for whom an adjustment to special education aid is
45.12 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
45.13 aid paid to the resident district must be reduced by an amount equal to (1) the actual
45.14 cost of providing special instruction and services to the pupil, including a proportionate
45.15 amount for special transportation and unreimbursed building lease and debt service costs
45.16 for facilities used primarily for special education, plus (2) the amount of general education
45.17 revenue and referendum aid attributable to that pupil, minus (3) the amount of special
45.18 education aid for children with a disability received on behalf of that child, minus (4) if the
45.19 pupil receives special instruction and services outside the regular classroom for more than
45.20 60 percent of the school day, the amount of general education revenue and referendum
45.21 aid, excluding portions attributable to district and school administration, district support
45.22 services, operations and maintenance, capital expenditures, and pupil transportation,
45.23 attributable to that pupil for the portion of time the pupil receives special instruction in
45.24 and services outside of the regular classroom. General education revenue and referendum
45.25 aid attributable to a pupil must be calculated using the resident district's average general
45.26 education revenue and referendum aid per adjusted pupil unit. Special education aid
45.27 paid to the district or cooperative providing special instruction and services for the pupil
45.28 must be increased by the amount of the reduction in the aid paid to the resident district.
45.29 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision
45.30 7, shall be recognized and reported as revenues and expenditures on the resident school
45.31 district's books of account under sections 123B.75 and 123B.76. If the resident district's
45.32 special education aid is insufficient to make the full adjustment, the remaining adjustment
45.33 shall be made to other state aid due to the district.

45.34 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
45.35 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
45.36 receive special education and related services, an intermediate district, ~~or~~ a special

46.1 education cooperative, or a school district that served as the applicant agency for a group
 46.2 of school districts for federal special education aids for fiscal year 2006 may apply to the
 46.3 commissioner for authority to charge the resident district an additional amount to recover
 46.4 any remaining unreimbursed costs of serving pupils with a disability. The application must
 46.5 include a description of the costs and the calculations used to determine the unreimbursed
 46.6 portion to be charged to the resident district. Amounts approved by the commissioner
 46.7 under this paragraph must be included in the tuition billings or aid adjustments under
 46.8 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

46.9 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
 46.10 (d) and (e), "general education revenue and referendum aid" means the sum of the general
 46.11 education revenue according to section 126C.10, subdivision 1, excluding alternative
 46.12 teacher compensation revenue, plus the referendum aid according to section 126C.17,
 46.13 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)
 46.14 to (c).

46.15 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

46.16 Sec. 2. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

46.17 Subdivision 1. **Approval of education programs.** The commissioner shall
 46.18 approve education programs for placement of children and youth in ~~care and treatment~~
 46.19 residential facilities including detention centers, before being licensed by the Department
 46.20 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~
 46.21 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~
 46.22 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and
 46.23 federal education laws including the Individuals with Disabilities Education Act (IDEA).
 46.24 This section applies only to placements in facilities licensed by the Department of Human
 46.25 Services or the Department of Corrections.

46.26 Sec. 3. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

46.27 Subd. 3. **Responsibilities for providing education.** (a) The district in which the
 46.28 residential facility is located must provide education services, including special education
 46.29 if eligible, to all students placed in a facility ~~for care and treatment.~~

46.30 (b) For education programs operated by the Department of Corrections, the
 46.31 providing district shall be the Department of Corrections. For students remanded to the
 46.32 commissioner of corrections, the providing and resident district shall be the Department
 46.33 of Corrections.

46.34 ~~(c) Placement for care and treatment does not automatically make a student eligible~~
 46.35 ~~for special education. A student placed in a care and treatment facility is eligible for~~

47.1 ~~special education under state and federal law including the Individuals with Disabilities~~
 47.2 ~~Education Act under United States Code, title 20, chapter 33.~~

47.3 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

47.4 Subd. 5. **Education programs for students placed in residential facilities**
 47.5 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility
 47.6 approved under this section that has an on-site education program, the providing district,
 47.7 upon notice from the care and treatment facility, must contact the resident district within
 47.8 one business day to determine if a student has been identified as having a disability, and
 47.9 to request at least the student's transcript, and for students with disabilities, the most
 47.10 recent individualized education plan (IEP) and evaluation report, and to determine if the
 47.11 student has been identified as a student with a disability. The resident district must send a
 47.12 facsimile copy to the providing district within two business days of receiving the request.

47.13 (b) If a student placed ~~for care and treatment~~ under this section has been identified as
 47.14 having a disability and has an individual education plan in the resident district:

47.15 (1) the providing agency must conduct an individualized education plan meeting
 47.16 to reach an agreement about continuing or modifying special education services in
 47.17 accordance with the current individualized education plan goals and objectives and to
 47.18 determine if additional evaluations are necessary; and

47.19 (2) at least the following people shall receive written notice or documented phone
 47.20 call to be followed with written notice to attend the individualized education plan meeting:

47.21 (i) the person or agency placing the student;

47.22 (ii) the resident district;

47.23 (iii) the appropriate teachers and related services staff from the providing district;

47.24 (iv) appropriate staff from the ~~care and treatment~~ residential facility;

47.25 (v) the parents or legal guardians of the student; and

47.26 (vi) when appropriate, the student.

47.27 (c) For a student who has not been identified as a student with a disability, a
 47.28 screening must be conducted by the providing districts as soon as possible to determine
 47.29 the student's educational and behavioral needs and must include a review of the student's
 47.30 educational records.

47.31 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

47.32 Subd. 6. **Exit report summarizing educational progress.** If a student has been
 47.33 placed in a ~~care and treatment~~ facility under this section for 15 or more business days, the
 47.34 providing district must prepare an exit report summarizing the regular education, special
 47.35 education, evaluation, educational progress, and service information and must send the

48.1 report to the resident district and the next providing district if different, the parent or
 48.2 legal guardian, and any appropriate social service agency. For students with disabilities,
 48.3 this report must include the student's IEP.

48.4 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

48.5 Subd. 7. **Minimum educational services required.** When a student is placed in a
 48.6 facility approved under this section, at a minimum, the providing district is responsible for:

48.7 (1) the education necessary, including summer school services, for a student who is
 48.8 not performing at grade level as indicated in the education record or IEP; and

48.9 (2) a school day, of the same length as the school day of the providing district, unless
 48.10 the unique needs of the student, as documented through the IEP or education record in
 48.11 consultation with treatment providers, requires an alteration in the length of the school day.

48.12 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

48.13 Subd. 9. **Reimbursement for education services.** (a) Education services
 48.14 provided to students who have been placed ~~for care and treatment~~ under this section are
 48.15 reimbursable in accordance with special education and general education statutes.

48.16 (b) Indirect or consultative services provided in conjunction with regular education
 48.17 prereferral interventions and assessment provided to regular education students suspected
 48.18 of being disabled and who have demonstrated learning or behavioral problems in a
 48.19 screening are reimbursable with special education categorical aids.

48.20 (c) Regular education, including screening, provided to students with or without
 48.21 disabilities is not reimbursable with special education categorical aids.

48.22 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

48.23 Subd. 10. **Students unable to attend school but not placed in care and treatment**
 48.24 **facilities covered under this section.** Students who are absent from, or predicted to
 48.25 be absent from, school for 15 consecutive or intermittent days, and placed at home or
 48.26 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~
 48.27 ~~students placed for care and treatment~~ entitled to regular and special education services
 48.28 consistent with applicable law and rule. These students include students with and without
 48.29 disabilities who are home due to accident or illness, in a hospital or other medical facility,
 48.30 or in a day treatment center. ~~These students are entitled to education services through~~
 48.31 ~~their district of residence.~~

48.32 Sec. 9. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

48.33 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~
 48.34 commissioner shall establish an advisory committee for each resource center. The
 48.35 advisory committees shall develop recommendations regarding the resource centers and

49.1 submit an annual report to the commissioner on the form and in the manner prescribed by
 49.2 the commissioner.

49.3 Sec. 10. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

49.4 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
 49.5 actually expended by a district, based on mileage, for necessary travel of essential
 49.6 personnel providing home-based services to children with a disability under age five
 49.7 and their families.

49.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

49.9 Sec. 11. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is
 49.10 amended to read:

49.11 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
 49.12 subdivision apply.

49.13 (a) "Unreimbursed special education cost" means the sum of the following:

49.14 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
 49.15 transportation services eligible for revenue under section 125A.76; plus

49.16 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
 49.17 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

49.18 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under
 49.19 section 125A.76; minus

49.20 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
 49.21 eligible for revenue under section 125A.76, subdivision 2.

49.22 (b) "General revenue" means the sum of the general education revenue according to
 49.23 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~

49.24 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying

49.25 referendum revenue specified in paragraph (e) minus transportation sparsity revenue

49.26 minus total operating capital revenue.

49.27 (c) "Average daily membership" has the meaning given it in section 126C.05.

49.28 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal
 49.29 year 2004 and later.

49.30 (e) "Total qualifying referendum revenue" means two-thirds of the district's total
 49.31 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs

49.32 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal
 49.33 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

49.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

50.1 **Sec. 12. SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

50.2 (a) If, on the basis of a forecast of general fund revenues and expenditures under
50.3 Minnesota Statutes, section 16A.103; expenditures for special education aid under
50.4 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota
50.5 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,
50.6 section 125A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,
50.7 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,
50.8 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section
50.9 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an
50.10 enacted budget, the forecast excess from these programs, up to an amount sufficient to
50.11 meet federal special education maintenance of effort, is added to the state total special
50.12 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

50.13 (b) If, on the basis of a forecast of general fund revenues and expenditures under
50.14 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are
50.15 projected to be greater than previously forecast for an enacted budget, and an addition to
50.16 state total special education aid has been made under paragraph (a), the state total special
50.17 education aid must be reduced by the lesser of the amount of the expenditure increase or
50.18 the amount previously added to state total special education aid, and this amount must be
50.19 taken from the programs that were forecast to have a forecast excess.

50.20 (c) For the purpose of this section, "previously forecast for an enacted budget" means
50.21 the allocation of funding for these programs in the most recent forecast of general fund
50.22 revenues and expenditures or the act appropriating money for these programs, whichever
50.23 occurred most recently. It does not include planning estimates for a future biennium.

50.24 **Sec. 13. INTERMEDIATE DISTRICT SPECIAL EDUCATION TUITION**
50.25 **BILLING FOR FISCAL YEARS 2006 AND 2007.**

50.26 (a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph
50.27 (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006, an intermediate
50.28 district is not subject to the uniform special education tuition billing calculations, but may
50.29 instead continue to bill the resident school districts for the actual unreimbursed costs of
50.30 servicing pupils with a disability as determined by the intermediate district.

50.31 (b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph
50.32 (c), for fiscal year 2007 only, an intermediate district may apply to the commissioner of
50.33 education for a waiver from the uniform special education tuition calculations and aid
50.34 adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and
50.35 127A.47, subdivision 7, paragraph (e). The commissioner must grant the waiver within 30
50.36 days of receiving the following information from the intermediate district:

51.1 (1) a detailed description of the intermediate district's methodology for calculating
 51.2 special education tuition for fiscal years 2006 and 2007, as required by the intermediate
 51.3 district to recover the full cost of serving pupils with a disability;

51.4 (2) sufficient data to determine the total amount of special education tuition actually
 51.5 charged for each student with a disability, as required by the intermediate district to
 51.6 recover the full cost of serving pupils with a disability in fiscal year 2006; and

51.7 (3) sufficient data to determine the amount that would have been charged for each
 51.8 student for fiscal year 2006 using the uniform tuition billing methodology according
 51.9 to Minnesota Statutes, section 125A.11, subdivision 1, or 127A.47, subdivision 7, as
 51.10 applicable.

51.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
 51.12 for fiscal year 2006.

51.13 Sec. 14. **DEPARTMENT OF EDUCATION RULES.**

51.14 Before July 1, 2007, the Department of Education shall amend Minnesota Rules,
 51.15 part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

51.16 Sec. 15. **REPEALER.**

51.17 Minnesota Statutes 2004, sections 125A.10; and 125A.515, subdivision 2, are
 51.18 repealed.

51.19 **ARTICLE 4**

51.20 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

51.21 Section 1. Minnesota Statutes 2004, section 123A.44, is amended to read:

51.22 **123A.44 CITATION.**

51.23 Sections 123A.441 to 123A.446 may be cited as the "Cooperative ~~Secondary~~
 51.24 Facilities Grant Act."

51.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.26 Sec. 2. Minnesota Statutes 2004, section 123A.441, is amended to read:

51.27 **123A.441 POLICY AND PURPOSE.**

51.28 Because of the rates of decline in school-aged population, population shifts and
 51.29 economic changes that the state has experienced in recent years and anticipates in future
 51.30 years, and because in some instances local districts have not, and will not be able to
 51.31 provide the required construction funds through local property taxes, the purpose of the
 51.32 cooperative ~~secondary~~ facilities grant program is to provide an incentive to encourage
 51.33 cooperation in making available to all ~~secondary~~ students those educational programs,
 51.34 services and facilities that are most efficiently and effectively provided by a cooperative

52.1 effort of ~~several~~ school districts. The policy and purpose of sections 123A.442 to
 52.2 123A.446 is to use the credit of the state, to a limited degree, to provide grants to
 52.3 cooperating groups of districts to improve and expand the educational opportunities and
 52.4 facilities available to their ~~secondary~~ students.

52.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

52.6 Sec. 3. Minnesota Statutes 2004, section 123A.442, is amended to read:

52.7 **123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.**

52.8 Subdivision 1. **Approval by commissioner.** To the extent money is available, the
 52.9 commissioner may approve projects from applications submitted under section 123A.443.
 52.10 The grant money must be used only to acquire, construct, remodel or improve the building
 52.11 or site of a cooperative ~~secondary~~ facility under contracts to be entered into within 15
 52.12 months after the date on which each grant is awarded.

52.13 Subd. 2. **Cooperation and combination.** Districts that have not already
 52.14 consolidated and receive a cooperative ~~secondary~~ facilities grant ~~after May 1, 1991~~, shall:

52.15 (1) submit a consolidation plan as set forth in under section ~~123A.36~~ 123A.48 for
 52.16 approval by the ~~State Board of Education before December 31, 1999~~, or Department of
 52.17 Education ~~after December 30, 1999~~; and

52.18 (2) hold a referendum on the question of ~~combination~~ consolidation no later than
 52.19 four years after a grant is awarded under subdivision 1.

52.20 The districts are eligible for ~~cooperation and combination~~ consolidation revenue
 52.21 under section ~~123A.39~~, subdivision ~~3~~ 123A.485.

52.22 Subd. 3. **Consolidated districts.** A school district that has consolidated with
 52.23 another school district since July 1, 1980, is eligible for a cooperative facilities grant.

52.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

52.25 Sec. 4. Minnesota Statutes 2004, section 123A.443, is amended to read:

52.26 **123A.443 GRANT APPLICATION PROCESS.**

52.27 Subdivision 1. **Qualification.** Any group of districts or a consolidated district
 52.28 that meets the criteria required under subdivision 2 may apply for an incentive grant for
 52.29 construction of a new ~~secondary~~ facility or for remodeling and improving an existing
 52.30 ~~secondary~~ facility. A grant for new construction must not exceed the lesser of ~~\$5,000,000~~
 52.31 \$10,000,000 or 75 percent of the approved construction costs of a cooperative ~~secondary~~
 52.32 education facility. A grant for remodeling and improving an existing facility must not
 52.33 exceed ~~\$200,000~~ \$1,000,000.

52.34 Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district
 52.35 that submits an application for a grant must submit a proposal to the commissioner for

53.1 review and comment under section 123B.71. The commissioner shall prepare a review
 53.2 and comment on the proposed facility by July 1 of an odd-numbered year, regardless
 53.3 of the amount of the capital expenditure required to acquire, construct, remodel, or
 53.4 improve the ~~secondary~~ facility. The commissioner shall not approve an application for an
 53.5 incentive grant for any ~~secondary~~ facility unless the facility receives a favorable review
 53.6 and comment under section 123B.71 and the following criteria are met:

53.7 (1) the applicant is a consolidated district or a minimum of two or more districts;
 53.8 ~~with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils;~~
 53.9 ~~enter that have entered~~ into a joint powers agreement;

53.10 (2) for a group of districts, a joint powers board representing all participating
 53.11 districts is established under section 471.59 to govern the cooperative ~~secondary~~ facility;

53.12 ~~(3) the planned secondary facility will result in the joint powers district meeting the~~
 53.13 ~~requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;~~

53.14 ~~(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be~~
 53.15 ~~served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;~~

53.16 ~~(5) (3) for a group of districts,~~ no more than one superintendent is employed by the
 53.17 joint powers board as a result of the cooperative ~~secondary~~ facility agreement;

53.18 ~~(6) (4) a statement of need is submitted, that may include reasons why the current~~
 53.19 ~~secondary facilities are inadequate, unsafe or inaccessible to the handicapped disabled;~~

53.20 ~~(7) (5) an educational plan is prepared, that includes input from both community and~~
 53.21 ~~professional staff;~~

53.22 ~~(8) (6) for a group of districts,~~ a combined seniority list for all participating districts
 53.23 is developed by the joint powers board;

53.24 ~~(9) (7) for a group of districts,~~ an education program is developed that provides for
 53.25 more learning opportunities and course offerings, including the offering of advanced
 53.26 placement courses, for students than is currently available in any single member district;

53.27 ~~(10) (8) a plan is developed for providing instruction of any resident students in~~
 53.28 ~~other districts when distance to the secondary education facility makes attendance at the~~
 53.29 ~~facility unreasonably difficult or impractical; and~~

53.30 ~~(11) (9) for a secondary facility,~~ the joint powers board established under clause (2)
 53.31 discusses with technical colleges located in the area how vocational education space in
 53.32 the cooperative ~~secondary~~ facility could be jointly used for secondary and postsecondary
 53.33 purposes.

53.34 (b) To the extent possible, the joint powers board is encouraged to provide for
 53.35 severance pay or for early retirement incentives under section 122A.48, for any teacher

54.1 or administrator, as defined under section 122A.40, subdivision 1, who is placed on
 54.2 unrequested leave as a result of the cooperative ~~secondary~~ facility agreement.

54.3 (c) For the purpose of paragraph (a), clause ~~(8)~~ (6), each district must be considered
 54.4 to have started school each year on the same date.

54.5 (d) The districts may develop a plan that provides for the location of social service,
 54.6 health, and other programs serving pupils and community residents within the cooperative
 54.7 ~~secondary~~ facility. The commissioner shall consider this plan when preparing a review
 54.8 and comment on the proposed facility.

54.9 (e) The districts must schedule and conduct a meeting on library services. The
 54.10 school districts, in cooperation with the regional public library system and its appropriate
 54.11 member libraries, must discuss the possibility of including jointly operated library services
 54.12 at the cooperative ~~secondary~~ facility.

54.13 (f) The board of a district that has reorganized under section 123A.37 or 123A.48
 54.14 and that is applying for a grant for remodeling or improving an existing facility may act in
 54.15 the place of a joint powers board to meet the criteria of this subdivision.

54.16 **Subd. 3. Reorganizing districts.** A district that is a member of a joint powers
 54.17 board established under subdivision 2 and that is planning to reorganize under section
 54.18 123A.45, 123A.46, or 123A.48 must notify the joint powers board one year in advance of
 54.19 the effective date of the reorganization. Notwithstanding section 471.59 or any other law
 54.20 to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or
 54.21 123A.48 may appoint representatives to the joint powers board who will serve on the joint
 54.22 powers board for two years after the effective date of the reorganization if authorized in
 54.23 the agreement establishing the joint powers board to govern the cooperative ~~secondary~~
 54.24 facility. These representatives shall have the same powers as representatives of any other
 54.25 school district under the joint powers agreement.

54.26 **Subd. 4. District procedures.** A joint powers board of a ~~secondary~~ district
 54.27 established under subdivision 2 or a school board of a reorganized district that intends
 54.28 to apply for a grant must adopt a resolution stating the proposed costs of the project,
 54.29 the purpose for which the costs are to be incurred, and an estimate of the dates when
 54.30 the facilities for which the grant is requested will be contracted for and completed.
 54.31 Applications for the state grants must be accompanied by (a) a copy of the resolution, (b)
 54.32 a certificate by the clerk and treasurer of the joint powers board showing the current
 54.33 outstanding indebtedness of each member district, and (c) a certificate by the county
 54.34 auditor of each county in which a portion of the joint powers district lies showing the
 54.35 information in the auditor's official records that is required to be used in computing the
 54.36 debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's

55.1 certificate must show, as to each outstanding bond issue of each member district, the
55.2 amount originally issued, the purpose for which issued, the date of issue, the amount
55.3 remaining unpaid as of the date of the resolution, and the interest rates and due dates
55.4 and amounts of principal thereon. Applications and necessary data must be in the
55.5 form prescribed by the commissioner ~~and the rules of the State Board of Education~~
55.6 ~~before December 31, 1999, and after December 30, 1999, in the form prescribed by the~~
55.7 ~~commissioner~~. Applications must be received by the commissioner by September 1 of an
55.8 odd-numbered year. When an application is received, the commissioner shall obtain from
55.9 the commissioner of revenue, and from the Public Utilities Commission when required,
55.10 the information in their official records that is required to be used in computing the debt
55.11 limit of the joint powers district under section 475.53, subdivision 4.

55.12 Subd. 5. **Award of grants.** By November 1 of the odd-numbered year, the
55.13 commissioner shall examine and consider all applications for grants, and if any district is
55.14 found not qualified, the commissioner shall promptly notify that board.

55.15 A grant award is subject to verification by the district as specified in subdivision
55.16 8. A grant award for a new facility must not be made until the site of the ~~secondary~~
55.17 facility has been determined. A grant award to remodel or improve an existing facility
55.18 must not be made until the districts have reorganized. If the total amount of the approved
55.19 applications exceeds the amount that is or can be made available, the commissioner
55.20 shall allot the available amount equally between the approved applicant districts. The
55.21 commissioner shall promptly certify to each qualified district the amount, if any, of the
55.22 grant awarded to it.

55.23 Subd. 6. **Collocation grant.** A group of districts that receives a grant for a new
55.24 facility under subdivision 4 is also eligible to receive an additional grant in the amount of
55.25 \$1,000,000. To receive the additional grant, the group of districts must develop a plan
55.26 under subdivision 2, paragraph (d), that provides for the location of a significant number
55.27 of noneducational student and community service programs within the cooperative
55.28 ~~secondary~~ facility.

55.29 Subd. 7. **Referendum; bond issue.** Within 180 days after being awarded a grant
55.30 for a new facility under subdivision 5, the joint powers board must submit the question
55.31 of authorizing the borrowing of funds for the ~~secondary~~ facility to the voters of the joint
55.32 powers district at a special election, which may be held in conjunction with the annual
55.33 election of the school board members of the member districts. The question submitted
55.34 must state the total amount of funding needed from all sources. A majority of those voting
55.35 in the affirmative on the question is sufficient to authorize the joint powers board to accept
55.36 the grant and to issue the bonds on public sale ~~in accordance with~~ according to chapter

56.1 475. The clerk of the joint powers board must certify the vote of the bond election to the
 56.2 commissioner. If the question is approved by the voters, the commissioner shall notify the
 56.3 approved applicant districts that the grant amount certified under subdivision 5 is available
 56.4 and appropriated for payment under this subdivision. If a majority of those voting on the
 56.5 question do not vote in the affirmative, the grant must be canceled.

56.6 Subd. 8. **Contract.** Each grant must be evidenced by a contract between the board
 56.7 and the state acting through the commissioner. The contract obligates the state to pay to
 56.8 the board an amount computed according to subdivision 5, and according to a schedule,
 56.9 and terms and conditions acceptable to the commissioner of finance.

56.10 Subd. 9. **Consolidation.** A group of districts that operates a cooperative ~~secondary~~
 56.11 facility that was acquired, constructed, remodeled, or improved under this section and
 56.12 implements consolidation proceedings according to section 123A.48, may propose a
 56.13 temporary school board structure in the petition or resolution required under section
 56.14 123A.48, subdivision 2. The districts may propose the number of existing school board
 56.15 members of each district to become members of the board of the consolidated district
 56.16 and a method to gradually reduce the membership to six or seven. The proposal must
 56.17 be approved, disapproved, or modified by the ~~state board of education~~ commissioner.
 56.18 The election requirements of section 123A.48, subdivision 20, do not apply to a
 56.19 proposal approved by the state board. Elections conducted after the effective date of the
 56.20 consolidation are subject to the Minnesota Election Law.

56.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

56.22 Sec. 5. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

56.23 Subdivision 1. **Budgets.** ~~By October 1,~~ Every board must publish revenue and
 56.24 expenditure budgets for the current year and the actual revenues, expenditures, fund
 56.25 balances for the prior year and projected fund balances for the current year in a form
 56.26 prescribed by the commissioner within one week of the acceptance of the final audit by
 56.27 the board, or November 30, whichever is earlier. The forms prescribed must be designed
 56.28 so that year to year comparisons of revenue, expenditures and fund balances can be made.
 56.29 These budgets, reports of revenue, expenditures and fund balances must be published in
 56.30 a qualified newspaper of general circulation in the district or on the district's official
 56.31 Web site. If published on the district's official Web site, the district must also publish an
 56.32 announcement in a qualified newspaper of general circulation in the district that includes
 56.33 the Internet address where the information has been posted.

56.34 Sec. 6. Minnesota Statutes 2004, section 123B.77, is amended by adding a subdivision
 56.35 to read:

57.1 Subd. 1a. School district consolidated financial statement. The commissioner,
 57.2 in consultation with the advisory committee on financial management, accounting, and
 57.3 reporting, shall develop and maintain a school district consolidated financial statement
 57.4 format that converts uniform financial accounting and reporting standards data under
 57.5 subdivision 1 into a more understandable format.

57.6 EFFECTIVE DATE. This section is effective the day following final enactment.

57.7 Sec. 7. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

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

57.24 Sec. 8. Minnesota Statutes 2004, section 181.101, is amended to read:

57.25 **181.101 WAGES; HOW OFTEN PAID.**

57.26 Every employer must pay all wages earned by an employee at least once every 31
 57.27 days on a regular pay day designated in advance by the employer regardless of whether
 57.28 the employee requests payment at longer intervals. Unless paid earlier, the wages earned
 57.29 during the first half of the first 31-day pay period become due on the first regular payday
 57.30 following the first day of work. If wages earned are not paid, the commissioner of labor
 57.31 and industry or the commissioner's representative may demand payment on behalf of an
 57.32 employee. If payment is not made within ten days of demand, the commissioner may
 57.33 charge and collect the wages earned and a penalty in the amount of the employee's average
 57.34 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15
 57.35 days in all, for each day beyond the ten-day limit following the demand. Money collected

58.1 by the commissioner must be paid to the employee concerned. This section does not
 58.2 prevent an employee from prosecuting a claim for wages. This section does not prevent
 58.3 a school district ~~or~~, other public school entity, or other school, as defined under section
 58.4 120A.22, from paying any wages earned by its employees during a school year on regular
 58.5 pay days in the manner provided by an applicable contract or collective bargaining
 58.6 agreement, or a personnel policy adopted by the governing board. For purposes of this
 58.7 section, "employee" includes a person who performs agricultural labor as defined in
 58.8 section 181.85, subdivision 2. For purposes of this section, wages are earned on the
 58.9 day an employee works.

58.10 **Sec. 9. CONSOLIDATED FINANCIAL STATEMENT IMPLEMENTATION.**

58.11 The Department of Education shall pay for the implementation of the consolidated
 58.12 financial statement system under Minnesota Statutes, section 123B.77, subdivision 1a,
 58.13 from the department's existing biennial appropriations for fiscal years 2006 and 2007.

58.14 **Sec. 10. HEALTH AND SAFETY REVENUE USES; BELLE PLAINE.**

58.15 Notwithstanding Minnesota Statutes, sections 123B.57 and 123B.59, upon approval
 58.16 of the commissioner of education, Independent School District No. 716, Belle Plaine, may
 58.17 use up to \$125,000 of its health and safety revenue raised through an alternative facilities
 58.18 bond for other qualifying health and safety projects.

58.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

58.20 **ARTICLE 5**

58.21 **STATE AGENCIES**

58.22 Section 1. Minnesota Statutes 2004, section 125A.65, subdivision 3, is amended to
 58.23 read:

58.24 Subd. 3. **Educational program; tuition.** (a) When it is determined pursuant to
 58.25 section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school,
 58.26 the board of the Minnesota State Academies must provide the appropriate educational
 58.27 program for the child.

58.28 (b) For fiscal year 2006, the board of the Minnesota State Academies must make a
 58.29 tuition charge to the child's district of residence for the cost of providing the program.
 58.30 The amount of tuition charged must not exceed the sum of (1) the general education
 58.31 revenue formula allowance times the pupil unit weighting factor pursuant to section
 58.32 126C.05 for that child, for the amount of time the child is in the program, plus (2), if
 58.33 the child was enrolled at the Minnesota State Academies on October 1 of the previous
 58.34 fiscal year, the compensatory education revenue attributable to that child under section
 58.35 126C.10, subdivision 3. The district of the child's residence must pay the tuition and

59.1 may claim general education aid for the child. Tuition received by the board of the
59.2 Minnesota State Academies, except for tuition for compensatory education revenue under
59.3 this paragraph and tuition received under subdivision 4, must be deposited in the state
59.4 treasury as provided in subdivision 8.

59.5 (c) For fiscal year 2007 and later, the district of the child's residence shall
59.6 claim general education revenue for the child, except as provided in this paragraph.
59.7 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education
59.8 revenue formula allowance times the pupil unit weighting factor pursuant to section
59.9 126C.05 for that child for the amount of time the child is in the program, as adjusted
59.10 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.
59.11 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory
59.12 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at
59.13 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the
59.14 Minnesota State Academies. General education aid paid to the Minnesota State Academies
59.15 under this paragraph must be credited to their general operation account. Other general
59.16 education aid attributable to the child must be paid to the district of the child's residence.

59.17 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

59.18 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition
59.19 charge allowed in subdivision 3, the academies may charge the child's district of residence
59.20 for the academy's unreimbursed cost of providing an instructional aide assigned to that
59.21 child, after deducting the special education aid under section 125A.76, attributable to the
59.22 child, if that aide is required by the child's individual education plan. Tuition received
59.23 under this paragraph must be used by the academies to provide the required service.

59.24 (b) For fiscal year 2007 and later, the special education aid paid to the academies
59.25 shall be increased by the academy's unreimbursed cost of providing an instructional
59.26 aide assigned to a child, after deducting the special education aid under section 125A.76
59.27 attributable to the child, if that aide is required by the child's individual education plan.
59.28 Aid received under this paragraph must be used by the academies to provide the required
59.29 service.

59.30 (c) For fiscal year 2007 and later, the special education aid paid to the district of
59.31 the child's residence shall be reduced by the amount paid to the academies for district
59.32 residents under paragraph (b).

33 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,
59.34 the commissioner shall make an estimated final adjustment payment to the Minnesota
59.35 State Academies for general education aid and special education aid for the prior fiscal
59.36 year by August 15.

60.1 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

60.2 Subd. 6. **Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and
 60.3 5, the board of the Minnesota State Academies may agree to make a tuition charge, or
 60.4 receive an aid adjustment, as applicable, for less than the amount specified in subdivision
 60.5 3 for pupils attending the applicable school who are residents of the district where the
 60.6 institution is located and who do not board at the institution, if that district agrees to make
 60.7 a tuition charge to the board of the Minnesota State Academies for less than the amount
 60.8 specified in subdivision 5 for providing appropriate educational programs to pupils
 60.9 attending the applicable school.

60.10 Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

60.11 Subd. 8. **Student count; tuition.** (a) On May 1, 1996, and each year thereafter,
 60.12 the board of the Minnesota State Academies shall count the actual number of Minnesota
 60.13 resident special education eligible students enrolled and receiving education services at the
 60.14 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

60.15 (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in
 60.16 the state treasury an amount equal to all tuition received for the basic revenue according to
 60.17 subdivision 3, less the amount calculated in paragraph ~~(b)~~ (c).

60.18 ~~(b)~~ (c) For fiscal year 2006, the Minnesota State Academies shall credit to their
 60.19 general operation account an amount equal to the tuition received which represents tuition
 60.20 earned for the total number of students over 175 based on:

60.21 (1) the total number of enrolled students on May 1 less 175; times

60.22 (2) the ratio of the number of students in that grade category to the total number of
 60.23 students on May 1; times

60.24 (3) the general education revenue formula allowance; times

60.25 (4) the pupil unit weighting factor pursuant to section 126C.05.

60.26 (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to
 60.27 the department the number of students by grade level counted according to paragraph (a).
 60.28 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),
 60.29 must be reduced by an amount equal to:

60.30 (1) the ratio of 175 to the total number of students on May 1; times

60.31 (2) the total basic revenue determined according to subdivision 3, paragraph (c).

60.32 Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

60.33 Subd. 10. **Annual appropriation.** There is annually appropriated to the department
 60.34 for the Minnesota State Academies the tuition or aid payment amounts received and
 60.35 credited to the general operation account of the academies under this section. A balance

61.1 in an appropriation under this paragraph does not cancel but is available in successive
 61.2 fiscal years.

61.3 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:

61.4 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit
 61.5 from attending either academy may be admitted to the academy if the admission does not
 61.6 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota
 61.7 State Academies must obtain reimbursement from the other state for the costs of the
 61.8 out-of-state admission. The state board may enter into an agreement with the appropriate
 61.9 authority in the other state for the reimbursement. Money received from another state
 61.10 must be deposited in the ~~general~~ special revenue fund and credited to the general operating
 61.11 account of the academies. The money is appropriated to the academies.

61.12 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

61.13 ARTICLE 6

61.14 TECHNICAL AND CONFORMING AMENDMENTS

61.15 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is
 61.16 amended to read:

61.17 Subd. 2. **Adopting policies.** ~~(a)~~ A school board shall have in place an adopted
 61.18 written policy that includes the following:

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

61.21 (2) a process for evaluating each student's progress toward meeting academic
 61.22 standards and identifying the strengths and weaknesses of instruction and curriculum
 61.23 affecting students' progress;

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

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

61.26 (5) an education effectiveness plan aligned with section 122A.625 that integrates
 61.27 instruction, curriculum, and technology.

61.28 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

61.29 Subd. 10. **Requirements for immunization statements.** (a) A statement required
 61.30 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization
 61.31 shall include month, day, and year for immunizations administered after January 1, 1990.

61.32 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~
 61.33 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~
 61.34 ~~toxoid no earlier than 11 years of age.~~

62.1 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~
62.2 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~
62.3 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

62.4 ~~(c) Except as specified in paragraph (c), for persons enrolled in grades 7 through~~
62.5 ~~12 during the 1998-1999 school term and for each year thereafter, the statement must~~
62.6 ~~indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier~~
62.7 ~~than 11 years of age.~~

62.8 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year~~
62.9 ~~and for each year thereafter, the statement must indicate that the person has received at~~
62.10 ~~least two doses of vaccine against measles, mumps, and rubella, given alone or separately~~
62.11 ~~and given not less than one month apart.~~

62.12 ~~(e)~~ (b) A person who has received at least three doses of tetanus and diphtheria
62.13 toxoids, with the most recent dose given after age six and before age 11, is not required to
62.14 have additional immunization against diphtheria and tetanus until ten years have elapsed
62.15 from the person's most recent dose of tetanus and diphtheria toxoid.

62.16 ~~(f)~~ (c) The requirement for hepatitis B vaccination shall apply to persons enrolling in
62.17 kindergarten beginning with the 2000-2001 school term.

62.18 ~~(g)~~ (d) The requirement for hepatitis B vaccination shall apply to persons enrolling
62.19 in grade 7 beginning with the 2001-2002 school term.

62.20 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is
62.21 amended to read:

62.22 Subd. 2. **Agreement.** (a) Upon the request of 60 percent of the licensed employees
62.23 of a site or a school site decision-making team, the school board shall enter into
62.24 discussions to reach an agreement concerning the governance, management, or control of
62.25 the school. A school site decision-making team may include the school principal, teachers
62.26 in the school or their designee, other employees in the school, representatives of pupils
62.27 in the school, or other members in the community. A school site decision-making team
62.28 must include at least one parent of a pupil in the school. For purposes of formation of a
62.29 new site, a school site decision-making team may be a team of teachers that is recognized
62.30 by the board as a site. The school site decision-making team shall include the school
62.31 principal or other person having general control and supervision of the school. The site
62.32 decision-making team must reflect the diversity of the education site. At least one-half
62.33 of the members shall be employees of the district, unless an employee is the parent of a
62.34 student enrolled in the school site, in which case the employee may elect to serve as a
62.35 parent member of the site team.

63.1 (b) School site decision-making agreements must delegate powers, duties, and
63.2 broad management responsibilities to site teams and involve staff members, students as
63.3 appropriate, and parents in decision making.

63.4 (c) An agreement shall include a statement of powers, duties, responsibilities, and
63.5 authority to be delegated to and within the site.

63.6 (d) An agreement may include:

63.7 (1) an achievement contract according to subdivision 4;

63.8 (2) a mechanism to allow principals, a site leadership team, or other persons having
63.9 general control and supervision of the school, to make decisions regarding how financial
63.10 and personnel resources are best allocated at the site and from whom goods or services
63.11 are purchased;

63.12 (3) a mechanism to implement parental involvement programs under section
63.13 124D.895 and to provide for effective parental communication and feedback on this
63.14 involvement at the site level;

63.15 (4) a provision that would allow the team to determine who is hired into licensed
63.16 and nonlicensed positions;

63.17 (5) a provision that would allow teachers to choose the principal or other person
63.18 having general control;

63.19 (6) an amount of revenue allocated to the site under subdivision 3; and

63.20 (7) any other powers and duties determined appropriate by the board.

63.21 The school board of the district remains the legal employer under clauses (4) and (5).

63.22 (e) Any powers or duties not delegated to the school site management team in the
63.23 school site management agreement shall remain with the school board.

63.24 (f) Approved agreements shall be filed with the commissioner. If a school board
63.25 denies a request or the school site and school board fail to reach an agreement to enter
63.26 into a school site management agreement, the school board shall provide a copy of the
63.27 request and the reasons for its denial to the commissioner.

63.28 (g) A site decision-making grant program is established, consistent with this
63.29 subdivision, to allow sites to implement an agreement that at least:

63.30 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable
63.31 to the students at that site;

63.32 (2) includes a provision, consistent with current law and the collective bargaining
63.33 agreement in effect, that allows the site team to decide who is selected from within the
63.34 district for licensed and nonlicensed positions at the site and to make staff assignments
63.35 in the site; and

63.36 (3) includes a completed performance agreement under subdivision 4.

64.1 The commissioner shall establish the form and manner of the application for a grant
 64.2 and annually, at the end of each fiscal year, report to the house of representatives and
 64.3 senate committees having jurisdiction over education on the progress of the program.

64.4 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

64.5 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall
 64.6 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.
 64.7 The board must promote academic standards based on high expectation and an assessment
 64.8 system to measure academic performance toward the achievement of those standards. The
 64.9 board must focus on the academies' needs as a whole and not prefer one school over the
 64.10 other. The board of the Minnesota State Academies shall consist of nine persons. The
 64.11 members of the board shall be appointed by the governor with the advice and consent of
 64.12 the senate. One member must be from the seven-county metropolitan area, one member
 64.13 must be from greater Minnesota, and one member may be appointed at-large. The board
 64.14 must be composed of:

64.15 (1) one present or former superintendent of an independent school district;

64.16 (2) one present or former special education director;

64.17 (3) the commissioner of education or the commissioner's designee;

64.18 (4) one member of the blind community;

64.19 (5) one member of the deaf community;

64.20 (6) two members of the general public with business, administrative, or financial
 64.21 expertise;

64.22 (7) one nonvoting, unpaid ex officio member appointed by the site council for the
 64.23 State Academy for the Deaf; and

64.24 (8) one nonvoting, unpaid ex officio member appointed by the site council for the
 64.25 State Academy for the Blind.

64.26 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is
 64.27 amended to read:

64.28 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

64.29 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,
 64.30 supplemental revenue, transition revenue, and referendum revenue is less than the value of
 64.31 the school district at or immediately above the 95th percentile of school districts in its
 64.32 equity region for those revenue categories; and

64.33 (2) the school district's administrative offices are not located in a city of the first
 64.34 class on July 1, 1999.

64.35 (b) Equity revenue for a qualifying district that receives referendum revenue under
 64.36 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal

65.1 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school
65.2 district's equity index computed under subdivision 27.

65.3 (c) Equity revenue for a qualifying district that does not receive referendum revenue
65.4 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal
65.5 cost pupil units for that year times \$13.

65.6 (d) A school district's equity revenue is increased by the greater of zero or an amount
65.7 equal to the district's resident marginal cost pupil units times the difference between ten
65.8 percent of the statewide average amount of referendum revenue per resident marginal cost
65.9 pupil unit for that year and the district's referendum revenue per resident marginal cost
65.10 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for
65.11 that year.

65.12 (e) A school district's equity revenue for a school district located in the metro equity
65.13 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

65.14 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school
65.15 district that has per pupil referendum revenue below the 95th percentile qualifies for
65.16 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

65.17 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
65.18 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its
65.19 adjusted marginal cost pupil units.

65.20 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is
65.21 amended to read:

65.22 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings
65.23 given them unless the specific content indicates otherwise:

65.24 (a) "Family assessment" means a comprehensive assessment of child safety, risk
65.25 of subsequent child maltreatment, and family strengths and needs that is applied to a
65.26 child maltreatment report that does not allege substantial child endangerment. Family
65.27 assessment does not include a determination as to whether child maltreatment occurred
65.28 but does determine the need for services to address the safety of family members and the
65.29 risk of subsequent maltreatment.

65.30 (b) "Investigation" means fact gathering related to the current safety of a child
65.31 and the risk of subsequent maltreatment that determines whether child maltreatment
65.32 occurred and whether child protective services are needed. An investigation must be used
65.33 when reports involve substantial child endangerment, and for reports of maltreatment in
65.34 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to
65.35 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and

66.1 13, and 124D.10; or in a nonlicensed personal care provider association as defined in
66.2 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

66.3 (c) "Substantial child endangerment" means a person responsible for a child's care, a
66.4 person who has a significant relationship to the child as defined in section 609.341, or a
66.5 person in a position of authority as defined in section 609.341, who by act or omission
66.6 commits or attempts to commit an act against a child under their care that constitutes
66.7 any of the following:

66.8 (1) egregious harm as defined in section 260C.007, subdivision 14;

66.9 (2) sexual abuse as defined in paragraph (d);

66.10 (3) abandonment under section 260C.301, subdivision 2;

66.11 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the
66.12 child's physical or mental health, including a growth delay, which may be referred to as
66.13 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

66.14 (5) murder in the first, second, or third degree under section 609.185, 609.19, or
66.15 609.195;

66.16 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

66.17 (7) assault in the first, second, or third degree under section 609.221, 609.222, or
66.18 609.223;

66.19 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

66.20 (9) criminal sexual conduct under sections 609.342 to 609.3451;

66.21 (10) solicitation of children to engage in sexual conduct under section 609.352;

66.22 (11) malicious punishment or neglect or endangerment of a child under section
66.23 609.377 or 609.378;

66.24 (12) use of a minor in sexual performance under section 617.246; or

66.25 (13) parental behavior, status, or condition which mandates that the county attorney
66.26 file a termination of parental rights petition under section 260C.301, subdivision 3,
66.27 paragraph (a).

66.28 (d) "Sexual abuse" means the subjection of a child by a person responsible for the
66.29 child's care, by a person who has a significant relationship to the child, as defined in
66.30 section 609.341, or by a person in a position of authority, as defined in section 609.341,
66.31 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual
66.32 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),
66.33 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct
66.34 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual
66.35 abuse also includes any act which involves a minor which constitutes a violation of

67.1 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes
67.2 threatened sexual abuse.

67.3 (e) "Person responsible for the child's care" means (1) an individual functioning
67.4 within the family unit and having responsibilities for the care of the child such as a
67.5 parent, guardian, or other person having similar care responsibilities, or (2) an individual
67.6 functioning outside the family unit and having responsibilities for the care of the child
67.7 such as a teacher, school administrator, other school employees or agents, or other lawful
67.8 custodian of a child having either full-time or short-term care responsibilities including,
67.9 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,
67.10 and coaching.

67.11 (f) "Neglect" means:

67.12 (1) failure by a person responsible for a child's care to supply a child with necessary
67.13 food, clothing, shelter, health, medical, or other care required for the child's physical or
67.14 mental health when reasonably able to do so;

67.15 (2) failure to protect a child from conditions or actions that seriously endanger the
67.16 child's physical or mental health when reasonably able to do so, including a growth delay,
67.17 which may be referred to as a failure to thrive, that has been diagnosed by a physician and
67.18 is due to parental neglect;

67.19 (3) failure to provide for necessary supervision or child care arrangements
67.20 appropriate for a child after considering factors as the child's age, mental ability, physical
67.21 condition, length of absence, or environment, when the child is unable to care for the
67.22 child's own basic needs or safety, or the basic needs or safety of another child in their care;

67.23 (4) failure to ensure that the child is educated as defined in sections 120A.22 and
67.24 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's
67.25 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

67.26 (5) nothing in this section shall be construed to mean that a child is neglected solely
67.27 because the child's parent, guardian, or other person responsible for the child's care in
67.28 good faith selects and depends upon spiritual means or prayer for treatment or care of
67.29 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,
67.30 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report
67.31 if a lack of medical care may cause serious danger to the child's health. This section does
67.32 not impose upon persons, not otherwise legally responsible for providing a child with
67.33 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

67.34 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,
67.35 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal
67.36 symptoms in the child at birth, results of a toxicology test performed on the mother at

68.1 delivery or the child at birth, or medical effects or developmental delays during the child's
68.2 first year of life that medically indicate prenatal exposure to a controlled substance;

68.3 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

68.4 (8) chronic and severe use of alcohol or a controlled substance by a parent or
68.5 person responsible for the care of the child that adversely affects the child's basic needs
68.6 and safety; or

68.7 (9) emotional harm from a pattern of behavior which contributes to impaired
68.8 emotional functioning of the child which may be demonstrated by a substantial and
68.9 observable effect in the child's behavior, emotional response, or cognition that is not
68.10 within the normal range for the child's age and stage of development, with due regard to
68.11 the child's culture.

68.12 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,
68.13 inflicted by a person responsible for the child's care on a child other than by accidental
68.14 means, or any physical or mental injury that cannot reasonably be explained by the child's
68.15 history of injuries, or any aversive or deprivation procedures, or regulated interventions,
68.16 that have not been authorized under section 121A.67 or 245.825. Abuse does not include
68.17 reasonable and moderate physical discipline of a child administered by a parent or legal
68.18 guardian which does not result in an injury. Abuse does not include the use of reasonable
68.19 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions
68.20 which are not reasonable and moderate include, but are not limited to, any of the following
68.21 that are done in anger or without regard to the safety of the child:

68.22 (1) throwing, kicking, burning, biting, or cutting a child;

68.23 (2) striking a child with a closed fist;

68.24 (3) shaking a child under age three;

68.25 (4) striking or other actions which result in any nonaccidental injury to a child
68.26 under 18 months of age;

68.27 (5) unreasonable interference with a child's breathing;

68.28 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

68.29 (7) striking a child under age one on the face or head;

68.30 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled
68.31 substances which were not prescribed for the child by a practitioner, in order to control
68.32 or punish the child; or other substances that substantially affect the child's behavior,
68.33 motor coordination, or judgment or that results in sickness or internal injury, or subjects
68.34 the child to medical procedures that would be unnecessary if the child were not exposed
68.35 to the substances;

69.1 (9) unreasonable physical confinement or restraint not permitted under section
69.2 609.379, including but not limited to tying, caging, or chaining; or

69.3 (10) in a school facility or school zone, an act by a person responsible for the child's
69.4 care that is a violation under section 121A.58.

69.5 (h) "Report" means any report received by the local welfare agency, police
69.6 department, county sheriff, or agency responsible for assessing or investigating
69.7 maltreatment pursuant to this section.

69.8 (i) "Facility" means:

69.9 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,
69.10 sanitarium, or other facility or institution required to be licensed under sections 144.50 to
69.11 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

69.12 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and
69.13 124D.10; or

69.14 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,
69.15 subdivision 16, and 256B.0625, subdivision 19a.

69.16 (j) "Operator" means an operator or agency as defined in section 245A.02.

69.17 (k) "Commissioner" means the commissioner of human services.

69.18 (l) "Practice of social services," for the purposes of subdivision 3, includes but is
69.19 not limited to employee assistance counseling and the provision of guardian ad litem and
69.20 parenting time expeditor services.

69.21 (m) "Mental injury" means an injury to the psychological capacity or emotional
69.22 stability of a child as evidenced by an observable or substantial impairment in the child's
69.23 ability to function within a normal range of performance and behavior with due regard to
69.24 the child's culture.

69.25 (n) "Threatened injury" means a statement, overt act, condition, or status that
69.26 represents a substantial risk of physical or sexual abuse or mental injury. Threatened
69.27 injury includes, but is not limited to, exposing a child to a person responsible for the
69.28 child's care, as defined in paragraph (e), clause (1), who has:

69.29 (1) subjected a child to, or failed to protect a child from, an overt act or condition
69.30 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a
69.31 similar law of another jurisdiction;

69.32 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause
69.33 (4), or a similar law of another jurisdiction;

69.34 (3) committed an act that has resulted in an involuntary termination of parental rights
69.35 under section 260C.301, or a similar law of another jurisdiction; or

70.1 (4) committed an act that has resulted in the involuntary transfer of permanent legal
 70.2 and physical custody of a child to a relative under section 260C.201, subdivision 11,
 70.3 paragraph (d), clause (1), or a similar law of another jurisdiction.

70.4 (o) Persons who conduct assessments or investigations under this section shall take
 70.5 into account accepted child-rearing practices of the culture in which a child participates
 70.6 and accepted teacher discipline practices, which are not injurious to the child's health,
 70.7 welfare, and safety.

70.8 ARTICLE 7

70.9 EARLY CHILDHOOD PROVISIONS

70.10 Section 1. Minnesota Statutes 2004, section 119A.50, subdivision 1, is amended to read:

70.11 Subdivision 1. **Department of Education.** The Department of Education is the
 70.12 state agency responsible for administering the Head Start program. The commissioner
 70.13 of education ~~may make grants~~ shall allocate funds according to the formula in section
 70.14 119A.52 to public or private nonprofit agencies for the purpose of providing supplemental
 70.15 funds for the federal Head Start program.

70.16 Sec. 2. Minnesota Statutes 2004, section 119A.52, is amended to read:

70.17 **119A.52 DISTRIBUTION OF APPROPRIATION AND PROGRAM** 70.18 **COORDINATION.**

70.19 The commissioner of education must distribute money appropriated for that purpose
 70.20 to federally designated Head Start program grantees programs to expand services and to
 70.21 serve additional low-income children. ~~Money must be allocated to each project Head Start~~
 70.22 ~~grantee in existence on the effective date of Laws 1989, chapter 282.~~ Migrant and Indian
 70.23 reservation grantees programs must be initially allocated money based on the grantees'
 70.24 programs' share of federal funds. The remaining money must be initially allocated to the
 70.25 remaining local agencies based equally on the agencies' share of federal funds and on the
 70.26 proportion of eligible children in the agencies' service area who are not currently being
 70.27 served. A Head Start grantee must be funded at a per child rate equal to its contracted,
 70.28 federally funded base level ~~for program accounts 20, 22, and 25~~ at the start of the fiscal
 70.29 year. In allocating funds under this paragraph, the commissioner of education must assure
 70.30 that each Head Start grantee program in existence in 1993 is allocated no less funding
 70.31 in any fiscal year than was allocated to that grantee program in fiscal year 1993. ~~The~~
 70.32 ~~commissioner may provide additional funding to grantees for start-up costs incurred by~~
 70.33 ~~grantees due to the increased number of children to be served.~~ Before paying money to
 70.34 the grantees programs, the commissioner must notify each grantee program of its initial
 70.35 allocation, how the money must be used, and the number of low-income children ~~that~~
 70.36 must to be served with the allocation based upon the federally funded per child rate.

71.1 Each grantee program must present a work plan to the commissioner for approval. The
 71.2 ~~work plan must include the estimated number of low-income children and families it will~~
 71.3 ~~be able to serve, a description of the program design and service delivery area which~~
 71.4 ~~meets the needs of and encourages access by low-income working families, a program~~
 71.5 ~~design that ensures fair and equitable access to Head Start services for all populations and~~
 71.6 ~~parts of the service area, and a plan for coordinating services to maximize assistance~~
 71.7 ~~for child care costs available to families under chapter 119B.~~ under section 119A.535.
 71.8 For any grantee that cannot utilize its full allocation, the commissioner must reduce the
 71.9 allocation proportionately. Money available after the initial allocations are reduced must
 71.10 be redistributed to eligible grantees.

71.11 Sec. 3. Minnesota Statutes 2004, section 119A.53, is amended to read:

71.12 **119A.53 FEDERAL REQUIREMENTS.**

71.13 ~~Grantees Programs~~ and the commissioner shall comply with federal regulations
 71.14 governing the federal Head Start program, except for funding for innovative initiatives
 71.15 under section ~~119A.52~~ 119A.535 as approved by the commissioner, which may be used to
 71.16 operate differently than federal Head Start regulations. If a state statute or rule conflicts
 71.17 with a federal statute or regulation, the state statute or rule prevails.

71.18 Sec. 4. **[119A.535] APPLICATION REQUIREMENTS.**

71.19 Eligible Head Start organizations must submit a plan to the department for approval
 71.20 on a form and in the manner prescribed by the commissioner. The plan must include:

71.21 (1) the estimated number of low-income children and families the program will be
 71.22 able to serve;

71.23 (2) a description of the program design and service delivery area which meets the
 71.24 needs of and encourages access by low-income working families;

71.25 (3) a program design that ensures fair and equitable access to Head Start services for
 71.26 all populations and parts of the service area;

71.27 (4) a plan for coordinating services to maximize assistance for child care costs
 71.28 available to families under chapter 119B; and

71.29 (5) identification of regular Head Start, early Head Start, and innovative services
 71.30 based upon demonstrated needs to be provided.

71.31 Sec. 5. Minnesota Statutes 2004, section 119A.545, is amended to read:

71.32 **119A.545 AUTHORITY TO WAIVE REQUIREMENTS DURING DISASTER**
 71.33 **PERIODS.**

71.34 The commissioner of education may waive requirements under sections 119A.50
 71.35 to ~~119A.53~~ 119A.535, for up to nine months after the disaster, for Head Start ~~grantees~~
 71.36 programs in areas where a federal disaster has been declared under United States Code,

72.1 title 42, section 5121, et seq., or the governor has exercised authority under chapter 12.
 72.2 The commissioner shall notify the chairs of the appropriate senate ~~Family and Early~~
 72.3 ~~Childhood Education Budget Division, the senate Education Finance Committee, the and~~
 72.4 ~~house Family and Early Childhood Education Finance Division, the house Education~~
 72.5 ~~Committee, and the house Ways and Means Committee~~ committees ten days before the
 72.6 effective date of any waiver granted under this section.

72.7 Sec. 6. Minnesota Statutes 2004, section 121A.17, subdivision 3, is amended to read:

72.8 Subd. 3. **Screening program.** (a) A screening program must include at least the
 72.9 following components: developmental assessments, hearing and vision screening or
 72.10 referral, immunization review and referral, the child's height and weight, identification
 72.11 of risk factors that may influence learning, an interview with the parent about the child,
 72.12 and referral for assessment, diagnosis, and treatment when potential needs are identified.
 72.13 The district and the person performing or supervising the screening must provide a
 72.14 parent or guardian with clear written notice that the parent or guardian may decline to
 72.15 answer questions or provide information about family circumstances that might affect
 72.16 development and identification of risk factors that may influence learning. The notice
 72.17 must clearly state that declining to answer questions or provide information does not
 72.18 prevent the child from being enrolled in kindergarten or first grade if all other screening
 72.19 components are met. If a parent or guardian is not able to read and comprehend the written
 72.20 notice, the district and the person performing or supervising the screening must convey
 72.21 the information in another manner. The notice must also inform the parent or guardian
 72.22 that a child need not submit to the district screening program if the child's health records
 72.23 indicate to the school that the child has received comparable developmental screening
 72.24 performed within the preceding 365 days by a public or private health care organization or
 72.25 individual health care provider. The notice must be given to a parent or guardian at the
 72.26 time the district initially provides information to the parent or guardian about screening
 72.27 and must be given again at the screening location.

72.28 (b) The social/emotional component of the developmental assessment must be
 72.29 completed using a social/emotional screening instrument approved by the commissioner
 72.30 of education, and consistent with the standards of the commissioners of health and human
 72.31 services.

72.32 (c) All screening components shall be consistent with the standards of the state
 72.33 commissioner of health for early developmental screening programs. A developmental
 72.34 screening program must not provide laboratory tests or a physical examination to any
 72.35 child. The district must request from the public or private health care organization or the

73.1 individual health care provider the results of any laboratory test or physical examination
73.2 within the 12 months preceding a child's scheduled screening.

73.3 ~~(e)~~ (d) If a child is without health coverage, the school district must refer the child to
73.4 an appropriate health care provider.

73.5 ~~(d)~~ (e) A board may offer additional components such as nutritional, physical and
73.6 dental assessments, review of family circumstances that might affect development, blood
73.7 pressure, laboratory tests, and health history.

73.8 ~~(e)~~ (f) If a statement signed by the child's parent or guardian is submitted to the
73.9 administrator or other person having general control and supervision of the school that
73.10 the child has not been screened because of conscientiously held beliefs of the parent
73.11 or guardian, the screening is not required.

73.12 Sec. 7. Minnesota Statutes 2005 Supplement, section 121A.17, subdivision 5, is
73.13 amended to read:

73.14 Subd. 5. **Developmental screening program information.** The board must inform
73.15 each resident family with a child eligible to participate in the developmental screening
73.16 program about the availability of the program and the state's requirement that a child
73.17 receive a developmental screening or provide health records indicating that the child
73.18 received a comparable developmental screening from a public or private health care
73.19 organization or individual health care provider not later than 30 days after the first
73.20 day of attending kindergarten in a public school. A school district must inform all
73.21 resident families with eligible children under age seven that their children may receive a
73.22 developmental screening conducted either by the school district or by a public or private
73.23 health care organization or individual health care provider, and that if a statement signed
73.24 by the child's parent or guardian is submitted to the administrator or other person having
73.25 general control and supervision of the school that the child has not been screened because
73.26 of conscientiously held beliefs of the parent or guardian, the screening is not required.

73.27 Sec. 8. Minnesota Statutes 2004, section 124D.13, subdivision 2, is amended to read:

73.28 Subd. 2. **Program characteristics.** (a) Early childhood family education programs
73.29 are programs for children in the period of life from birth to kindergarten, for the parents
73.30 and other relatives of ~~such~~ these children, and for expectant parents. To the extent
73.31 that funds are insufficient to provide programs for all children, early childhood family
73.32 education programs should emphasize programming for a child from birth to age three
73.33 and encourage parents and other relatives to involve four- and five-year-old children in
73.34 school readiness programs, and other public and nonpublic early learning programs. Early
73.35 childhood family education programs may include the following:

- 74.1 (1) programs to educate parents and other relatives about the physical, mental,
 74.2 and emotional development of children;
- 74.3 (2) programs to enhance the skills of parents and other relatives in providing for
 74.4 their children's learning and development;
- 74.5 (3) learning experiences for children and parents and other relatives that promote
 74.6 children's development;
- 74.7 (4) activities designed to detect children's physical, mental, emotional, or behavioral
 74.8 problems that may cause learning problems;
- 74.9 (5) activities and materials designed to encourage self-esteem, skills, and behavior
 74.10 that prevent sexual and other interpersonal violence;
- 74.11 (6) educational materials which may be borrowed for home use;
- 74.12 (7) information on related community resources;
- 74.13 (8) programs to prevent child abuse and neglect;
- 74.14 (9) other programs or activities to improve the health, development, and school
 74.15 readiness of children; or
- 74.16 (10) activities designed to maximize development during infancy.

74.17 The programs must not include activities for children that do not require substantial
 74.18 involvement of the children's parents or other relatives. The programs must be reviewed
 74.19 periodically to assure the instruction and materials are not racially, culturally, or sexually
 74.20 biased. The programs must encourage parents to be aware of practices that may affect
 74.21 equitable development of children.

74.22 (b) For the purposes of this section, "relative" or "relatives" means noncustodial
 74.23 grandparents or other persons related to a child by blood, marriage, adoption, or foster
 74.24 placement, excluding parents.

74.25 Sec. 9. Minnesota Statutes 2004, section 124D.13, subdivision 3, is amended to read:

74.26 Subd. 3. **Substantial parental involvement.** The requirement of substantial
 74.27 parental or other relative involvement in subdivision 2 means that:

74.28 (a) parents or other relatives must be physically present much of the time in classes
 74.29 with their children or be in concurrent classes;

74.30 (b) parenting education or family education must be an integral part of every early
 74.31 childhood family education program;

74.32 (c) early childhood family education appropriations must not be used for traditional
 33 day care or nursery school, or similar programs; and

74.34 (d) the form of parent involvement common to kindergarten, elementary school, or
 74.35 early childhood special education programs such as parent conferences, newsletters, and
 74.36 notes to parents do not qualify a program under subdivision 2.

75.1 Sec. 10. Minnesota Statutes 2005 Supplement, section 124D.175, is amended to read:

75.2 **124D.175 MINNESOTA EARLY LEARNING FOUNDATION PROPOSAL.**

75.3 (a) The commissioner must implement an early childhood development grant
75.4 program for low-income and other challenged families that increases the effectiveness
75.5 and expands the capacity of public and nonpublic early childhood development programs,
75.6 which may include child care programs, and leads to improved early childhood parent
75.7 education and children's kindergarten readiness. The program must include:

75.8 (1) grant awards to existing early childhood development program providers that
75.9 also provide parent education programs and to qualified providers proposing to implement
75.10 pilot programs for this same purpose;

75.11 (2) grant awards to enable low-income families to participate in these programs;

75.12 (3) grant awards to improve overall programmatic quality; and

75.13 (4) an evaluation of the programmatic and financial efficacy of all these programs,
75.14 which may be performed using measures of services, staffing, and management systems
75.15 that provide consistent information about system performance, show trends, confirm
75.16 successes, and identify potential problems in early childhood development programs.
75.17 This grant program must not supplant existing early childhood development programs
75.18 or child care funds.

75.19 (b) The commissioner must ~~contract with~~ make a grant to a private nonprofit, section
75.20 501(c)(3) organization to implement the requirements of paragraph (a). Notwithstanding
75.21 any laws to the contrary, the private nonprofit organization may contract with the
75.22 University of Minnesota for purposes of implementing paragraph (a), clause (4). The
75.23 private nonprofit organization must be governed by a board of up to 19 directors composed
75.24 of members from the public and nonpublic sectors, where the nonpublic sector members
75.25 compose a ~~simple~~ majority of board members ~~and where the public sector members are~~
75.26 ~~state and local government officials, kindergarten through grade 12 or postsecondary~~
75.27 ~~educators, and early childhood providers appointed by the governor.~~ Membership on the
75.28 board of directors by a state agency official are work duties for the official and are not a
75.29 conflict of interest under section 43A.38. The board of directors must appoint an executive
75.30 director and must seek advice from geographically ~~and~~, ethnically, and economically
75.31 diverse parents of young children and representatives of early childhood development
75.32 providers, kindergarten through grade 12 and postsecondary educators, public libraries,
75.33 and the business sector.

75.34 The governor shall appoint up to seven voting members that include representatives
75.35 of:

75.36 (1) kindergarten through grade 12 or postsecondary educators;

- 76.1 (2) early childhood development providers, including child care providers;
76.2 (3) local school boards;
76.3 (4) nonprofit organizations with expertise in early childhood development; and
76.4 (5) federal early childhood programs serving low-income children.

76.5 The governor shall ensure that, to the extent possible, the board of directors is
76.6 balanced according to geography, race, ethnicity, age, gender, and economic status.

76.7 The commissioners of education and human services shall be nonvoting members
76.8 of the private nonprofit organization. The speaker of the house of representatives, the
76.9 minority leader of the house of representatives, the majority leader of the senate, and the
76.10 minority leader of the senate shall each appoint a legislator to be nonvoting members of
76.11 the board.

76.12 The board of directors is subject to the open meeting law under chapter 13D.
76.13 All other terms and conditions under which board members serve and operate must be
76.14 described in the articles and bylaws of the organization. The private nonprofit organization
76.15 is not a state agency and is not subject to laws governing public agencies except the
76.16 provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits
76.17 by the legislative auditor under chapter 3 apply.

76.18 (c) This section expires June 30, 2011. If no state appropriation is made for purposes
76.19 of this section, the commissioner must not implement paragraphs (a) and (b).

76.20 **EFFECTIVE DATE.** This section, paragraph (b), is effective retroactively from
76.21 July 1, 2005.

76.22 Sec. 11. Minnesota Statutes 2004, section 245A.023, is amended to read:

76.23 **245A.023 IN-SERVICE TRAINING.**

76.24 (a) For purposes of child care centers, in-service training must be completed within
76.25 the license period for which it is required. In-service training completed by staff persons
76.26 as required must be transferable upon a staff person's change in employment to another
76.27 child care program. License holders shall record all staff in-service training on forms
76.28 prescribed by the commissioner of human services.

76.29 (b) For purposes of family and group family child care, the license holder and each
76.30 primary caregiver must complete 12 hours of training each year. For purposes of this
76.31 section, a primary caregiver is an adult caregiver who provides services in the licensed
76.32 setting more than 30 days in any 12-month period.

76.33 Sec. 12. Minnesota Statutes 2004, section 245A.14, is amended by adding a
76.34 subdivision to read:

77.1 Subd. 9a. Early childhood development training. (a) For purposes of child
 77.2 care centers, the director and all staff hired after July 1, 2006, shall complete and
 77.3 document at least two hours of early childhood development training within the first year
 77.4 of employment. Training completed under this subdivision may be used to meet the
 77.5 requirements of Minnesota Rules, part 9503.0035, subparts 1 and 4.

77.6 (b) For purposes of family and group family child care, the license holder and
 77.7 each adult caregiver who provides care in the licensed setting more than 30 days in any
 77.8 12-month period shall complete and document at least two hours of early childhood
 77.9 development training within the first year of licensure or employment. Training completed
 77.10 under this subdivision may be used to meet the requirements of Minnesota Rules, part
 77.11 9502.0385, subparts 2 and 3.

77.12 (c) Notwithstanding paragraphs (a) and (b), individuals are exempt from this
 77.13 requirement if they:

77.14 (1) have taken a three-credit course on early childhood development within the
 77.15 past five years;

77.16 (2) have received a baccalaureate or masters degree in early childhood education or
 77.17 school age child care within the past five years;

77.18 (3) are licensed in Minnesota as a prekindergarten teacher, an early childhood
 77.19 educator, a kindergarten to sixth grade teacher with a prekindergarten specialty, an
 77.20 early childhood special education teacher, or an elementary teacher with a kindergarten
 77.21 endorsement; or

77.22 (4) have received a baccalaureate degree with a Montessori certificate within the
 77.23 past five years.

77.24 Sec. 13. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
 77.25 5, is amended to read:

77.26 **Subd. 5. Head Start program.** For Head Start programs under Minnesota Statutes,
 77.27 section 119A.52:

77.28 \$ 19,100,000 2006

77.29 \$ 19,100,000 2007

77.30 Any balance in the first year does not cancel but is available in the second year.

77.31 **Sec. 14. EARLY CHILDHOOD AND EARLY ELEMENTARY GRADE**
 77.32 **INTEGRATION.**

77.33 For fiscal years 2007 through 2017, a school district, charter school, Head Start
 77.34 program, or any relevant public or private entity may work together to develop a pilot
 77.35 program to demonstrate the efficacy of integrating early childhood education and care with
 77.36 early elementary grades. A district, charter school, or Head Start program that develops

78.1 an early childhood integration pilot program must use existing funds to pay for the pilot
78.2 program's cost. School districts, charter schools, Head Start programs, and public or
78.3 private entities that participate in this pilot program are encouraged to enter into an
78.4 agreement to provide early education and care for children under a unified administrative
78.5 structure that establishes an education continuum for children during the prekindergarten,
78.6 kindergarten, and postkindergarten years through grade 3. A copy of the agreement
78.7 must be sent to the commissioner of education. School districts, charter schools, Head
78.8 Start programs, and public or private entities that participate in this pilot program are
78.9 encouraged to provide for the education, support, and empowerment of parents and special
78.10 education for children as needed.

78.11 This provision does not supercede existing agreements and arrangements between
78.12 school districts or schools and early childhood education programs that are permitted
78.13 under existing law.

78.14 **Sec. 15. RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

78.15 Subdivision 1. **Authorization for pilot project.** The commissioner of human
78.16 services shall approve a pilot project in Ramsey County that will help teen parents remain
78.17 in school and complete the student's education while providing child care assistance for
78.18 the student's child. The pilot project shall increase coordination between services from
78.19 the Minnesota family investment program, the child care assistance program, and area
78.20 public schools with the goal of removing barriers that prevent teen parents from pursuing
78.21 educational goals.

78.22 Subd. 2. **Program design and implementation.** The Ramsey County child care
78.23 pilot project shall be established to improve the coordination of services to teen parents.
78.24 The pilot project shall:

78.25 (1) provide a streamlined process for sharing information between the Minnesota
78.26 family investment program under Minnesota Statutes, chapter 256J, the child care
78.27 assistance program under Minnesota Statutes, chapter 119B, and public schools in
78.28 Ramsey County;

78.29 (2) determine eligibility for child care assistance using the teen parent's eligibility
78.30 for reduced-cost or free school lunches in place of income verification; and

78.31 (3) waive the child care parent fee under Minnesota Statutes, section 119B.12,
78.32 subdivision 2, for teen parents whose income is below poverty level and whose children
78.33 attend school-based child care centers.

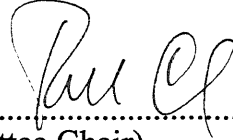
78.34 Subd. 3. **Costs.** Increased costs incurred under this section shall not increase the
78.35 basic sliding fee appropriation and shall not affect funds available for distribution under
78.36 Minnesota Statutes, sections 119B.06 and 119B.08.

79.1 Sec. 16. **REPEALER.**

79.2 Minnesota Statutes 2004, section 119A.51, is repealed."

79.3 Amend the title accordingly

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



79.5
79.6 (Committee Chair)

79.7 May 4, 2006 5.4.06
79.8 (Date of Committee recommendation)

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State of Minnesota

S.F. No. 3221 - Lead Abatement (Division Report)

Author: Senator Linda Higgins

Prepared by: Katie Cavanor, Senate Counsel (651/296-3801) *KTC*

Date: May 3, 2006

S.F. No. 3221 prohibits the sale or distribution of lead jewelry; transfers the authority for the lead abatement program from the Department of Education to the Department of Health; requires medical assistance to cover lead risk assessments for some children; and requires the Commissioner of Health to conduct a lead reduction study.

Sections 1 and 2 (144.9501) make technical changes.

Section 3 (144.9501, subdivision 9a) defines an "eligible organization" in the Lead Poisoning Prevention Act.

Section 4 (144.9503, subdivision 3) requires the primary prevention lead education strategy to provide lead education material to the general public that includes information on the dangers and hazards of jewelry containing lead.

Section 5 (144.9507) clarifies that medical assistance reimbursement for lead risk assessments is not to replace or decrease existing state or local funding for lead services and activities.

Section 6 (144.9512) transfers the lead abatement program to the Department of Health's statutes.

Section 7 (256B.0625, subdivision 49) requires medical assistance to cover lead risk assessments of a recipient's home to determine the existence of lead if the recipient is under the age of two with blood levels equal to or greater than ten micrograms of lead per deciliter of whole blood.

Section 8 (325F.385) prohibits the sale or distribution of jewelry intended to be used by children under the age of 12 that contains more than 600 parts per million of lead on or after July 1, 2006.

It also prohibits the sale of other jewelry that contains more than 600 parts per million of lead, unless it has a warning label that is clearly visible to the buyer. Defines "jewelry."

Section 9 requires the Commissioner of Health to develop and evaluate the best strategies to reduce the number of children endangered by lead paint.

Section 10 instructs the Revisor of Statutes to change references.

Section 11 repeals the lead abatement program in the Department of Education statutes.

KC:ph

A bill for an act

relating to health; changing provisions in the Lead Poisoning Prevention Act; requiring screening of children at age 12 months and 24 months for elevated blood lead levels; prohibiting the sale of jewelry containing lead; amending Minnesota Statutes 2004, sections 144.9501, subdivisions 1, 2, by adding a subdivision; 144.9502, subdivision 1; 144.9503, subdivision 3; 256B.0625, subdivision 14; proposing coding for new law in Minnesota Statutes, chapters 144; 325E; repealing Minnesota Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, 10; Minnesota Statutes 2005 Supplement, section 119A.46, subdivisions 1, 2, 3, 8.

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

Section 1. Minnesota Statutes 2004, section 144.9501, subdivision 1, is amended to read:

Subdivision 1. **Citation.** Sections 144.9501 to ~~144.9509~~ 144.9513 may be cited as the "Lead Poisoning Prevention Act."

Sec. 2. Minnesota Statutes 2004, section 144.9501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** The definitions in this section apply to sections 144.9501 to ~~144.9509~~ 144.9513.

Sec. 3. Minnesota Statutes 2004, section 144.9501, is amended by adding a subdivision to read:

Subd. 9a. **Eligible organization.** "Eligible organization" means a city, board of health, community health department, community action agency, nonprofit organization, or community development corporation.

Sec. 4. Minnesota Statutes 2004, section 144.9502, subdivision 1, is amended to read:

2.1 Subdivision 1. **Surveillance.** The commissioner of health shall establish a statewide
2.2 lead surveillance system. The purpose of this system is to:

2.3 (a) monitor blood lead levels in children and adults to identify trends and populations
2.4 at high risk for elevated blood lead levels;

2.5 (b) ensure that children are screened as required under section 144.9513;

2.6 ~~(b)~~ (c) ensure that screening services are provided to populations at high risk for
2.7 elevated blood lead levels;

2.8 ~~(c)~~ (d) ensure that medical and environmental follow-up services for children with
2.9 elevated blood lead levels are provided; and

2.10 ~~(d)~~ (e) provide accurate and complete data for planning and implementing primary
2.11 prevention programs that focus on the populations at high risk for elevated blood lead
2.12 levels.

2.13 Sec. 5. Minnesota Statutes 2004, section 144.9503, subdivision 3, is amended to read:

2.14 Subd. 3. **Primary prevention lead education strategy.** The commissioner of
2.15 health shall develop and maintain a primary prevention lead education strategy to prevent
2.16 lead exposure. The strategy includes:

2.17 (1) lead education materials that describe the health effects of lead exposure, safety
2.18 measures, and methods to be used in the lead hazard reduction process;

2.19 (2) providing lead education materials to the general public including, but not
2.20 limited to, information on the dangers and hazards of jewelry containing lead;

2.21 (3) providing lead education materials to property owners, landlords, and tenants
2.22 by swab team workers and public health professionals, such as nurses, sanitarians,
2.23 health educators, nonprofit organizations working on lead issues, and other public health
2.24 professionals in areas at high risk for toxic lead exposure; and

2.25 (4) promoting awareness of community, legal, and housing resources.

2.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.27 Sec. 6. **[144.9512] LEAD ABATEMENT PROGRAM.**

2.28 **Subdivision 1. Grants; administration.** Within the limits of the available
2.29 appropriation, the commissioner may make grants to eligible organizations to train
2.30 workers to provide swab team services for residential property. Grants may be awarded to
2.31 eligible organizations to provide technical assistance and training to ensure quality and
2.32 consistency within the statewide program.

2.33 **Subd. 2. Applicants.** (a) Interested eligible organizations may apply to the
2.34 commissioner for grants under this section. Two or more eligible organizations may

3.1 jointly apply for a grant. Priority shall be given to community action agencies in greater
3.2 Minnesota and to either community action agencies or neighborhood based nonprofit
3.3 organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may
3.4 be used for administrative purposes. The commissioner may deviate from this percentage
3.5 if a grantee can justify the need for a larger administrative allowance. Of this amount,
3.6 up to five percent may be used by the commissioner for state administrative purposes.
3.7 Applications must provide information requested by the commissioner, including at least
3.8 the information required to assess the factors listed in paragraph (d).

3.9 (b) The commissioner must consult with boards of health to provide swab team
3.10 services for purposes of secondary prevention. The priority for swab teams created
3.11 by grants to eligible organizations under this section must be work assigned by the
3.12 commissioner, or by a board of health if so designated by the commissioner, to provide
3.13 secondary prevention swab team services to fulfill the requirements of section 144.9504,
3.14 subdivision 6, in response to a lead order. Swab teams assigned work under this section
3.15 by the commissioner, that are not engaged daily in fulfilling the requirements of section
3.16 144.9504, subdivision 6, must deliver swab team services in response to elevated blood
3.17 lead levels as defined in section 144.9501, subdivision 9, where lead orders were not
3.18 issued, and for purposes of primary prevention in census tracts known to be in areas at
3.19 high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

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

23 (d) In evaluating grant applications, the commissioner must consider the following
3.24 criteria:

3.25 (1) plans for the provision of swab team services for primary and secondary
3.26 prevention;

3.27 (2) plans for resident and property owner education on lead safety;

3.28 (3) measures of program effectiveness;

3.29 (4) coordination of program activities with other federal, state, and local public
3.30 health and housing renovation programs; and

3.31 (5) prior experience in providing swab team services.

3.32 Subd. 3. Eligible grant activities. An eligible organization receiving a grant
3.33 under this section must ensure that all participating lead supervisors or certified firms are
3.34 licensed and that all swab team workers are certified by the Department of Health under
3.35 section 144.9505. Eligible organizations may participate in the program by:

3.36 (1) providing on-the-job training for swab team workers;

4.1 (2) providing swab team services to meet the requirements of sections 144.9503,
4.2 subdivision 4, and 144.9504, subdivision 6;

4.3 (3) providing lead hazard reduction to meet the requirements of section 144.9501,
4.4 subdivision 17;

4.5 (4) providing lead dust clean-up equipment and materials, as described in section
4.6 144.9503, subdivision 1, to residents; or

4.7 (5) having a swab team worker instruct residents and property owners on appropriate
4.8 lead control techniques, including the lead-safe directives developed by the commissioner.

4.9 Subd. 4. Swab team workers. Each worker engaged in swab team services
4.10 established under this section must have blood lead concentrations below 15 micrograms
4.11 of lead per deciliter of whole blood as determined by a baseline blood lead screening. Any
4.12 organization receiving a grant under this section is responsible for lead screening and must
4.13 assure that all swab team workers meet the standards established in this subdivision.

4.14 Grantees must use appropriate workplace procedures including following the lead-safe
4.15 directives developed by the commissioner to reduce risk of elevated blood lead levels.

4.16 Grantees and participating contractors must report all employee blood lead levels that
4.17 exceed 15 micrograms of lead per deciliter of whole blood to the commissioner.

4.18 Subd. 5. Program benefits. As a condition of providing swab team services under
4.19 this section, an organization may require a property owner to not increase rents on a
4.20 property solely as a result of a substantial improvement made with public funds under the
4.21 programs in this section.

4.22 Subd. 6. Requirements of organizations receiving grants. An eligible
4.23 organization that is awarded a grant under this section must prepare and submit a quarterly
4.24 progress report to the commissioner beginning three months after receipt of the grant.

4.25 **Sec. 7. [144.9513] REQUIRED LEAD SCREENING OF CHILDREN.**

4.26 A health care provider providing primary health care services to children shall
4.27 screen, or refer for screening, all children at age 12 months and 24 months for elevated
4.28 blood lead levels. If a child who is screened under this section has a blood lead level of at
4.29 least ten micrograms per deciliter of whole blood, the health care provider shall follow the
4.30 follow-up care guidelines for children with elevated blood lead levels established by the
4.31 Centers for Disease Control and Prevention.

4.32 **Sec. 8. Minnesota Statutes 2004, section 256B.0625, subdivision 14, is amended to**
4.33 **read:**

5.1 Subd. 14. **Diagnostic, screening, and preventive services.** (a) Medical assistance
5.2 covers diagnostic, screening, and preventive services.

5.3 (b) "Preventive services" include services related to pregnancy, including:

5.4 (1) services for those conditions which may complicate a pregnancy and which may
5.5 be available to a pregnant woman determined to be at risk of poor pregnancy outcome;

5.6 (2) prenatal HIV risk assessment, education, counseling, and testing; and

5.7 (3) alcohol abuse assessment, education, and counseling on the effects of alcohol
5.8 usage while pregnant. Preventive services available to a woman at risk of poor pregnancy
5.9 outcome may differ in an amount, duration, or scope from those available to other
5.10 individuals eligible for medical assistance.

5.11 (c) "Screening services" include, but are not limited to, blood lead tests. Screening
5.12 services also include, for children with blood lead levels equal to or greater than ten
5.13 micrograms of lead per deciliter of whole blood, environmental investigations to
5.14 determine the source of lead exposure. Reimbursement is limited to a health professional's
5.15 time and activities during an on-site investigation of a child's home or primary residence.

5.16 Sec. 9. **[325E.385] SALE OF JEWELRY CONTAINING LEAD PROHIBITED.**

5.17 Subdivision 1. Definition. For the purposes of this section "jewelry" means: (1)
5.18 an ornament worn by a person on the body or on clothing, including, but not limited to,
5.19 a necklace, bracelet, anklet, earring, locket, pendant, charm bracelet, ring, pinky ring,
5.20 chain, broach, pin, lapel pin, headband, watchband; or (2) any pendant, bead, chain, link,
5.21 or other component of such an ornament.

5.22 Subd. 2. Sale prohibited. (a) On or after July 1, 2006, no person in this state shall
5.23 sell, offer for sale, or distribute free of charge any jewelry that contains more than 600
5.24 parts per million of lead.

5.25 (b) On or after January 1, 2008, no person in this state shall sell, offer for sale, or
5.26 distribute free of charge any jewelry that contains more than 200 parts per million of lead.

5.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.28 Sec. 10. **REVISOR'S INSTRUCTION.**

5.29 The revisor of statutes shall change the range reference "144.9501 to 144.9509"
5.30 to "144.9501 to 144.9513" wherever the reference appears in Minnesota Statutes and
1 Minnesota Rules.

5.32 Sec. 11. **REPEALER.**

6.1 Minnesota Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, and 10, and
6.2 Minnesota Statutes 2005 Supplement, section 119A.46, subdivisions 1, 2, 3, and 8, are
6.3 repealed.

119A.46 LEAD ABATEMENT PROGRAM.

Subdivision 1. **Definitions.** (a) The definitions in section 144.9501 and in this subdivision apply to this section.

(b) "Eligible organization" means a lead contractor, city, board of health, community health department, community action agency as defined in section 256E.30, or community development corporation.

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

Subd. 2. **Grants; administration.** Within the limits of the available appropriation, the commissioner must develop a swab team services program which may make demonstration and training grants to eligible organizations to train workers to provide swab team services and swab team services for residential property. Grants may be awarded to nonprofit organizations to provide technical assistance and training to ensure quality and consistency within the statewide program. Grants must be awarded to help ensure full-time employment to workers providing swab team services and must be awarded for a two-year period.

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

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

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

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

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

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

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

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

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

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

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

(7) sources of other funding and cost estimates for training, lead inspections, swab team services, equipment, monitoring, testing, and administration;

(8) measures of program effectiveness;

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

APPENDIX

Repealed Minnesota Statutes: s3221-1

(10) prior experience in providing swab team services.

Subd. 4. **Lead supervisor or certified firm.** (a) Eligible organizations and lead supervisors or certified firms may participate in the swab team program. An eligible organization receiving a grant under this section must assure that all participating lead supervisors or certified firms are licensed and that all swab team workers are certified by the Department of Health under section 144.9505. Eligible organizations and lead supervisors or certified firms may distinguish between interior and exterior services in assigning duties and may participate in the program by:

- (1) providing on-the-job training for swab team workers;
 - (2) providing swab team services to meet the requirements of sections 144.9503, subdivision 4, and 144.9504, subdivision 6;
 - (3) providing a removal and replacement component using skilled craft workers under subdivision 7;
 - (4) providing lead testing according to subdivision 8;
 - (5) providing lead dust cleaning supplies, as described in section 144.9507, subdivision 4, paragraph (c), to residents; or
 - (6) having a swab team worker instruct residents and property owners on appropriate lead control techniques, including the lead-safe directives developed by the commissioner of health.
- (b) Participating lead supervisors or certified firms must:
- (1) demonstrate proof of workers' compensation and general liability insurance coverage;
 - (2) be knowledgeable about lead abatement requirements established by the Department of Housing and Urban Development and the Occupational Safety and Health Administration and lead hazard reduction requirements and lead-safe directives of the commissioner of health;
 - (3) demonstrate experience with on-the-job training programs;
 - (4) demonstrate an ability to recruit employees from areas at high risk for toxic lead exposure; and
 - (5) demonstrate experience in working with low-income clients.

Subd. 5. **Swab team workers.** Each worker engaged in swab team services established under this section must have blood lead concentrations below 15 micrograms of lead per deciliter of whole blood as determined by a baseline blood lead screening. Any organization receiving a grant under this section is responsible for lead screening and must assure that all swab team workers meet the standards established in this subdivision. Grantees must use appropriate workplace procedures including following the lead-safe directives developed by the commissioner of health to reduce risk of elevated blood lead levels. Grantees and participating contractors must report all employee blood lead levels that exceed 15 micrograms of lead per deciliter of whole blood to the commissioner of health.

Subd. 6. **On-the-job training component.** (a) Programs established under this section must provide on-the-job training for swab team workers.

(b) Swab team workers must receive monetary compensation equal to the prevailing wage as defined in section 177.42, subdivision 6, for comparable jobs in the licensed contractor's principal business.

Subd. 7. **Removal and replacement component.** (a) Within the limits of the available appropriation and if a need is identified by a lead inspector, the commissioner may establish a component for removal and replacement of deteriorated paint in residential properties according to the following criteria:

- (1) components within a residence must have both deteriorated lead-based paint and substrate damage beyond repair or rotting wooden framework to be eligible for removal and replacement;
- (2) all removal and replacement must be done using least-cost methods and following lead-safe directives;
- (3) whenever windows and doors or other components covered with deteriorated lead-based paint have sound substrate or are not rotting, those components should be repaired, sent out for stripping, planed down to remove deteriorated lead-based paint, or covered with protective guards instead of being replaced, provided that such an activity is the least-cost method of providing the swab team service;
- (4) removal and replacement or repair must be done by lead contractors using skilled craft workers or trained swab team members; and
- (5) all craft work that requires a state license must be supervised by a person with a state license in the craft work being supervised. The grant recipient may contract for this supervision.

(b) The program design must:

- (1) identify the need for on-the-job training of swab team workers to be removal and replacement workers; and

APPENDIX

Repealed Minnesota Statutes: s3221-1

(2) describe plans to involve appropriate groups in designing methods to meet the need for training swab team workers.

Subd. 8. **Testing and evaluation.** (a) Testing of the environment is not necessary by swab teams whose work is assigned by the commissioner of health or a designated board of health under section 144.9504. The commissioner of health or designated board of health must share the analytical testing data collected on each residence for purposes of secondary prevention under section 144.9504 with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

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

(c) The commissioner of health must establish a program to collect appropriate data as required under paragraphs (a) and (b), in order to conduct an ongoing evaluation of swab team services for primary and secondary prevention. Within the limits of available appropriations, the commissioner of health must conduct on up to 1,000 residences which have received primary or secondary prevention swab team services, a postremediation evaluation, on at least a quarterly basis for a period of at least two years for each residence. The evaluation must note the condition of the paint within the residence, the extent of bare soil on the grounds, and collect and analyze one noncarpeted floor dust lead sample. The data collected must be evaluated to determine the efficacy of providing swab team services as a method of reducing lead exposure in young children. In evaluating this data, the commissioner of health must consider city size, community location, historic traffic flow, soil lead level of the property by area or census tract, distance to industrial point sources that emit lead, season of the year, age of the housing, age and number of children living at the residence, the presence of pets that move in and out of the residence, and other relevant factors as the commissioner of health may determine.

Subd. 9. **Program benefits.** As a condition of providing swab team services under this section, an organization may require a property owner to not increase rents on a property solely as a result of a substantial improvement made with public funds under the programs in this section.

Subd. 10. **Requirements of organizations receiving grants.** An eligible organization that is awarded a training and demonstration grant under this section must prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant.

1.1 To: Senator Cohen, Chair

Committee on Finance

1.3 Senator Berglin,

1.4 Chair of the Health and Human Services Budget Division, to which was referred

1.5 S.F. No. 3221: A bill for an act relating to health; changing provisions in the Lead
1.6 Poisoning Prevention Act; requiring screening of children at age 12 months and 24 months
1.7 for elevated blood lead levels; prohibiting the sale of jewelry containing lead; amending
1.8 Minnesota Statutes 2004, sections 144.9501, subdivisions 1, 2, by adding a subdivision;
1.9 144.9502, subdivision 1; 144.9503, subdivision 3; 256B.0625, subdivision 14; proposing
1.10 coding for new law in Minnesota Statutes, chapters 144; 325E; repealing Minnesota
1.11 Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, 10; Minnesota Statutes 2005
1.12 Supplement, section 119A.46, subdivisions 1, 2, 3, 8.

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

1.14 Delete everything after the enacting clause and insert:

1.15 "Section 1. Minnesota Statutes 2004, section 144.9501, subdivision 1, is amended to
.6 read:

1.17 Subdivision 1. **Citation.** Sections 144.9501 to ~~144.9509~~ 144.9512 may be cited
1.18 as the "Lead Poisoning Prevention Act."

1.19 Sec. 2. Minnesota Statutes 2004, section 144.9501, subdivision 2, is amended to read:

1.20 Subd. 2. **Applicability.** The definitions in this section apply to sections 144.9501 to
1.21 ~~144.9509~~ 144.9512.

1.22 Sec. 3. Minnesota Statutes 2004, section 144.9501, is amended by adding a subdivision
1.23 to read:

1.24 Subd. 9a. **Eligible organization.** "Eligible organization" means a city, board of
5 health, community health department, community action agency, nonprofit organization,
1.26 or community development corporation.

1.27 Sec. 4. Minnesota Statutes 2004, section 144.9503, subdivision 3, is amended to read:

1.28 Subd. 3. **Primary prevention lead education strategy.** The commissioner of
1.29 health shall develop and maintain a primary prevention lead education strategy to prevent
1.30 lead exposure. The strategy includes:

1.31 (1) lead education materials that describe the health effects of lead exposure, safety
1.32 measures, and methods to be used in the lead hazard reduction process;

1.33 (2) providing lead education materials to the general public including, but not
1.34 limited to, information on the dangers and hazards of jewelry containing lead;

(3) providing lead education materials to property owners, landlords, and tenants
1.36 by swab team workers and public health professionals, such as nurses, sanitarians,
1.37 health educators, nonprofit organizations working on lead issues, and other public health
1.38 professionals in areas at high risk for toxic lead exposure; and

2.1 (4) promoting awareness of community, legal, and housing resources.

2.2 EFFECTIVE DATE. This section is effective the day following final enactment.

2.3 Sec. 5. Minnesota Statutes 2004, section 144.9507, is amended by adding a subdivision
2.4 to read:

2.5 Subd. 6. Medical assistance. Medical assistance reimbursement for lead risk
2.6 assessment services under section 256B.0625, subdivision 49, shall not be used to replace
2.7 or decrease existing state or local funding for lead services and lead-related activities.

2.8 Sec. 6. [144.9512] LEAD ABATEMENT PROGRAM.

2.9 Subdivision 1. Grants; administration. Within the limits of the available
2.10 appropriation, the commissioner may make grants to eligible organizations to train
2.11 workers to provide swab team services for residential property. Grants may be awarded to
2.12 eligible organizations to provide technical assistance and training to ensure quality and
2.13 consistency within the statewide program.

2.14 Subd. 2. Applicants. (a) Interested eligible organizations may apply to the
2.15 commissioner for grants under this section. Two or more eligible organizations may
2.16 jointly apply for a grant. Priority shall be given to community action agencies in greater
2.17 Minnesota and to either community action agencies or neighborhood based nonprofit
2.18 organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may
2.19 be used for administrative purposes. The commissioner may deviate from this percentage
2.20 if a grantee can justify the need for a larger administrative allowance. Of this amount,
2.21 up to five percent may be used by the commissioner for state administrative purposes.
2.22 Applications must provide information requested by the commissioner, including at least
2.23 the information required to assess the factors listed in paragraph (d).

2.24 (b) The commissioner must consult with boards of health to provide swab team
2.25 services for purposes of secondary prevention. The priority for swab teams created
2.26 by grants to eligible organizations under this section must be work assigned by the
2.27 commissioner, or by a board of health if so designated by the commissioner, to provide
2.28 secondary prevention swab team services to fulfill the requirements of section 144.9504,
2.29 subdivision 6, in response to a lead order. Swab teams assigned work under this section
2.30 by the commissioner, that are not engaged daily in fulfilling the requirements of section
2.31 144.9504, subdivision 6, must deliver swab team services in response to elevated blood
2.32 lead levels as defined in section 144.9501, subdivision 9, where lead orders were not
2.33 issued, and for purposes of primary prevention in census tracts known to be in areas at
2.34 high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

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

3.4 (d) In evaluating grant applications, the commissioner must consider the following
3.5 criteria:

3.6 (1) plans for the provision of swab team services for primary and secondary
3.7 prevention;

3.8 (2) plans for resident and property owner education on lead safety;

3.9 (3) measures of program effectiveness;

3.10 (4) coordination of program activities with other federal, state, and local public
3.11 health and housing renovation programs; and

3.12 (5) prior experience in providing swab team services.

3.13 Subd. 3. Eligible grant activities. An eligible organization receiving a grant
3.14 under this section must ensure that all participating lead supervisors or certified firms are
3.15 licensed and that all swab team workers are certified by the Department of Health under
3.16 section 144.9505. Eligible organizations may participate in the program by:

3.17 (1) providing on-the-job training for swab team workers;

3.18 (2) providing swab team services to meet the requirements of sections 144.9503,
3.19 subdivision 4, and 144.9504, subdivision 6;

3.20 (3) providing lead hazard reduction to meet the requirements of section 144.9501,
3.21 subdivision 17;

3.22 (4) providing lead dust clean-up equipment and materials, as described in section
3 144.9503, subdivision 1, to residents; or

3.24 (5) having a swab team worker instruct residents and property owners on appropriate
3.25 lead control techniques, including the lead-safe directives developed by the commissioner.

3.26 Subd. 4. Swab team workers. Each worker engaged in swab team services
3.27 established under this section must have blood lead concentrations below 15 micrograms
3.28 of lead per deciliter of whole blood as determined by a baseline blood lead screening. Any
3.29 organization receiving a grant under this section is responsible for lead screening and must
3.30 assure that all swab team workers meet the standards established in this subdivision.

3.31 Grantees must use appropriate workplace procedures including following the lead-safe
3.32 directives developed by the commissioner to reduce risk of elevated blood lead levels.

3.33 Grantees and participating contractors must report all employee blood lead levels that
3.34 exceed 15 micrograms of lead per deciliter of whole blood to the commissioner.

3.35 Subd. 5. Program benefits. As a condition of providing swab team services under
3.36 this section, an organization may require a property owner to not increase rents on a

4.1 property solely as a result of a substantial improvement made with public funds under the
4.2 programs in this section.

4.3 Subd. 6. Requirements of organizations receiving grants. An eligible
4.4 organization that is awarded a grant under this section must prepare and submit a quarterly
4.5 progress report to the commissioner beginning three months after receipt of the grant.

4.6 Sec. 7. Minnesota Statutes 2004, section 256B.0625, is amended by adding a
4.7 subdivision to read:

4.8 Subd. 49. Lead risk assessments. (a) Effective October 1, 2006, or six months after
4.9 federal approval, whichever is later, medical assistance covers lead risk assessments
4.10 provided by a lead risk assessor who is licensed by the commissioner of health under
4.11 section 144.9505 and employed by an assessing agency as defined in section 144.9501.
4.12 Medical assistance covers a onetime on-site investigation of a recipient's home or primary
4.13 residence to determine the existence of lead so long as the recipient is under the age of
4.14 21 and has a venous blood lead level as set forth in section 144.9504, subdivision 2,
4.15 paragraph (a).

4.16 (b) Medical assistance reimbursement covers the lead risk assessor's time to
4.17 complete the following activities:

4.18 (1) gathering samples;

4.19 (2) interviewing family members;

4.20 (3) gathering data, including meter readings; and

4.21 (4) providing a report with the results of the investigation and options for reducing
4.22 lead-based paint hazards.

4.23 Medical assistance coverage of lead risk assessment does not include testing of
4.24 environmental substances such as water, paint, or soil or any other laboratory services.

4.25 Medical assistance coverage of lead risk assessments is not included in the capitated
4.26 services for children enrolled in health plans through the prepaid medical assistance
4.27 program and the MinnesotaCare program.

4.28 (c) Payment for lead risk assessment must be cost-based and must meet the criteria
4.29 for federal financial participation under the medical assistance program. The rate must
4.30 be based on allowable expenditures from statewide cost information gathered. Under
4.31 section 144.9507, subdivision 5, federal medical assistance funds may not replace existing
4.32 funding for lead-related activities. The nonfederal share of costs for services provided
4.33 under this subdivision must be from state or local funds and is the responsibility of the
4.34 agency providing the risk assessment. Eligible expenditures for the nonfederal share of
4.35 costs may not be made from federal funds or funds used to match other federal funds,

5.1 except as allowed for Indian tribes under federal law. Any federal disallowances are the
5.2 responsibility of the agency providing risk assessment services.

5.3 **Sec. 8. [325E.385] ITEMS CONTAINING LEAD PROHIBITED.**

5.4 Subdivision 1. Definition. For the purposes of this section "jewelry" means: (1)
5.5 an ornament worn by a person on the body or on clothing, including, but not limited to,
5.6 a necklace, bracelet, anklet, earring, locket, pendant, charm bracelet, ring, pinky ring,
5.7 chain, broach, pin, lapel pin, headband, watchband; or (2) any pendant, bead, chain, link,
5.8 or other component of such an ornament.

5.9 Subd. 2. Warning. (a) No person shall offer for sale, sell, or distribute free of
5.10 charge any jewelry or item of personal decoration that contains more than 600 parts per
5.11 million of lead unless it bears a warning label clearly visible to the buyer indicating that
5.12 the item contains lead.

5.13 (b) The obligation to test for lead content and label accurately lies with the producer
5.14 or packager of the item and not with the retail seller. Retailers may not sell unlabeled
5.15 items without first verifying that the items were tested by the producer or packager.

5.16 Subd. 3. Sale prohibited. Effective July 1, 2006, no person shall sell, offer for
5.17 sale, or distribute free of charge any trinket, jewelry, items of personal decoration, toy,
5.18 or clothing containing more than 600 parts per million of lead that is intended for use
5.19 by a child under the age of 12.

5.20 Subd. 4. Exemption. This section does not apply to consumer-to-consumer
5.21 transactions.

2 EFFECTIVE DATE. This section is effective the day following final enactment.

5.23 **Sec. 9. LEAD REDUCTION STUDY.**

5.24 The commissioner of health, in consultation with the Department of Employment
5.25 and Economic Development, the Minnesota Housing Finance Agency, and the Department
5.26 of Human Services, shall develop and evaluate the best strategies to reduce the number of
5.27 children endangered by lead paint. The study shall make recommendations on:

5.28 (1) how to promote and encourage primary prevention;

5.29 (2) how to ensure that all children at risk are tested; and

5.30 (3) how to provide a lead prevention program to assist families and protect children
5.31 with blood lead levels more than five micrograms of lead per deciliter of whole blood from
reaching levels of ten micrograms or greater.

5.33 The commissioner shall submit the results of the study and any recommendations,
5.34 including any necessary legislative changes to the legislature by January 15, 2007.

6.1 Sec. 10. REVISOR'S INSTRUCTION.

6.2 The revisor of statutes shall change the range reference "144.9501 to 144.9509"
6.3 to "144.9501 to 144.9512" wherever the reference appears in Minnesota Statutes and
6.4 Minnesota Rules.

6.5 Sec. 11. REPEALER.

6.6 Minnesota Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, and 10, and
6.7 Minnesota Statutes 2005 Supplement, section 119A.46, subdivisions 1, 2, 3, and 8, are
6.8 repealed."

6.9 Amend the title accordingly

6.10 And when so amended that the bill be recommended to pass and be referred to
6.11 the full committee.

6.12 
6.13 (Division Chair)

6.14 April 5, 2006
6.15 (Date of Division action)

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

2 **S.F. No. 3221:** A bill for an act relating to health; changing provisions in the Lead
1.3 Poisoning Prevention Act; requiring screening of children at age 12 months and 24 months
1.4 for elevated blood lead levels; prohibiting the sale of jewelry containing lead; amending
1.5 Minnesota Statutes 2004, sections 144.9501, subdivisions 1, 2, by adding a subdivision;
1.6 144.9502, subdivision 1; 144.9503, subdivision 3; 256B.0625, subdivision 14; proposing
1.7 coding for new law in Minnesota Statutes, chapters 144; 325E; repealing Minnesota
1.8 Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, 10; Minnesota Statutes 2005
1.9 Supplement, section 119A.46, subdivisions 1, 2, 3, 8.

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

1.11 Delete everything after the enacting clause and insert:

1.12 "Section 1. Minnesota Statutes 2004, section 144.9501, subdivision 1, is amended to
1.13 read:

1.14 Subdivision 1. **Citation.** Sections 144.9501 to ~~144.9509~~ 144.9512 may be cited
1.15 as the "Lead Poisoning Prevention Act."

1.16 Sec. 2. Minnesota Statutes 2004, section 144.9501, subdivision 2, is amended to read:

1.17 Subd. 2. **Applicability.** The definitions in this section apply to sections 144.9501 to
1.18 ~~144.9509~~ 144.9512.

1.19 Sec. 3. Minnesota Statutes 2004, section 144.9501, is amended by adding a subdivision
1.20 to read:

1.21 Subd. 9a. **Eligible organization.** "Eligible organization" means a city, board of
1.22 health, community health department, community action agency, nonprofit organization,
1.23 or community development corporation.

1.24 Sec. 4. Minnesota Statutes 2004, section 144.9503, subdivision 3, is amended to read:

1.25 Subd. 3. **Primary prevention lead education strategy.** The commissioner of
1.26 health shall develop and maintain a primary prevention lead education strategy to prevent
1.27 lead exposure. The strategy includes:

1.28 (1) lead education materials that describe the health effects of lead exposure, safety
1.29 measures, and methods to be used in the lead hazard reduction process;

1.30 (2) providing lead education materials to the general public including, but not
1.31 limited to, information on the dangers and hazards of jewelry containing lead;

1.32 (3) providing lead education materials to property owners, landlords, and tenants
1.33 by swab team workers and public health professionals, such as nurses, sanitarians,
1.34 health educators, nonprofit organizations working on lead issues, and other public health
professionals in areas at high risk for toxic lead exposure; and

1.36 (4) promoting awareness of community, legal, and housing resources.

1.37 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.1 Sec. 5. Minnesota Statutes 2004, section 144.9507, is amended by adding a subdivision
to read:

2.3 Subd. 6. **Medical assistance.** Medical assistance reimbursement for lead risk
2.4 assessment services under section 256B.0625, subdivision 49, shall not be used to replace
2.5 or decrease existing state or local funding for lead services and lead-related activities.

2.6 Sec. 6. [144.9512] **LEAD ABATEMENT PROGRAM.**

2.7 Subdivision 1. **Grants; administration.** Within the limits of the available
2.8 appropriation, the commissioner may make grants to eligible organizations to train
2.9 workers to provide swab team services for residential property. Grants may be awarded to
2.10 eligible organizations to provide technical assistance and training to ensure quality and
2.11 consistency within the statewide program.

2.12 Subd. 2. **Applicants.** (a) Interested eligible organizations may apply to the
2.13 commissioner for grants under this section. Two or more eligible organizations may
2.14 jointly apply for a grant. Priority shall be given to community action agencies in greater
2.15 Minnesota and to either community action agencies or neighborhood based nonprofit
2.16 organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may
2.17 be used for administrative purposes. The commissioner may deviate from this percentage
2.18 if a grantee can justify the need for a larger administrative allowance. Of this amount,
2.19 up to five percent may be used by the commissioner for state administrative purposes.
2.20 Applications must provide information requested by the commissioner, including at least
2.21 the information required to assess the factors listed in paragraph (d).

2.22 (b) The commissioner must consult with boards of health to provide swab team
2.23 services for purposes of secondary prevention. The priority for swab teams created
2.24 by grants to eligible organizations under this section must be work assigned by the
2.25 commissioner, or by a board of health if so designated by the commissioner, to provide
2.26 secondary prevention swab team services to fulfill the requirements of section 144.9504,
2.27 subdivision 6, in response to a lead order. Swab teams assigned work under this section
2.28 by the commissioner, that are not engaged daily in fulfilling the requirements of section
2.29 144.9504, subdivision 6, must deliver swab team services in response to elevated blood
2.30 lead levels as defined in section 144.9501, subdivision 9, where lead orders were not
2.31 issued, and for purposes of primary prevention in census tracts known to be in areas at
2.32 high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

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

3.1 (d) In evaluating grant applications, the commissioner must consider the following
3.2 criteria:

3.3 (1) plans for the provision of swab team services for primary and secondary
3.4 prevention;

3.5 (2) plans for resident and property owner education on lead safety;

3.6 (3) measures of program effectiveness;

3.7 (4) coordination of program activities with other federal, state, and local public
3.8 health and housing renovation programs; and

3.9 (5) prior experience in providing swab team services.

3.10 Subd. 3. **Eligible grant activities.** An eligible organization receiving a grant
3.11 under this section must ensure that all participating lead supervisors or certified firms are
3.12 licensed and that all swab team workers are certified by the Department of Health under
3.13 section 144.9505. Eligible organizations may participate in the program by:

3.14 (1) providing on-the-job training for swab team workers;

3.15 (2) providing swab team services to meet the requirements of sections 144.9503,
3.16 subdivision 4, and 144.9504, subdivision 6;

3.17 (3) providing lead hazard reduction to meet the requirements of section 144.9501,
3.18 subdivision 17;

3.19 (4) providing lead dust clean-up equipment and materials, as described in section
3.20 144.9503, subdivision 1, to residents; or

3.21 (5) having a swab team worker instruct residents and property owners on appropriate
3.22 lead control techniques, including the lead-safe directives developed by the commissioner.

3.23 Subd. 4. **Swab team workers.** Each worker engaged in swab team services
3.24 established under this section must have blood lead concentrations below 15 micrograms
3.25 of lead per deciliter of whole blood as determined by a baseline blood lead screening. Any
3.26 organization receiving a grant under this section is responsible for lead screening and must
3.27 assure that all swab team workers meet the standards established in this subdivision.

3.28 Grantees must use appropriate workplace procedures including following the lead-safe
3.29 directives developed by the commissioner to reduce risk of elevated blood lead levels.

3.30 Grantees and participating contractors must report all employee blood lead levels that
3.31 exceed 15 micrograms of lead per deciliter of whole blood to the commissioner.

3.32 Subd. 5. **Program benefits.** As a condition of providing swab team services under
3.33 this section, an organization may require a property owner to not increase rents on a
3.34 property solely as a result of a substantial improvement made with public funds under the
3.35 programs in this section.

4.1 Subd. 6. Requirements of organizations receiving grants. An eligible
4.2 organization that is awarded a grant under this section must prepare and submit a quarterly
4.3 progress report to the commissioner beginning three months after receipt of the grant.

4.4 Sec. 7. Minnesota Statutes 2004, section 256B.0625, is amended by adding a
4.5 subdivision to read:

4.6 Subd. 49. Lead risk assessments. (a) Effective October 1, 2006, or six months after
4.7 federal approval, whichever is later, medical assistance covers lead risk assessments
4.8 provided by a lead risk assessor who is licensed by the commissioner of health under
4.9 section 144.9505 and employed by an assessing agency as defined in section 144.9501.
4.10 Medical assistance covers a onetime on-site investigation of a recipient's home or primary
4.11 residence to determine the existence of lead so long as the recipient is under the age of
4.12 21 and has a venous blood lead level as set forth in section 144.9504, subdivision 2,
4.13 paragraph (a).

4.14 (b) Medical assistance reimbursement covers the lead risk assessor's time to
4.15 complete the following activities:

4.16 (1) gathering samples;

4.17 (2) interviewing family members;

4.18 (3) gathering data, including meter readings; and

4.19 (4) providing a report with the results of the investigation and options for reducing
4.20 lead-based paint hazards.

4.21 Medical assistance coverage of lead risk assessment does not include testing of
4.22 environmental substances such as water, paint, or soil or any other laboratory services.

4.23 Medical assistance coverage of lead risk assessments is not included in the capitated
4.24 services for children enrolled in health plans through the prepaid medical assistance
4.25 program and the MinnesotaCare program.

4.26 (c) Payment for lead risk assessment must be cost-based and must meet the criteria
4.27 for federal financial participation under the medical assistance program. The rate must
4.28 be based on allowable expenditures from statewide cost information gathered. Under
4.29 section 144.9507, subdivision 5, federal medical assistance funds may not replace existing
4.30 funding for lead-related activities. The nonfederal share of costs for services provided
4.31 under this subdivision must be from state or local funds and is the responsibility of the
4.32 agency providing the risk assessment. Eligible expenditures for the nonfederal share of
4.33 costs may not be made from federal funds or funds used to match other federal funds,
4.34 except as allowed for Indian tribes under federal law. Any federal disallowances are the
4.35 responsibility of the agency providing risk assessment services.

5.1 Sec. 8. **[325E.385] ITEMS CONTAINING LEAD PROHIBITED.**

5.2 Subdivision 1. Definition. For the purposes of this section "jewelry" means: (1)
5.3 an ornament worn by a person on the body or on clothing, including, but not limited to,
5.4 a necklace, bracelet, anklet, earring, locket, pendant, charm bracelet, ring, pinky ring,
5.5 chain, broach, pin, lapel pin, headband, watchband; or (2) any pendant, bead, chain, link,
5.6 or other component of such an ornament.

5.7 Subd. 2. Warning. (a) No person shall offer for sale, sell, or distribute free of
5.8 charge any jewelry or item of personal decoration that contains more than 600 parts per
5.9 million of lead unless it bears a warning label clearly visible to the buyer indicating that
5.10 the item contains lead.

5.11 (b) The obligation to test for lead content and label accurately lies with the producer
5.12 or packager of the item and not with the retail seller. Retailers may not sell unlabeled
5.13 items without first verifying that the items were tested by the producer or packager.

5.14 Subd. 3. Sale prohibited. Effective July 1, 2006, no person shall sell, offer for
5.15 sale, or distribute free of charge any trinket, jewelry, items of personal decoration, toy,
5.16 or clothing containing more than 600 parts per million of lead that is intended for use
5.17 by a child under the age of 12.

5.18 Subd. 4. Exemption. This section does not apply to consumer-to-consumer
5.19 transactions.

5.20 EFFECTIVE DATE. This section is effective the day following final enactment.

5.21 Sec. 9. **LEAD REDUCTION STUDY.**

5.22 The commissioner of health, in consultation with the Department of Employment
5.23 and Economic Development, the Minnesota Housing Finance Agency, and the Department
5.24 of Human Services, shall develop and evaluate the best strategies to reduce the number of
5.25 children endangered by lead paint. The study shall make recommendations on:

5.26 (1) how to promote and encourage primary prevention;

5.27 (2) how to ensure that all children at risk are tested; and

5.28 (3) how to provide a lead prevention program to assist families and protect children
5.29 with blood lead levels more than five micrograms of lead per deciliter of whole blood from
5.30 reaching levels of ten micrograms or greater.

5.31 The commissioner shall submit the results of the study and any recommendations,
5.32 including any necessary legislative changes to the legislature by January 15, 2007.

5.33 Sec. 10. **REVISOR'S INSTRUCTION.**

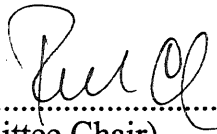
6.1 The revisor of statutes shall change the range reference "144.9501 to 144.9509"
 6.2 to "144.9501 to 144.9512" wherever the reference appears in Minnesota Statutes and
 6.3 Minnesota Rules.

6.4 Sec. 11. **REPEALER.**

6.5 Minnesota Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, and 10, and
 6.6 Minnesota Statutes 2005 Supplement, section 119A.46, subdivisions 1, 2, 3, and 8, are
 6.7 repealed."

6.8 Amend the title accordingly

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



6.10
 1 (Committee Chair)

6.12 May 4, 2006 5-4-06
 6.13 (Date of Committee recommendation)

Consolidated Fiscal Note – 2005-06 Session

Bill #: S3440-1E **Complete Date:** 05/04/06

Chief Author: DIBBLE, SCOTT

Title: PLUG-IN HYBRID ELECTRIC VEHICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Commerce (05/04/06)

Administration Dept (05/03/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund			100		
Commerce			100		
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			100		
Commerce			100		
Total Cost <Savings> to the State			100		

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 05/04/06 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S3440-1E **Complete Date:** 05/04/06

Chief Author: DIBBLE, SCOTT

Title: PLUG-IN HYBRID ELECTRIC VEHICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Commerce

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			100		
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			100		
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			100		
Total Cost <Savings> to the State			100		

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

S.F. 3440-1E relates to transportation. The bill requires language be inserted into certified bid documents that the state will purchase hybrid electric vehicles when they are commercially available. The bill also appropriates \$100,000 to the commissioner of commerce for a grant to Minnesota State University—Mankato's automotive engineering program to retrofit two flexible fuel vehicles to plug-in hybrid electric vehicles.

Assumptions

There will be no costs to the department. The appropriation will be transferred to Minnesota State University—Mankato.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

FN Coord Signature: DENNIS MUNKWITZ
Date: 05/04/06 Phone: 297-1335

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 05/04/06 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S3440-1E **Complete Date:** 05/03/06

Chief Author: DIBBLE, SCOTT

Title: PLUG-IN HYBRID ELECTRIC VEHICLES

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Administration Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

A bill for an act relating to transportation; requiring language that the state will purchase plug-in hybrid electric vehicles when commercially available to be inserted in certain bid documents; appropriating money for the retrofitting of flexible fuel vehicles to operate as plug-in hybrid electric vehicles.

Assumptions

It is assumed that plug-in hybrid technology will not be developed and available for commercial use by the State of Minnesota in the years that are reported in this fiscal note.

Expenditure and/or Revenue Formula

The Department of Administration does not anticipate any significant fiscal impact during the time period reported in this fiscal note primarily because of the above assumption. The requirement to insert language into bid documents impacts our Materials Management Division, but will result in no appreciable new costs.

Long-Term Fiscal Considerations

As plug-in hybrid technology becomes available for commercial use there may be a fiscal impact. It is anticipated that any fiscal impact would happen in years beyond the scope of this fiscal note. Timing of this emerging technology is difficult or impossible to predict. Acquisition cost increases would logically be offset by increased fuel economy. However, changing fuel costs also make fiscal impact difficult to project. For these reasons, it is not possible to accurately estimate long-term positive or negative fiscal impact at this time.

Local Government Costs

N/A

References/Sources

Tim Morse, Director Travel Management Division, (651) 201-2511
Kent Allin, Director Materials Management Division, (651) 201-2400

Agency Contact Name: Tim Morse (651) 201-2511
FN Coord Signature: JULIE POSER
Date: 05/03/06 Phone: 201-2531

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: PEGGY LEXAU
Date: 05/03/06 Phone: 296-6237

April 25, 2006

reasons why I signed into law the first ever federal tax credit for biodiesel producers. In other words, we're interested in addressing our energy security needs on a variety of fronts. It makes sense for the United States to have a comprehensive strategy to help us diversify away from oil.

And so we also have got to understand that we got to research not only to find -- to invest in ethanol and biodiesel, but part of a comprehensive strategy is to spend money on researching new battery technologies. And one of the really interesting opportunities available for the American consumer will be the ability to buy a plug-in hybrid vehicle that will be able to drive up to 40 miles on electricity. Seems to make sense to me. If we're trying to get us off gasoline, with crude oil as the main -- as its main feedstock, then why wouldn't we explore ways to be able to have vehicles that use less gasoline? And one way to do so is to use electricity to power vehicles.

And we're pretty close to a breakthrough. We believe we're close to a technology that will make it possible to drive up to 40 miles on electricity alone. And then if you have to drive more than 40 miles, then your gasoline kicks in.

But you can imagine what that will mean for a lot of drivers in big cities who on a daily basis, they don't drive over 40 miles. And so therefore, a lot of drivers that are going back and forth from work in big cities won't be using gasoline. And that's going to help. We've got \$31 million in our budget to speed up research and development into advanced battery technologies.

And finally, one other opportunity that is more long run than ethanol or biodiesel or plug-in hybrid vehicles, or encouraging people to buy the hybrids that are on the market today, is hydrogen. We're spending about \$1.2 billion over five years to research the use of hydrogen to power vehicles. And it makes a lot of sense when you think about it, because hydrogen produces zero emissions. The only emission it produces is water. And when I was out there in California, I visited the California Fuel Cell Partnership and saw buses and cars and SUVs that are driving on the highways out there powered by hydrogen. And the research and development money that we have spent has lowered the cost of hydrogen fuel cells, it's helped make them lighter. In other words, there's an industry coming. And it's an industry that will enable consumers to drive to work, just like we're doing today, but not rely on foreign sources of oil.

What I'm describing to you today is a strategy that recognizes the realities of the world in which we live. Our dependency on oil has created economic security issues for us, and national security issues for us. And therefore, this country must use our brain power and entrepreneurial spirit to diversify away from the hydrocarbon economy. You all have known this a lot longer than most Americans. You've known that we've needed to have this strategy, and that's why you're on the forefront of incredible changes that are taking place in this country.

You know, there's no doubt in my mind that one of these days, instead of people driving up to a gas station, they're going to be going up to a fueling station. And they'll be able to have choices to choose from. Got a hydrogen-powered car, you'll be able to have that choice. If you want 85 percent, maybe someday 100 percent ethanol, that will be an option available, too.

We owe it to the American people to be aggressive on price gouging now. We owe it to the American people to be promoting alternative ways to drive their car so as to make us less dependent on foreign sources of oil. We owe it to the American people to be aggressive in the use of technology so we can diversify away from the hydrocarbon society. And that's precisely what we're doing, and I'm glad to stand with you.

I appreciate your work for the United States of America. Thank you for letting me come by and talk to you, and may God bless you. (Applause.)

END 10:43 A.M. EDT

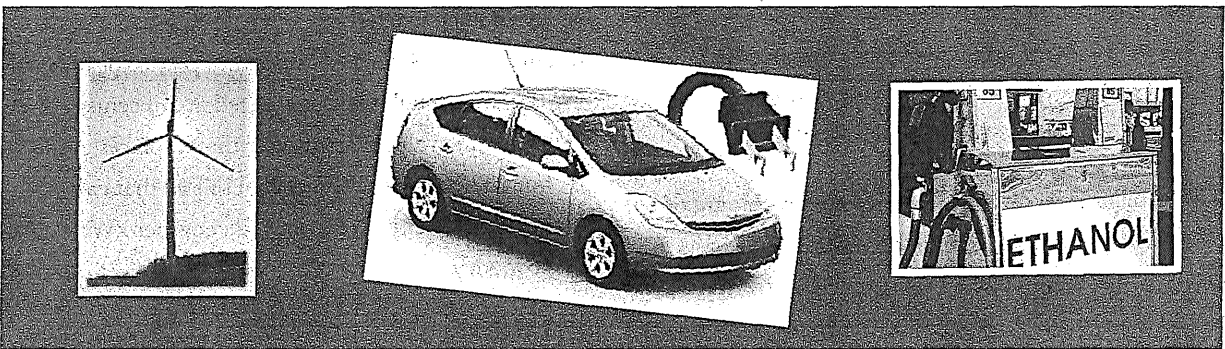
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Dibble



Driving Our Way to Energy Independence

David Morris, Vice President
Institute for Local Self-Reliance

Imagine driving a car without consuming petroleum, or generating pollution, or noise.

Imagine getting the equivalent of 100-150 miles per gallon.

Imagine that every time you drove, you pumped money into the local economy, rather than send it to distant shores.

Imagine that transportation were the driving force, both literally and figuratively, behind a beneficial restructuring of both agriculture and electric power.

Farfetched dreams? Not at all. The building blocks already are in place. What is needed now are policies that build a structure that makes the imagined a reality.

The principal building block is the hybrid car. Introduced in the U.S. only in 2000, it has become a bestseller. More than 200,000 ply U.S. roads. But existing hybrids suffer a major limitation. They can't be plugged in. Thus they are glorified internal combustion engine vehicles, with a motor assist.

Today's hybrids travel very short distances on electricity. GM and Honda's hybrids aren't designed to operate solely on electricity at all. A Toyota Prius or a Ford Escape can, and can be converted to allow the electricity system to recharge their batteries. An expanded battery pack can allow plug-in vehicles to travel 20-50 miles on a single charge, farther than the average Minnesota drives each day.

Unlike an existing hybrid, a plug-in hybrid is an electric vehicle with an engine backup. Electric vehicles (EVs) boast many advantages. They are quiet and non-polluting. Even taking into account increased power plant emissions, EVs still reduce emissions compared to gasoline-powered vehicles. EVs get the equivalent of over 100 miles per gallon, twice the mileage of the best existing hybrid.

The Achilles Heel of the EV has been the cost and performance limitations of batteries. A plug-in hybrid overcomes that limitation by having a backup engine.

The flexible fueled engine is the other building block toward energy independence. More than 4 million existing vehicles can operate on any combination of ethanol and gasoline. The additional cost to manufacture such a vehicle is about \$100.

The Achilles Heel of biofuels is the limited amount of plant matter available, enough on a world wide basis to displace only a modest fraction of the fuels consumed by currently engineered cars and trucks. A plug-in hybrid overcomes this limitation by being powered primarily by electricity, cutting by as much as 85 percent the fuel needed for the engine and thus enabling biofuels to become a primary fuel rather than an additive.

With the introduction of plug-ins, the transportation and electricity sectors begin to merge. Utilities may offer EV owners the option of recharging their batteries at a lower cost at night, when demand is low. No new power plants would be needed.

Hundreds of thousands of plug-ins could establish a vast new electrical storage capacity, which in turn could encourage a vast increase in the use of wind power. Wind is an intermittent power source, but with sufficient storage, it can become firm power.

One can even imagine tens of thousands of very small wind turbines sprouting up across Minnesota to fuel the household's vehicles. Consider the arithmetic.

Today owners of large wind turbines get paid about 4 cents per kWh when they export the wind energy to distant buyers. A farmer using wind power for internal use displaces retail electricity priced at 5-8 cents per kWh. But the value of electricity that displaces gasoline is about 32 cents per kWh. A household that can generate electricity at less than 32 cents per kWh can make money.

With plug-ins, each vehicle becomes a small power plant, capable of delivering electricity to the grid system. Some studies estimate utilities might pay the EV owner \$1000-\$2000 a year to use the EV's generator to maintain the grid system.

How futuristic are plug-in, flexible fueled vehicles?

Ford has introduced the first flexible fueled hybrid. Daimler Chrysler has about 100 plug-in vehicles on the road. Most interesting, perhaps, is the recent announcement by a Canadian company of a plug-in conversion kit for Prius and Escape owners. The company has informed me that an order of 1,000 kits would cut the price in half (to \$4-5,000). At such a price, payback could be less than 7 years. And the costs will undoubtedly continue to decline.

A bill that reflects the plug-in, flexible fuel strategy has been introduced in the Minnesota legislature. Let's hope it sparks a vigorous debate about how we can make our dreams of energy independence come true.

Editorials

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Cars of the future deserve state backing

- Modest steps could hasten arrival of plug-in hybrids.

Thirty years of engineering advances have made the standard automobile much more fuel-efficient and far less polluting. But this progress has been steadily eroded by consumer behavior — we drive more miles each year, in ever-larger vehicles — and, anyway, the gasoline engine's fundamental problems endure. Even the best waste energy, foul the air, accelerate global warming and shackle the nation's security, as well as its economy, to imported oil.

Until quite recently the only true alternative appeared to be the hydrogen-powered car, a revolutionary technology whose predicted arrival kept retreating farther into the future. Now it seems possible that a comparable breakthrough is just around the corner: a practical, affordable, high-performing car that runs on rechargeable batteries, home-grown biofuel and perhaps a dollop of gasoline.

As David Morris details on the cover of this section, the plug-in, hybrid, flexible-fuel car combines three familiar, road-tested technologies in a way that melds their advantages and removes their drawbacks. Like the all-electric car, it could go up to 50 miles — more than most people travel in an average day — on an overnight charge from a household outlet. Beyond that range, it would automatically switch to the high-mileage hybrid drive made popular by the gas/electric Toyota Prius, but could go the Prius one better by burning fuel that's up to 85 percent ethanol.

Prototypes have been getting their own road tests since about 1990, when the first version was built at the University of California-Davis. What may have seemed a cool but quirky idea back then has gained credence in parallel with rising oil prices and grow-

ing worry over supply disruptions. A chief proponent is James Woolsey, the former CIA director, who said recently, "The combination of 9/11 and \$60-a-barrel oil is something that has changed a lot of people's mentality on this. This is a parade the participants are forming."

Those participants include a couple of dozen city and county governments, and more than 100 public power utilities, that helped found the Plug-In Partners campaign. Nine of those utilities are in Minnesota, whose wind power and ethanol resources make these vehicles even more attractive. In Texas, where wind power is expanding rapidly, Austin is trying to recruit 50 cities to join in jump-starting a market for the new vehicles by committing to buy them for municipal fleets, and providing purchase incentives to businesses and individuals.

In Minnesota, the House is considering a bill that commits state agencies to buying comparably priced plug-in hybrid cars, trucks and vans for state fleets whenever practicable. It also grants \$100,000 to the automotive engineering program at Minnesota State University, Mankato for a demonstration project on converting existing vehicles to plug-in hybrids.

A Senate bill seeks strategies for promoting widespread purchase of plug-ins by private buyers, as well as the state, and for integrating the vehicles into the power grid. It would also explore possible incentives for building them at the Ford plant in St. Paul.

That last idea is a potent reminder that this new technology can provide horsepower for Minnesota's industries as well as its motorists. The plug-in parade is one we ought to join, beginning with these modest steps.

1. A bill for an act
1.2 relating to transportation; requiring language that the state will purchase plug-in
1.3 hybrid electric vehicles when commercially available to be inserted in certain bid
1.4 documents; appropriating money for the retrofitting of flexible fuel vehicles to
1.5 operate as plug-in hybrid electric vehicles.

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

1.7 Section 1. **STATE PURCHASING OF PLUG-IN HYBRID ELECTRIC**
1.8 **VEHICLES.**

1.9 **Subdivision 1. Definition.** As used in this section, "plug-in hybrid electric vehicle
1.10 (PHEV)" means a vehicle containing an internal combustion engine that also allows
1.11 power to be delivered to the drive wheels by a battery-powered electric motor and that
1.12 meets applicable federal motor vehicle safety standards. When connected to the electrical
1.13 grid via a two-way electrical outlet, the vehicle must be able to recharge its battery and
1.14 transfer electricity to a utility. The vehicle must have the ability to travel at least 20 miles,
1.15 powered substantially by electricity.

1.16 **Subd. 2. Notice of state procurement policy in bid documents.** (a) All solicitation
1.17 documents for the purchase of a passenger automobile, as defined in Minnesota Statutes,
1.18 section 168.011, subdivision 7; pickup truck, as defined in Minnesota Statutes, section
1.19 168.011, subdivision 29; or van, as defined in Minnesota Statutes, section 168.011,
1.20 subdivision 28, issued under the jurisdiction of the Department of Administration after
1.21 June 30, 2006, must contain the following language: "It is the intention of the state of
1.22 Minnesota to begin purchasing plug-in hybrid electric vehicles as soon as they become
1.23 commercially available, meet the state's performance specifications, and are priced no
1.24 more than ten percent above the price for comparable gasoline powered vehicles. It is the
1.25 intention of the state to purchase plug-in hybrid electric vehicles whenever practicable

2.1 after these conditions have been met, and as fleet needs dictate for at least five years after
2.2 these conditions have been met."

2.3 (b) For information purposes, state agencies purchase approximately 800 of the
2.4 vehicles identified in paragraph (a) per year.

2.5 EFFECTIVE DATE. This section is effective the day following final enactment.

2.6 Sec. 2. APPROPRIATION; PLUG-IN HYBRID ELECTRIC VEHICLES.

2.7 \$100,000 is appropriated in fiscal year 2007 from the general fund to the
2.8 commissioner of commerce for a grant to Minnesota State University - Mankato for the
2.9 automotive engineering program to retrofit two flexible fuel vehicles to also operate as
2.10 plug-in hybrid electric vehicles (PHEVs).

2.11 EFFECTIVE DATE. This section is effective July 1, 2006.

1.1 Senator moves to amend S.F. No. 3440 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. STATE PURCHASING OF PLUG-IN HYBRID ELECTRIC
1.4 VEHICLES.

1.5 Subdivision 1. Definition. (a) As used in sections 2 and 3, "plug-in hybrid electric
1.6 vehicle (PHEV)" means a vehicle containing an internal combustion engine that also
1.7 allows power to be delivered to the drive wheels by a battery-powered electric motor and
1.8 that meets applicable federal motor vehicle safety standards. When connected to the
1.9 electrical grid via an electrical outlet, the vehicle must be able to recharge its battery. The
1.10 vehicle must have the ability to travel at least 20 miles, powered substantially by electricity.

1.11 (b) As used in this section, "neighborhood electric vehicle" means an electrically
1.12 powered motor vehicle that has four wheels and has a speed attainable in one mile of at
1.13 least 20 miles per hour but not more than 25 miles per hour on a paved level surface.

1.14 Subd. 2. Notice of state procurement policy in bid documents. All solicitation
1.15 documents for the purchase of a passenger automobile, as defined in Minnesota Statutes,
1.16 section 168.011, subdivision 7; pickup truck, as defined in Minnesota Statutes, section
1.17 168.011, subdivision 29; or van, as defined in Minnesota Statutes, section 168.011,
1.18 subdivision 28, issued under the jurisdiction of the Department of Administration after
1.19 June 30, 2006, must contain the following language: "It is the intention of the state of
1.20 Minnesota to begin purchasing plug-in hybrid electric vehicles and neighborhood electric
1.21 vehicles as soon as they become commercially available, meet the state's performance
1.22 specifications, and are priced no more than ten percent above the price for comparable
1.23 gasoline-powered vehicles. It is the intention of the state to purchase plug-in hybrid
1.24 electric vehicles and neighborhood electric vehicles whenever practicable after these
1.25 conditions have been met and as fleet needs dictate for at least five years after these
1.26 conditions have been met."

1.27 EFFECTIVE DATE. This section is effective the day following final enactment.

1.28 Sec. 2. PLUG-IN HYBRID ELECTRIC VEHICLE RETROFIT PROJECT.

1.29 The automotive engineering program at Minnesota State University - Mankato
1.30 is strongly encouraged to retrofit two flexible fuel vehicles to also operate as plug-in
1.31 hybrid electric vehicles (PHEV's). If the legislature does not appropriate funds for this
1.32 purpose, the Department of Administration and Minnesota State University - Mankato
1.33 may accept donations and work cooperatively with nonprofit agencies, higher education
1.34 institutions, and public agencies to procure vehicles and obtain other necessary funds to
1.35 conduct the retrofit.

2.1 EFFECTIVE DATE. This section is effective the day following final enactment.

2.2 **Sec. 3. PLUG-IN HYBRID ELECTRIC VEHICLE TASK FORCE.**

2.3 Subdivision 1. Establishment; membership. The plug-in hybrid electric vehicle
2.4 task force is established. The task force shall consist of 13 members as follows:

2.5 (1) one representative each from Xcel Energy and Great River Energy;

2.6 (2) one representative each from the Minnesota Department of Commerce, the
2.7 Minnesota Department of Transportation, and the Minnesota Pollution Control Agency;

2.8 (3) the director of the Travel Management Division of the Minnesota Department of
2.9 Administration, or the director's designee;

2.10 (4) a representative from the University of Minnesota Department of Electrical
2.11 Engineering;

2.12 (5) one representative each from Minnesota-based manufacturers of electric
2.13 batteries, automotive parts, and power electronics;

2.14 (6) a representative from an environmental advocacy organization active in
2.15 electricity issues;

2.16 (7) a representative of United Auto Workers Local 879; and

2.17 (8) a representative of the Ford Motor Company.

2.18 Subd. 2. Appointment. The chairs of the senate and house of representatives
2.19 committees with primary jurisdiction over energy policy shall jointly appoint the task
2.20 force members.

2.21 Subd. 3. Cochairs. The task force shall have two cochairs, one appointed by each
2.22 of the appointing authorities established in subdivision 2.

2.23 Subd. 4. Charge. (a) The plug-in hybrid electric vehicle task force shall identify
2.24 barriers to the adoption of plug-in hybrid electric vehicles by state agencies, small
2.25 and large private fleets, and Minnesota drivers at-large and develop strategies to be
2.26 implemented over one-, three-, and five-year time frames to overcome those barriers.
2.27 Included in the analysis should be possible financial incentives to encourage Ford Motor
2.28 Company to produce plug-in hybrid, flexible-fueled vehicles at its St. Paul plant.

2.29 (b) The task force shall consider and evaluate the data and information presented to
2.30 it under subdivision 5 in presenting its findings and recommendations.

2.31 Subd. 5. Data and analysis. The commissioner of the Pollution Control Agency
2.32 shall analyze and report to the task force the environmental impacts of purchasing plug-in
2.33 hybrid electric vehicles for the state-owned vehicle fleet and at penetration rates of ten
2.34 percent, 25 percent, and 50 percent of all motor vehicles registered in this state. The
2.35 analysis must compare, for plug-in hybrid electric vehicles and current fleet vehicles, air

3.1 emissions of sulfur dioxide, nitrogen oxides, particulate matter less than 2.5 microns in
3.2 width, volatile organic compounds, and carbon dioxide.

3.3 Subd. 6. Expenses. Members of the task force are entitled to reimbursement
3.4 for expenses under Minnesota Statutes, section 15.059, subdivision 6. Member
3.5 reimbursements shall be paid for by the commissioner of commerce.

3.6 Subd. 7. Staff. The state agencies represented on the commission shall provide
3.7 staff support.

3.8 Subd. 8. Report. The task force shall present its findings and recommendations in a
3.9 report to the chairs of the senate and house of representatives committees with primary
3.10 jurisdiction over energy policy and state government operations by April 1, 2007.

3.11 Subd. 9. Expiration. The task force expires on June 30, 2008.

3.12 EFFECTIVE DATE. This section is effective the day following final enactment."

3.13 Amend the title accordingly

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.3 **S.F. No. 3440:** A bill for an act relating to transportation; requiring language that
1.4 the state will purchase plug-in hybrid electric vehicles when commercially available to
1.5 be inserted in certain bid documents; appropriating money for the retrofitting of flexible
fuel vehicles to operate as plug-in hybrid electric vehicles.

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

1.7 Delete everything after the enacting clause and insert:

1.8 "Section 1. **STATE PURCHASING OF PLUG-IN HYBRID ELECTRIC**
1.9 **VEHICLES.**

1.10 **Subdivision 1. Definition.** (a) As used in sections 2 and 3, "plug-in hybrid electric
1.11 vehicle (PHEV)" means a vehicle containing an internal combustion engine that also
1.12 allows power to be delivered to the drive wheels by a battery-powered electric motor and
1.13 that meets applicable federal motor vehicle safety standards. When connected to the
1.14 electrical grid via an electrical outlet, the vehicle must be able to recharge its battery. The
1.15 vehicle must have the ability to travel at least 20 miles, powered substantially by electricity.

1.16 (b) As used in this section, "neighborhood electric vehicle" means an electrically
1.17 powered motor vehicle that has four wheels and has a speed attainable in one mile of at
1.18 least 20 miles per hour but not more than 25 miles per hour on a paved level surface.

1.19 **Subd. 2. Notice of state procurement policy in bid documents.** All solicitation
1.20 documents for the purchase of a passenger automobile, as defined in Minnesota Statutes,
1.21 section 168.011, subdivision 7; pickup truck, as defined in Minnesota Statutes, section
1.22 168.011, subdivision 29; or van, as defined in Minnesota Statutes, section 168.011,
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1.25 Minnesota to begin purchasing plug-in hybrid electric vehicles and neighborhood electric
1.26 vehicles as soon as they become commercially available, meet the state's performance
1.27 specifications, and are priced no more than ten percent above the price for comparable
1.28 gasoline-powered vehicles. It is the intention of the state to purchase plug-in hybrid
1.29 electric vehicles and neighborhood electric vehicles whenever practicable after these
1.30 conditions have been met and as fleet needs dictate for at least five years after these
1.31 conditions have been met."

1.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.33 **Sec. 2. PLUG-IN HYBRID ELECTRIC VEHICLE RETROFIT PROJECT.**

1.34 **The automotive engineering program at Minnesota State University - Mankato**
1.35 **is strongly encouraged to retrofit two flexible fuel vehicles to also operate as plug-in**
1.36 **hybrid electric vehicles (PHEV's).** If the legislature does not appropriate funds for this
1.37 **purpose, the Department of Administration and Minnesota State University - Mankato**

2.1 may accept donations and work cooperatively with nonprofit agencies, higher education
2.2 institutions, and public agencies to procure vehicles and obtain other necessary funds to
2.3 conduct the retrofit.

2.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.5 Sec. 3. **PLUG-IN HYBRID ELECTRIC VEHICLE TASK FORCE.**

2.6 Subdivision 1. **Establishment; membership.** The plug-in hybrid electric vehicle
2.7 task force is established. The task force shall consist of 13 members as follows:

2.8 (1) one representative each from Xcel Energy and Great River Energy;

2.9 (2) one representative each from the Minnesota Department of Commerce, the
2.10 Minnesota Department of Transportation, and the Minnesota Pollution Control Agency;

2.11 (3) the director of the Travel Management Division of the Minnesota Department of
2.12 Administration, or the director's designee;

2.13 (4) a representative from the University of Minnesota Department of Electrical
2.14 Engineering;

2.15 (5) one representative each from Minnesota-based manufacturers of electric
2.16 batteries, automotive parts, and power electronics;

2.17 (6) a representative from an environmental advocacy organization active in
2.18 electricity issues;

2.19 (7) a representative of United Auto Workers Local 879; and

2.20 (8) a representative of the Ford Motor Company.

2.21 Subd. 2. **Appointment.** The chairs of the senate and house of representatives
2.22 committees with primary jurisdiction over energy policy shall jointly appoint the task
2.23 force members.

2.24 Subd. 3. **Cochairs.** The task force shall have two cochairs, one appointed by each
2.25 of the appointing authorities established in subdivision 2.

2.26 Subd. 4. **Charge.** (a) The plug-in hybrid electric vehicle task force shall identify
2.27 barriers to the adoption of plug-in hybrid electric vehicles by state agencies, small
2.28 and large private fleets, and Minnesota drivers at-large and develop strategies to be
2.29 implemented over one-, three-, and five-year time frames to overcome those barriers.
2.30 Included in the analysis should be possible financial incentives to encourage Ford Motor
2.31 Company to produce plug-in hybrid, flexible-fueled vehicles at its St. Paul plant.

2.32 (b) The task force shall consider and evaluate the data and information presented to
2.33 it under subdivision 5 in presenting its findings and recommendations.

3.1 Subd. 5. Data and analysis. The commissioner of the Minnesota Pollution Control
 3.2 Agency shall analyze and report to the task force the environmental impacts of purchasing
 3.3 plug-in hybrid electric vehicles for the state-owned vehicle fleet and at penetration rates of
 3.4 ten percent, 25 percent, and 50 percent of all motor vehicles registered in this state. The
 3.5 analysis must compare, for plug-in hybrid electric vehicles and current fleet vehicles, air
 3.6 emissions of sulfur dioxide, nitrogen oxides, particulate matter less than 2.5 microns in
 3.7 width, volatile organic compounds, and carbon dioxide.

3.8 Subd. 6. Expenses. Members of the task force are entitled to reimbursement
 3.9 for expenses under Minnesota Statutes, section 15.059, subdivision 6. Member
 3.10 reimbursements shall be paid for by the commissioner of commerce.

3.11 Subd. 7. Staff. The state agencies represented on the commission shall provide
 3.12 staff support.

3.13 Subd. 8. Report. The task force shall present its findings and recommendations in a
 3.14 report to the chairs of the senate and house of representatives committees with primary
 3.15 jurisdiction over energy policy and state government operations by April 1, 2007.

3.16 Subd. 9. Expiration. The task force expires on June 30, 2008.

3.17 EFFECTIVE DATE. This section is effective the day following final enactment."

3.18 Amend the title accordingly

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

3.20
 3.21 (Committee Chair)

3.22 May 4, 2006 5-4-06
 3.23 (Date of Committee recommendation)

**Senate Counsel, Research,
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Senate

State of Minnesota

H.F. No. 2574 - Cass County Hospital and Nursing Home Moratorium Exceptions

Author: Senator Dallas Sams

Prepared by: David Giel, Senate Research (296-7178) 

Date: May 3, 2006

H.F. No. 2574 authorizes exceptions to the hospital and nursing home construction moratoriums for projects in Cass County.

Section 1 (144.551, subdivision 1) authorizes an exception to the hospital construction moratorium to allow the construction of a 25-bed hospital in Cass County within 20 miles of the Ah-Gwah-Ching facility, provided the license holder is approved by the county board.

Section 2 (144A.071, subdivision 4c) authorizes a nursing home moratorium exception to build a nursing home of up to 80 beds on the Ah-Gwah-Ching campus using bed licenses transferred from the state-owned facility. The operating rate for the new facility must be determined under existing rules and law. The property payment rate is set at \$35 per day for the first three years, with that amount subsequently adjusted annually for inflation as long as the facility has a contract under the alternative payment system.

DG:rdr

Consolidated Fiscal Note – 2005-06 Session

Bill #: H2574-0 **Complete Date:** 03/24/06

Chief Author: HOWES, LARRY

Title: CASS CTY HOSPITAL MORATORIUM EXCEPT

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Human Services Dept (03/24/06)

Health Dept (03/20/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN

Date: 03/24/06 Phone: 286-5618

Fiscal Note – 2005-06 Session

Bill #: H2574-0 **Complete Date:** 03/24/06

Chief Author: HOWES, LARRY

Title: CASS CTY HOSPITAL MORATORIUM EXCEPT

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

NARRATIVE: HF 2574

Bill Description

This bill modifies the list of hospital construction or modification moratorium exceptions by adding a project in Cass County for up to 25 beds to be constructed within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the license holder is approved by the Cass County Board.

Assumptions

A change to the moratorium that increases inpatient hospital beds does not increase MHCP costs because all medically necessary inpatient services are already being provided, but at a different location. An increase in service availability does not increase demand for inpatient services.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

Agency Contact Name: Steve Nelson 651-431-2202
FN Coord Signature: STEVE BARTA
Date: 03/23/06 Phone: 431-2916

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN
Date: 03/24/06 Phone: 286-5618

Fiscal Note – 2005-06 Session

Bill #: H2574-0 **Complete Date:** 03/20/06

Chief Author: HOWES, LARRY

Title: CASS CTY HOSPITAL MORATORIUM EXCEPT

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Health Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

Section 1

Amends Minnesota Statutes 2005 Supplement, section 144.551, subdivision 1, to allow for the construction of a hospital with up to 25 beds in Cass County, within a 20-mile radius of the Ah-Gwah-Ching state facility, subject to approval of the facility's license holder by the county board.

Assumptions

Section 1

Approval of increased bed capacity for this project would require no additional responsibilities for the Department and have no fiscal impact. A public interest review is currently being conducted for this project pursuant to Minnesota Statutes 144.552, which will entail some additional costs to the Department. Those costs will be covered by revenues from the filing entity, as required by Minnesota Statutes 144.552, leaving no net fiscal impact.

Expenditure and/or Revenue Formula

No fiscal impact to the Department.

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

Agency Contact Name: Scott Leitz (651-282-6361)
FN Coord Signature: MARGARET KELLY
Date: 03/16/06 Phone: 201-5812

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: CRAIG WIEBER
Date: 03/20/06 Phone: 282-5065

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State of Minnesota

Printed Page No. **555**

HOUSE OF REPRESENTATIVES

EIGHTY-FOURTH
SESSION

HOUSE FILE NO. **2574**

March 1, 2006

Authored by Howes and Moe

The bill was read for the first time and referred to the Committee on Health Policy and Finance

March 27, 2006

Committee Recommendation and Adoption of Report:

To Pass

Read Second Time

April 27, 2006

Calendar For The Day, Amended

Read Third Time as Amended

Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

A bill for an act

relating to health; providing an exception to the hospital construction moratorium for a facility in Cass County; providing for the licensing and certification of certain nursing home or boarding care home beds transferred from a certain existing facility in Cass County to a new facility; amending Minnesota Statutes 2004, section 144A.071, subdivision 4c; Minnesota Statutes 2005 Supplement, section 144.551, subdivision 1.

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

Section 1. Minnesota Statutes 2005 Supplement, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

2.1 (2) a project for construction or modification for which a health care facility held
2.2 an approved certificate of need on May 1, 1984, regardless of the date of expiration of
2.3 the certificate;

2.4 (3) a project for which a certificate of need was denied before July 1, 1990, if a
2.5 timely appeal results in an order reversing the denial;

2.6 (4) a project exempted from certificate of need requirements by Laws 1981, chapter
2.7 200, section 2;

2.8 (5) a project involving consolidation of pediatric specialty hospital services within
2.9 the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the
2.10 number of pediatric specialty hospital beds among the hospitals being consolidated;

2.11 (6) a project involving the temporary relocation of pediatric-orthopedic hospital
2.12 beds to an existing licensed hospital that will allow for the reconstruction of a new
2.13 philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a
2.14 net increase in the number of hospital beds. Upon completion of the reconstruction,
2.15 the licenses of both hospitals must be reinstated at the capacity that existed on each site
2.16 before the relocation;

2.17 (7) the relocation or redistribution of hospital beds within a hospital building or
2.18 identifiable complex of buildings provided the relocation or redistribution does not result
2.19 in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds
2.20 from one physical site or complex to another; or (iii) redistribution of hospital beds within
2.21 the state or a region of the state;

2.22 (8) relocation or redistribution of hospital beds within a hospital corporate system
2.23 that involves the transfer of beds from a closed facility site or complex to an existing site
2.24 or complex provided that: (i) no more than 50 percent of the capacity of the closed facility
2.25 is transferred; (ii) the capacity of the site or complex to which the beds are transferred
2.26 does not increase by more than 50 percent; (iii) the beds are not transferred outside of a
2.27 federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or
2.28 redistribution does not involve the construction of a new hospital building;

2.29 (9) a construction project involving up to 35 new beds in a psychiatric hospital in
2.30 Rice County that primarily serves adolescents and that receives more than 70 percent of its
2.31 patients from outside the state of Minnesota;

2.32 (10) a project to replace a hospital or hospitals with a combined licensed capacity
2.33 of 130 beds or less if: (i) the new hospital site is located within five miles of the current
2.34 site; and (ii) the total licensed capacity of the replacement hospital, either at the time of
2.35 construction of the initial building or as the result of future expansion, will not exceed 70

3.1 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is
3.2 less;

3.3 (11) the relocation of licensed hospital beds from an existing state facility operated
3.4 by the commissioner of human services to a new or existing facility, building, or complex
3.5 operated by the commissioner of human services; from one regional treatment center
3.6 site to another; or from one building or site to a new or existing building or site on the
3.7 same campus;

3.8 (12) the construction or relocation of hospital beds operated by a hospital having a
3.9 statutory obligation to provide hospital and medical services for the indigent that does not
3.10 result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27
3.11 beds, of which 12 serve mental health needs, may be transferred from Hennepin County
3.12 Medical Center to Regions Hospital under this clause;

3.13 (13) a construction project involving the addition of up to 31 new beds in an existing
3.14 nonfederal hospital in Beltrami County;

3.15 (14) a construction project involving the addition of up to eight new beds in an
3.16 existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

3.17 (15) a construction project involving the addition of 20 new hospital beds
3.18 used for rehabilitation services in an existing hospital in Carver County serving the
3.19 southwest suburban metropolitan area. Beds constructed under this clause shall not be
3.20 eligible for reimbursement under medical assistance, general assistance medical care,
3.21 or MinnesotaCare;

3.22 (16) a project for the construction or relocation of up to 20 hospital beds for the
3.23 operation of up to two psychiatric facilities or units for children provided that the operation
3.24 of the facilities or units have received the approval of the commissioner of human services;

3.25 (17) a project involving the addition of 14 new hospital beds to be used for
3.26 rehabilitation services in an existing hospital in Itasca County;

3.27 (18) a project to add 20 licensed beds in existing space at a hospital in Hennepin
3.28 County that closed 20 rehabilitation beds in 2002, provided that the beds are used only
3.29 for rehabilitation in the hospital's current rehabilitation building. If the beds are used for
3.30 another purpose or moved to another location, the hospital's licensed capacity is reduced
3.31 by 20 beds; ~~or~~

3.32 (19) a critical access hospital established under section 144.1483, clause (9), and
3.33 section 1820 of the federal Social Security Act, United States Code, title 42, section
3.34 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public
3.35 Law 105-33, to the extent that the critical access hospital does not seek to exceed the
3.36 maximum number of beds permitted such hospital under federal law; or

4.1 (20) a project for the construction of a hospital with up to 25 beds in Cass County
4.2 within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's
4.3 license holder is approved by the Cass County Board.

4.4 Sec. 2. Minnesota Statutes 2004, section 144A.071, subdivision 4c, is amended to read:

4.5 Subd. 4c. **Exceptions for replacement beds after June 30, 2003.** (a) The
4.6 commissioner of health, in coordination with the commissioner of human services, may
4.7 approve the renovation, replacement, upgrading, or relocation of a nursing home or
4.8 boarding care home, under the following conditions:

4.9 (1) to license and certify an 80-bed city-owned facility in Nicollet County to be
4.10 constructed on the site of a new city-owned hospital to replace an existing 85-bed facility
4.11 attached to a hospital that is also being replaced. The threshold allowed for this project
4.12 under section 144A.073 shall be the maximum amount available to pay the additional
4.13 medical assistance costs of the new facility;

4.14 (2) to license and certify 29 beds to be added to an existing 69-bed facility in St.
4.15 Louis County, provided that the 29 beds must be transferred from active or layaway status
4.16 at an existing facility in St. Louis County that had 235 beds on April 1, 2003.

4.17 The licensed capacity at the 235-bed facility must be reduced to 206 beds, but the payment
4.18 rate at that facility shall not be adjusted as a result of this transfer. The operating payment
4.19 rate of the facility adding beds after completion of this project shall be the same as it was
4.20 on the day prior to the day the beds are licensed and certified. This project shall not
4.21 proceed unless it is approved and financed under the provisions of section 144A.073; ~~and~~

4.22 (3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of
4.23 the new beds are transferred from a 45-bed facility in Austin under common ownership
4.24 that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea
4.25 under common ownership; (ii) the commissioner of human services is authorized by the
4.26 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii)
4.27 money is available from planned closures of facilities under common ownership to make
4.28 implementation of this clause budget-neutral to the state. The bed capacity of the Albert
4.29 Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the
4.30 new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's
4.31 disease or related dementias; and

4.32 (4) to license and certify up to 80 beds transferred from an existing state-owned
4.33 nursing facility in Cass County to a new facility located on the grounds of the
4.34 Ah-Gwah-Ching campus. The operating cost payment rates for the new facility shall be
4.35 determined based on the interim and settle-up payment provisions of Minnesota Rules,

5.1 part 9549.0057, and the reimbursement provisions of section 256B.431. The property
5.2 payment rate for the first three years of operation shall be \$35 per day. For subsequent
5.3 years, the property payment rate of \$35 per day shall be adjusted for inflation as provided
5.4 in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract
5.5 under section 256B.434.

5.6 (b) Projects approved under this subdivision shall be treated in a manner equivalent
5.7 to projects approved under subdivision 4a.

1.1 Senator moves to amend H.F. No. 2574 as follows:

1.2 Page 3, line 36, delete "or"

1.3 Page 4, line 3, strike the period and insert "; or"

1.4 Page 4, after line 3, insert:

1.5 "(21) a project approved under section 144.553." and insert:

1.6 "Sec. 2. Minnesota Statutes 2004, section 144.552, is amended to read:

1.7 **144.552 PUBLIC INTEREST REVIEW.**

1.8 (a) The following entities must submit a plan to the commissioner:

1.9 (1) a hospital seeking to increase its number of licensed beds; or

1.10 (2) an organization seeking to obtain a hospital license ~~must submit a plan to~~
1.11 ~~the commissioner of health and notified by the commissioner under section 144.553,~~
1.12 subdivision 1, paragraph (c), that it is subject to this section.

1.13 The plan must include information that includes an explanation of how the expansion will
1.14 meet the public's interest. When submitting a plan to the commissioner, an applicant shall
1.15 pay the commissioner for the commissioner's cost of reviewing the plan, as determined
1.16 by the commissioner and notwithstanding section 16A.1283. Money received by the
1.17 commissioner under this section is appropriated to the commissioner for the purpose of
1.18 administering this section.

1.19 (b) Plans submitted under this section shall include detailed information necessary
1.20 for the commissioner to review the plan and reach a finding. The commissioner may
1.21 request additional information from the hospital submitting a plan under this section and
1.22 from others affected by the plan that the commissioner deems necessary to review the
1.23 plan and make a finding.

1.24 (c) The commissioner shall review the plan and, within 90 days, but no more than
1.25 six months if extenuating circumstances apply, issue a finding on whether the plan is in
1.26 the public interest. In making the recommendation, the commissioner shall consider
1.27 issues including but not limited to:

1.28 (1) whether the new hospital or hospital beds are needed to provide timely access to
1.29 care or access to new or improved services;

1.30 (2) the financial impact of the new hospital or hospital beds on existing acute-care
1.31 hospitals that have emergency departments in the region;

1.32 (3) how the new hospital or hospital beds will affect the ability of existing hospitals
1.33 in the region to maintain existing staff;

2.1 (4) the extent to which the new hospital or hospital beds will provide services to
2.2 nonpaying or low-income patients relative to the level of services provided to these groups
2.3 by existing hospitals in the region; and

2.4 (5) the views of affected parties.

2.5 Prior to making a recommendation, the commissioner shall conduct a public hearing in the
2.6 affected hospital service area to take testimony from interested persons.

2.7 (d) Upon making a recommendation under paragraph (c), the commissioner shall
2.8 provide a copy of the recommendation to the chairs of the house and senate committees
2.9 having jurisdiction over health and human services policy and finance.

2.10 **Sec. 3. [144.553] ALTERNATIVE APPROVAL PROCESS FOR NEW**
2.11 **HOSPITAL CONSTRUCTION.**

2.12 **Subdivision 1. Letter of intent; publication; acceptance of additional proposals.**

2.13 (a) An organization seeking to obtain a hospital license must submit a letter of intent to the
2.14 commissioner, specifying the community in which the proposed hospital would be located
2.15 and the number of beds proposed for the new hospital. When multiple letters of intent are
2.16 received, the commissioner shall determine whether they constitute requests for separate
2.17 projects or are competing proposals to serve the same or a similar service area.

2.18 (b) Upon receipt of a letter under paragraph (a), the commissioner shall publish a
2.19 notice in the State Register that includes the information received from the organization
2.20 under paragraph (a). The notice must state that another organization interested in seeking
2.21 a hospital license to serve the same or a similar service area must notify the commissioner
2.22 within 30 days.

2.23 (c) If no responses are received from additional organizations under paragraph (b),
2.24 the commissioner shall notify the entity seeking a license that it is required to submit a
2.25 plan under section 144.552 and shall notify the chairs of the house of representatives and
2.26 senate committees having jurisdiction over health and human services policy and finance
2.27 that the project is subject to sections 144.551 and 144.552.

2.28 **Subd. 2. Needs assessment.** (a) If one or more responses are received by the
2.29 commissioner under subdivision 1, paragraph (b), the commissioner shall complete within
2.30 90 days a needs assessment to determine if a new hospital is needed in the proposed
2.31 service area.

2.32 (b) The organizations that have filed or responded to a letter of intent under
2.33 subdivision 1 shall provide to the commissioner within 30 days of a request from the
2.34 commissioner a statement justifying the need for a new hospital in the service area and
2.35 sufficient information, as determined by the commissioner, to allow the commissioner to
2.36 determine the need for a new hospital. The information may include, but is not limited

3.1 to, a demographic analysis of the proposed service area, the number of proposed beds,
3.2 the types of hospital services to be provided, and distances and travel times to existing
3.3 hospitals currently providing services in the service area.

3.4 (c) The commissioner shall make a determination of need for the new hospital. If
3.5 the commissioner determines that a new hospital in the service area is not justified, the
3.6 commissioner shall notify the applicants in writing, stating the reasons for the decision.

3.7 **Subd. 3. Process when hospital need is determined.** (a) If the commissioner
3.8 determines that a new hospital is needed in the proposed service area, the commissioner
3.9 shall notify the applicants of that finding and shall select the applicant determined under
3.10 the process established in this subdivision to be best able to provide services consistent
3.11 with the review criteria established in this subdivision.

3.12 (b) The commissioner shall:

3.13 (1) determine market-specific criteria that shall be used to evaluate all proposals.

3.14 The criteria must include standards regarding:

3.15 (i) access to care;

3.16 (ii) quality of care;

3.17 (iii) cost of care; and

3.18 (iv) overall project feasibility;

3.19 (2) establish additional criteria at the commissioner's discretion. In establishing the
3.20 criteria, the commissioner shall consider the need for:

3.21 (i) mental health services in the service area, including both inpatient and outpatient
3.22 services for adults, adolescents, and children;

3.23 (ii) a significant commitment to providing uncompensated care, including discounts
3.24 for uninsured patients and coordination with other providers of care to low-income
3.25 uninsured persons; and

3.26 (iii) coordination with other hospitals so that specialized services are not
3.27 unnecessarily duplicated and are provided in sufficient volume to ensure the maintenance
3.28 of high-quality care. The criteria determined under this paragraph shall constitute the sole
3.29 criteria under which the competing proposals shall be evaluated; and

3.30 (3) define a service area for the proposed hospital. The service area shall consist of:

3.31 (i) in the 11-county metropolitan area, in St. Cloud, and in Duluth, the zip codes
3.32 located within a 20-mile radius of the proposed new hospital location; and

3.33 (ii) in the remainder of the state, the zip codes within a 30-mile radius of the
3.34 proposed new hospital location.

3.35 (c) The commissioner shall publish the criteria determined under paragraph (b) in the
3.36 State Register within 60 days of the determination under subdivision 2. Once published,

4.1 the criteria shall not be modified with respect to the particular project and applicants
4.2 to which they apply. The commissioner shall publish with the criteria guidelines for a
4.3 proposal and submission review process.

4.4 (d) For 60 days after the publication under paragraph (c), the commissioner shall
4.5 accept proposals to construct a hospital from organizations that have submitted a letter
4.6 of intent under subdivision 1, paragraph (a), or have notified the commissioner under
4.7 subdivision 1, paragraph (b). The proposal must include a plan for the new hospital and
4.8 evidence of compliance with the criteria specified under paragraph (b). Once submitted,
4.9 the proposal may not be revised except:

4.10 (1) to submit corrections of material facts; or

4.11 (2) in response to a request from the commissioner to provide clarification or
4.12 further information.

4.13 (e) The commissioner shall determine within 90 days of the deadline for applications
4.14 under paragraph (d), which applicant has demonstrated that it is best able to provide
4.15 services consistent with the published criteria. The commissioner shall make this
4.16 determination by order following a hearing according to this paragraph. The hearing
4.17 shall not constitute or be considered to be a contested case hearing under chapter 14 and
4.18 shall be conducted solely under the procedures specified in this paragraph. The hearing
4.19 shall commence upon at least 30 days' notice to the applicants by the commissioner.
4.20 The hearing may be conducted by the commissioner or by a person designated by the
4.21 commissioner. The designee may be an administrative law judge. The purpose of the
4.22 hearing shall be to receive evidence to assist the commissioner in determining which
4.23 applicant has demonstrated that it best meets the published criteria.

4.24 The parties to the hearing shall consist only of those applicants who have submitted
4.25 a completed application. Each applicant shall have the right to be represented by
4.26 counsel, to present evidence deemed relevant by the commissioner, and to examine and
4.27 cross-examine witnesses. Persons who are not parties to the proceeding but who wish to
4.28 present comments or submit information may do so in the manner determined by the
4.29 commissioner or the commissioner's designee. Any person who is not a party shall have
4.30 no right to examine or cross-examine witnesses. The commissioner may participate as an
4.31 active finder of fact in the hearing and may ask questions to elicit information or clarify
4.32 answers or responses.

4.33 (f) Prior to making a determination selecting an application, the commissioner shall
4.34 hold a public hearing in the proposed hospital service area to accept comments from
4.35 members of the public. The commissioner shall take this information into consideration in
4.36 making the determination. The commissioner must also consider the input and preferences

5.1 of legislators and local elected officials who represent the service area regarding the
5.2 selection of the hospital provider. The commissioner shall issue an order selecting an
5.3 application following the closing of the record of the hearing as determined by the hearing
5.4 officer. The commissioner's order shall include a statement of the reasons the selected
5.5 application best meets the published criteria.

5.6 (g) Following the determination under paragraph (e), the commissioner shall
5.7 recommend the selected proposal to the legislature on or before March 1 in an
5.8 odd-numbered year and within 15 days of the first day of the regular session in
5.9 an even-numbered year to be accepted or rejected. Legislative acceptance of the
5.10 commissioner's recommendation constitutes approval of the proposal under section
5.11 144.551. Legislative rejection of the recommendation concludes the process but does not
5.12 prohibit a new application under this section and section 144.552.

5.13 (h) In the event of legislative failure to act on the recommendation made under this
5.14 subdivision, upon the conclusion of the legislative session the commissioner shall make
5.15 the commissioner's recommendation the final approval of the project. The commissioner's
5.16 decision to grant final approval to the commissioner's recommendation constitutes
5.17 approval of the proposal under section 144.551.

5.18 (i) For purposes of this subdivision, "legislative acceptance" means the
5.19 recommended project is approved by law; "legislative rejection" means the recommended
5.20 project is rejected by law; and "legislative failure to act" means any other action or lack of
5.21 action taken by the legislature.

5.22 Subd. 4. **Payment of commissioner's expenses.** Notwithstanding section
5.23 16A.1283, applicants who are a party at any stage of the administrative process established
5.24 in this section shall pay the cost of that stage of the process, as determined by the
5.25 commissioner. The cost of the needs assessment, criteria development, and hearing shall
5.26 be divided equally among the applicants. Money received by the commissioner under
5.27 this subdivision is appropriated to the commissioner for the purpose of administering
5.28 this section.

5.29 "

5.30 Renumber the sections in sequence and correct the internal references

5.31 Amend the title accordingly

- 1.1 Senator moves to amend H.F. No. 2574 as follows:
- 1.2 Page 4, delete section 2
- 1.3 Renumber the sections in sequence and correct the internal references
- 1.4 Amend the title accordingly

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.3 **H.F. No. 2574:** A bill for an act relating to health; providing an exception to the
 1.4 hospital construction moratorium for a facility in Cass County; providing for the licensing
 1.5 and certification of certain nursing home or boarding care home beds transferred from a
 1.6 certain existing facility in Cass County to a new facility; amending Minnesota Statutes
 1.7 2004, section 144A.071, subdivision 4c; Minnesota Statutes 2005 Supplement, section
 144.551, subdivision 1.

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

1.9 Page 3, line 36, delete "or"

1.10 Page 4, line 3, strike the period and insert "; or"

1.11 Page 4, after line 3, insert:

1.12 "(21) a project approved under section 144.553."

1.13 Page 4, delete section 2 and insert:

1.14 "Sec. 2. Minnesota Statutes 2004, section 144.552, is amended to read:

1.5 **144.552 PUBLIC INTEREST REVIEW.**

1.16 (a) The following entities must submit a plan to the commissioner:

1.17 (1) a hospital seeking to increase its number of licensed beds; or

1.18 (2) an organization seeking to obtain a hospital license ~~must submit a plan to~~
 1.19 ~~the commissioner of health~~ and notified by the commissioner under section 144.553,
 1.20 subdivision 1, paragraph (c), that it is subject to this section.

1.21 The plan must include information that includes an explanation of how the expansion will
 1.22 meet the public's interest. When submitting a plan to the commissioner, an applicant shall
 1.23 pay the commissioner for the commissioner's cost of reviewing the plan, as determined
 1.24 by the commissioner and notwithstanding section 16A.1283. Money received by the
 1.25 commissioner under this section is appropriated to the commissioner for the purpose of
 1.26 administering this section.

1.27 (b) Plans submitted under this section shall include detailed information necessary
 1.28 for the commissioner to review the plan and reach a finding. The commissioner may
 1.29 request additional information from the hospital submitting a plan under this section and
 1.30 from others affected by the plan that the commissioner deems necessary to review the
 1.31 plan and make a finding.

1.32 (c) The commissioner shall review the plan and, within 90 days, but no more than
 1.33 six months if extenuating circumstances apply, issue a finding on whether the plan is in
 1.34 the public interest. In making the recommendation, the commissioner shall consider
 1.35 issues including but not limited to:

1.36 (1) whether the new hospital or hospital beds are needed to provide timely access to
 1.37 care or access to new or improved services;

2.1 (2) the financial impact of the new hospital or hospital beds on existing acute-care
2.2 hospitals that have emergency departments in the region;

2.3 (3) how the new hospital or hospital beds will affect the ability of existing hospitals
2.4 in the region to maintain existing staff;

2.5 (4) the extent to which the new hospital or hospital beds will provide services to
2.6 nonpaying or low-income patients relative to the level of services provided to these groups
2.7 by existing hospitals in the region; and

2.8 (5) the views of affected parties.

2.9 Prior to making a recommendation, the commissioner shall conduct a public hearing in the
2.10 affected hospital service area to take testimony from interested persons.

2.11 (d) Upon making a recommendation under paragraph (c), the commissioner shall
2.12 provide a copy of the recommendation to the chairs of the house and senate committees
2.13 having jurisdiction over health and human services policy and finance.

2.14 **Sec. 3. [144.553] ALTERNATIVE APPROVAL PROCESS FOR NEW**
2.15 **HOSPITAL CONSTRUCTION.**

2.16 **Subdivision 1. Letter of intent; publication; acceptance of additional proposals.**

2.17 (a) An organization seeking to obtain a hospital license must submit a letter of intent to the
2.18 commissioner, specifying the community in which the proposed hospital would be located
2.19 and the number of beds proposed for the new hospital. When multiple letters of intent are
2.20 received, the commissioner shall determine whether they constitute requests for separate
2.21 projects or are competing proposals to serve the same or a similar service area.

2.22 (b) Upon receipt of a letter under paragraph (a), the commissioner shall publish a
2.23 notice in the State Register that includes the information received from the organization
2.24 under paragraph (a). The notice must state that another organization interested in seeking
2.25 a hospital license to serve the same or a similar service area must notify the commissioner
2.26 within 30 days.

2.27 (c) If no responses are received from additional organizations under paragraph (b),
2.28 the commissioner shall notify the entity seeking a license that it is required to submit a
2.29 plan under section 144.552 and shall notify the chairs of the house of representatives and
2.30 senate committees having jurisdiction over health and human services policy and finance
2.31 that the project is subject to sections 144.551 and 144.552.

2.32 **Subd. 2. Needs assessment.** (a) If one or more responses are received by the
2.33 commissioner under subdivision 1, paragraph (b), the commissioner shall complete within
2.34 90 days a needs assessment to determine if a new hospital is needed in the proposed
2.35 service area.

3.1 (b) The organizations that have filed or responded to a letter of intent under
3.2 subdivision 1 shall provide to the commissioner within 30 days of a request from the
3.3 commissioner a statement justifying the need for a new hospital in the service area and
3.4 sufficient information, as determined by the commissioner, to allow the commissioner to
3.5 determine the need for a new hospital. The information may include, but is not limited
3.6 to, a demographic analysis of the proposed service area, the number of proposed beds,
3.7 the types of hospital services to be provided, and distances and travel times to existing
3.8 hospitals currently providing services in the service area.

3.9 (c) The commissioner shall make a determination of need for the new hospital. If
3.10 the commissioner determines that a new hospital in the service area is not justified, the
3.11 commissioner shall notify the applicants in writing, stating the reasons for the decision.

3.12 Subd. 3. Process when hospital need is determined. (a) If the commissioner
3.13 determines that a new hospital is needed in the proposed service area, the commissioner
3.14 shall notify the applicants of that finding and shall select the applicant determined under
3.15 the process established in this subdivision to be best able to provide services consistent
3.16 with the review criteria established in this subdivision.

3.17 (b) The commissioner shall:

3.18 (1) determine market-specific criteria that shall be used to evaluate all proposals.

3.19 The criteria must include standards regarding:

3.20 (i) access to care;

3.21 (ii) quality of care;

3.22 (iii) cost of care; and

3.23 (iv) overall project feasibility;

3.24 (2) establish additional criteria at the commissioner's discretion. In establishing the
3.25 criteria, the commissioner shall consider the need for:

3.26 (i) mental health services in the service area, including both inpatient and outpatient
3.27 services for adults, adolescents, and children;

3.28 (ii) a significant commitment to providing uncompensated care, including discounts
3.29 for uninsured patients and coordination with other providers of care to low-income
3.30 uninsured persons; and

3.31 (iii) coordination with other hospitals so that specialized services are not
3.32 unnecessarily duplicated and are provided in sufficient volume to ensure the maintenance
3.33 of high-quality care. The criteria determined under this paragraph shall constitute the sole
3.34 criteria under which the competing proposals shall be evaluated; and

3.35 (3) define a service area for the proposed hospital. The service area shall consist of:

4.1 (i) in the 11-county metropolitan area, in St. Cloud, and in Duluth, the zip codes
4.2 located within a 20-mile radius of the proposed new hospital location; and

4.3 (ii) in the remainder of the state, the zip codes within a 30-mile radius of the
4.4 proposed new hospital location.

4.5 (c) The commissioner shall publish the criteria determined under paragraph (b) in the
4.6 State Register within 60 days of the determination under subdivision 2. Once published,
4.7 the criteria shall not be modified with respect to the particular project and applicants
4.8 to which they apply. The commissioner shall publish with the criteria guidelines for a
4.9 proposal and submission review process.

4.10 (d) For 60 days after the publication under paragraph (c), the commissioner shall
4.11 accept proposals to construct a hospital from organizations that have submitted a letter
4.12 of intent under subdivision 1, paragraph (a), or have notified the commissioner under
4.13 subdivision 1, paragraph (b). The proposal must include a plan for the new hospital and
4.14 evidence of compliance with the criteria specified under paragraph (b). Once submitted,
4.15 the proposal may not be revised except:

4.16 (1) to submit corrections of material facts; or

4.17 (2) in response to a request from the commissioner to provide clarification or
4.18 further information.

4.19 (e) The commissioner shall determine within 90 days of the deadline for applications
4.20 under paragraph (d), which applicant has demonstrated that it is best able to provide
4.21 services consistent with the published criteria. The commissioner shall make this
4.22 determination by order following a hearing according to this paragraph. The hearing
4.23 shall not constitute or be considered to be a contested case hearing under chapter 14 and
4.24 shall be conducted solely under the procedures specified in this paragraph. The hearing
4.25 shall commence upon at least 30 days' notice to the applicants by the commissioner.
4.26 The hearing may be conducted by the commissioner or by a person designated by the
4.27 commissioner. The designee may be an administrative law judge. The purpose of the
4.28 hearing shall be to receive evidence to assist the commissioner in determining which
4.29 applicant has demonstrated that it best meets the published criteria.

4.30 The parties to the hearing shall consist only of those applicants who have submitted
4.31 a completed application. Each applicant shall have the right to be represented by
4.32 counsel, to present evidence deemed relevant by the commissioner, and to examine and
4.33 cross-examine witnesses. Persons who are not parties to the proceeding but who wish to
4.34 present comments or submit information may do so in the manner determined by the
4.35 commissioner or the commissioner's designee. Any person who is not a party shall have
4.36 no right to examine or cross-examine witnesses. The commissioner may participate as an

5.1 active finder of fact in the hearing and may ask questions to elicit information or clarify
5.2 answers or responses.

5.3 (f) Prior to making a determination selecting an application, the commissioner shall
5.4 hold a public hearing in the proposed hospital service area to accept comments from
5.5 members of the public. The commissioner shall take this information into consideration in
5.6 making the determination. The commissioner must also consider the input and preferences
5.7 of legislators and local elected officials who represent the service area regarding the
5.8 selection of the hospital provider. The commissioner shall issue an order selecting an
5.9 application following the closing of the record of the hearing as determined by the hearing
5.10 officer. The commissioner's order shall include a statement of the reasons the selected
5.11 application best meets the published criteria.

5.12 (g) Following the determination under paragraph (e), the commissioner shall
5.13 recommend the selected proposal to the legislature on or before March 1 in an
5.14 odd-numbered year and within 15 days of the first day of the regular session in
5.15 an even-numbered year to be accepted or rejected. Legislative acceptance of the
5.16 commissioner's recommendation constitutes approval of the proposal under section
5.17 144.551. Legislative rejection of the recommendation concludes the process but does not
5.18 prohibit a new application under this section and section 144.552.

5.19 (h) In the event of legislative failure to act on the recommendation made under this
5.20 subdivision, upon the conclusion of the legislative session the commissioner shall make
5.21 the commissioner's recommendation the final approval of the project. The commissioner's
5.22 decision to grant final approval to the commissioner's recommendation constitutes
5.23 approval of the proposal under section 144.551.

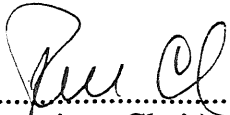
5.24 (i) For purposes of this subdivision, "legislative acceptance" means the
5.25 recommended project is approved by law; "legislative rejection" means the recommended
5.26 project is rejected by law; and "legislative failure to act" means any other action or lack of
5.27 action taken by the legislature.

5.28 Subd. 4. **Payment of commissioner's expenses.** Notwithstanding section
5.29 16A.1283, applicants who are a party at any stage of the administrative process established
5.30 in this section shall pay the cost of that stage of the process, as determined by the
5.31 commissioner. The cost of the needs assessment, criteria development, and hearing shall
5.32 be divided equally among the applicants. Money received by the commissioner under
5.33 this subdivision is appropriated to the commissioner for the purpose of administering
5.34 this section."

5.35 Amend the title accordingly

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

6.2
6.3


.....
(Committee Chair)

6.4
6.5

5-4-06
May 4, 2006
(Date of Committee recommendation)

**Senate Counsel, Research,
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Senate

State of Minnesota

**S.F. No. 3338 - Delete-Everything Amendment,
Environment, Agriculture, and Economic
Development Policy**

Author: Senator Dallas Sams

Prepared by: Greg Knopff, Legislative Analyst (651/296-9399) *GK*

Carol Baker, Senate Counsel (651/296-4395) *CEB*

Date: May 4, 2006

**ARTICLE 1
ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE**

Section 1 [Wildlife Feeding Restrictions; Bovine Tuberculosis Areas] directs the Commissioner of Natural Resources to restrict wildlife feeding within a 15-mile radius of a cattle herd that is infected with bovine tuberculosis. This is from S.F. No. 2926 (Skoe).

Section 2 [Nutrient Loading Offset] provides for nutrient loading offset prior to completion of a total maximum daily load for an impaired water.

Section 3 [Dry Cleaner Account Reimbursement] prohibits reimbursement from the dry cleaner account for facilities that had any response action prior to July 1, 1995.

Section 4 [Community Wind Energy Rebate] expands the Community Wind Energy Rebate Program to include other types of financial assistance and makes the appropriation from the environment and natural resources trust fund available until June 30, 2009. This is from a recommendation of the Legislative Commission on Minnesota Resources and was contained in S.F. No. 3305 (Anderson).

Section 5 [Carryforward] extends a 2003 appropriation from the environment and natural resources trust fund for local initiative grants to June 30, 2007. This is from a recommendation of the Legislative Commission on Minnesota Resources and was contained in S.F. No. 3305 (Anderson).

Section 6 [Repealer] repeals a requirement that the Commissioner of Agriculture submit a biennial report on official acts and official receipts and disbursements. This was in the Governor's supplemental budget.

Section 7 [Effective Date] makes the article effective the day following final enactment unless otherwise specified.

ARTICLE 2 ECONOMIC DEVELOPMENT

Section 1 [Sustainable Building Guidelines.] requires the commissioners of administration and commerce to report to the legislature by March 15, 2007, on guidelines for a requirement that no net increases in greenhouse gases are allowed as a result of new building funds.

Section 2 [Additional Unclassified Positions.] adds Explore Minnesota Tourism to the list of agencies that may designate additional unclassified positions in the state civil service.

Section 3 [Franchise.] modifies the definition of "franchise" in the context of a franchisee who is authorized to market motor vehicle fuel at retail under the franchisor's trade name. The term "franchise" does not include the marketing of motor vehicle fuel in circumstances where all the following are present:

- (1) the franchisor is not a refiner of motor vehicle fuel;
- (2) the franchisor's trade name or trademark is not used to identify the marketing premises generally;
- (3) the franchisor does not impose any requirements on nonmotor fuel products or sales; and
- (4) the facility is not leased from the franchisor.

Section 4 [Exempt Motor Fuel Franchises; Alternative Compliance.] A motor fuel franchise exempt from regulation under section 10 of this article is subject to regulation under chapter 80F.

Section 5 [Retail Locations and Transport Vehicles.] modifies the definition of "transport vehicle," for purposes of petroleum tank release cleanup, to refer to a liquid fuel cargo tank used to deliver gasoline into underground storage tanks during 2002 or 2003 (rather than 2002 and 2003) at a retail location. Extends the deadline for reimbursement from the petroleum tank release cleanup board for the cost of retrofits for retail locations and transport vehicles from January 1, 2006, to September 1, 2006. Makes this section effective retroactively from August 1, 2003.

Section 6 [Report on the Status of Rural Minnesota.] requires the Rural Policy and Development Center at Mankato State University to report to the legislature on the status of rural Minnesota by March 1 of each odd-numbered year.

Section 7 [Partnership Program.] modifies current law providing that up to 25 percent of a job skills partnership board grant to an educational institution may be used for pre-employment training to instead allow "a portion" of such a grant to be used for this purpose.

Section 8 [Pathways Program.] Similar to previous section, but for grants for developing programs that assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines.

Section 9 [Grants; Training and Retention.] Similar to previous section, but for grants to operate training and retention programs in critical workforce shortages.

Section 10 [Apprentice Wages.] requires the journeyman wage rate for apprenticeship agreements where no bargaining agreement exists to be the most current state or federal prevailing wage determination or apprenticeship agreement for a trade.

Section 11 [Inland Waters.] clarifies the definition of "inland waters" for purposes of boiler inspections.

Sections 12 and 13 [Assessments.] allows the commissioner of commerce to assess utilities up to an additional \$500,000 through June 30, 2008.

Sections 14 and 15 [Eligibility Window.] extend the eligibility window and payment periods for hydroelectric facilities and wind energy conversion facilities that qualify for renewable energy production incentive payments.

Sections 16 to 23 [Iron Range Resources and Rehabilitation.] makes modifications and clarifications to budget and administrative procedures by the Iron Range Resources and Rehabilitation Board. Makes numerous technical corrections.

Section 24 [Definitions.] defines terms used in connection with carbon monoxide alarms in section 25.

Section 25 [Requirements for Carbon Monoxide Alarms.] requires every single-family dwelling and every unit in a multifamily dwelling to have an approved carbon monoxide alarm installed on each level and within ten feet of each bedroom.

Section 26 [Enforcement.] describes penalties for violations of section 25.

Section 27 [State Fair Camping Area.] requires the State Agricultural Society to operate a camping area on the State Fairgrounds during the Minnesota Street Rod Association's Back to the 50's event.

Section 28 [Executive Director.] provides that the Director of the Public Facilities Authority (PFA) serves in the unclassified state civil service.

Section 29 [Bonding Authority.] increases the bonding authority of the PFA from \$1.25 billion to \$1.5 billion to meet future needs.

Section 30 [Distribution of Funds.] requires the Metropolitan Council to give equal weight to (1) preservation or growth of living-wage jobs, and (2) the production of affordable housing for purposes of ranking grant applications for the cleanup of polluted land in the metropolitan area.

GK/CEB:dv

Senators Sams, Vickerman and Frederickson introduced—
S.F. No. 3338: Referred to the Committee on Finance.

1.2 A bill for an act
1.3 relating to natural resources; appropriating money for the Legislative
1.4 Commission on Minnesota Resources or its successor.

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

1.5 Section 1. **LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES;**
1.6 **APPROPRIATION.**

1.7 \$450,000 is appropriated from the environment and natural resources trust fund for
1.8 administration of the Legislative Commission on Minnesota Resources or its successor, as
1.9 provided in Minnesota Statutes, section 116P.09, subdivision 5.

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.2 **S.F. No. 3338:** A bill for an act relating to natural resources; appropriating money
1.3 for the Legislative Commission on Minnesota Resources or its successor.

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

1.5 Delete everything after the enacting clause and insert:

1.6 **"ARTICLE 1**

1.7 **ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE**

1.8 Section 1. Minnesota Statutes 2004, section 97A.045, subdivision 11, is amended to
1.9 read:

1.10 **Subd. 11. Power to prevent or control wildlife disease.** (a) If the commissioner
1.11 determines that action is necessary to prevent or control a wildlife disease, the
1.12 commissioner may prevent or control wildlife disease in a species of wild animal in
1.13 addition to the protection provided by the game and fish laws by further limiting, closing,
1.14 expanding, or opening seasons or areas of the state; by reducing or increasing limits in
1.15 areas of the state; by establishing disease management zones; by authorizing free licenses;
1.16 by allowing shooting from motor vehicles by persons designated by the commissioner;
1.17 by issuing replacement licenses for sick animals; by requiring sample collection from
1.18 hunter-harvested animals; by limiting wild animal possession, transportation, and
1.19 disposition; and by restricting wildlife feeding.

1.20 (b) The commissioner shall restrict wildlife feeding within a 15-mile radius of a
1.21 cattle herd that is infected with bovine tuberculosis.

1.22 (c) The commissioner may prevent or control wildlife disease in a species of wild
1.23 animal in the state by emergency rule adopted under section 84.027, subdivision 13.

1.24 Sec. 2. Minnesota Statutes 2004, section 115.03, is amended by adding a subdivision to
1.25 read:

1.26 **Subd. 10. Nutrient loading offset.** Prior to the completion of a total maximum
1.27 daily load for an impaired water, the Pollution Control Agency may issue a permit for
1.28 a new discharger or an expanding discharger if it does not result in increased loading to
1.29 an impaired water. Where a new discharger or an expanding existing discharger cannot
1.30 effectively implement zero discharge options, the agency may issue a permit if the
1.31 increased loading is offset by reductions from other sources of loading to the impaired
1.32 water. The term "new discharger" is as defined in Code of Federal Regulations, title
1.33 40, section 122.2.

1.34 Sec. 3. Minnesota Statutes 2004, section 115B.48, subdivision 3, is amended to read:

1.35 **Subd. 3. Dry cleaning facility.** "Dry cleaning facility" means a facility located in
1.36 this state that is or has been used for a dry cleaning operation, other than:

- 2.1 (1) a coin-operated dry cleaning operation;
- 2.2 (2) a facility located on a United States military base;
- 2.3 (3) a uniform service or linen supply facility;
- 2.4 (4) a prison or other penal institution;
- 2.5 (5) a facility on the national priorities list established under the federal Superfund
- 2.6 Act; or

2.7 (6) a facility at which a response action has been taken or started ~~under section~~
 2.8 ~~115B.17~~ before July 1, 1995, except as authorized in a settlement agreement approved by
 2.9 the commissioner by July 1, 1997.

2.10 Sec. 4. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision
 2.11 10, is amended to read:

2.12 Subd. 10. **Energy** 1,896,000 1,896,000

2.13	Summary by Fund		
2.14	Trust Fund	1,896,000	1,896,000

2.15 (a) Clean Energy Resource Teams and
 2.16 Community Wind Energy Rebate and
 2.17 Financial Assistance Program
 2.18 \$350,000 the first year and \$350,000 the
 2.19 second year are from the trust fund to the
 2.20 commissioner of commerce. \$300,000 of
 2.21 this appropriation is to provide technical
 2.22 assistance to implement cost-effective
 2.23 conservation, energy efficiency, and
 2.24 renewable energy projects. \$400,000 of this
 2.25 appropriation is to assist ~~two~~ Minnesota
 2.26 communities in developing locally owned
 2.27 wind energy projects by offering financial
 2.28 assistance and rebates. This appropriation
 2.29 is available until June 30, 2009, at which
 2.30 time the project must be completed and final
 2.31 products delivered, unless an earlier date is
 2.32 specified in the work program.

2.33 (b) [Paragraph (b) was vetoed by the
 2.34 governor.]

2.35 (c) Manure Methane Digester Compatible
 2.36 Wastes and Electrical Generation

3.1 \$50,000 the first year and \$50,000 the
3.2 second year are from the trust fund to the
3.3 commissioner of agriculture to research the
3.4 potential for a centrally located, multifarm
3.5 manure digester and the potential use of
3.6 compatible waste streams with manure
3.7 digesters.

3.8 (d) Dairy Farm Digesters

3.9 \$168,000 the first year and \$168,000 the
3.10 second year are from the trust fund to the
3.11 commissioner of natural resources for an
3.12 agreement with the Minnesota Project for a
3.13 pilot project to evaluate anaerobic digester
3.14 technology on average size dairy farms of
3.15 50 to 300 cows.

3.16 (e) Wind to Hydrogen Demonstration

3.17 \$400,000 the first year and \$400,000 the
3.18 second year are from the trust fund to the
3.19 commissioner of natural resources for an
3.20 agreement with the University of Minnesota,
3.21 West Central Research and Outreach Center,
3.22 to develop a model community-scale
3.23 wind-to-hydrogen facility.

3.24 (f) Natural Gas Production from Agricultural
3.25 Biomass

3.26 \$50,000 the first year and \$50,000 the
3.27 second year are from the trust fund to the
3.28 commissioner of natural resources for an
3.29 agreement with Sebesta Blomberg and
3.30 Associates to demonstrate potential natural
3.31 gas yield using anaerobic digestion of blends
3.32 of chopped grasses or crop residue with hog
3.33 manure and determine optimum operating
3.34 conditions for conversion to natural gas.

3.35 (g) Biomass-Derived Oils for Generating
3.36 Electricity and Reducing Emissions

4.1 \$75,000 the first year and \$75,000 the second
 4.2 year are from the trust fund to the University
 4.3 of Minnesota to evaluate the environmental
 4.4 and performance benefits of using renewable
 4.5 biomass-derived oils, such as soybean oil,
 4.6 for generating electricity.

4.7 (h) [Paragraph (h) was vetoed by the
 4.8 governor.]

4.9 (i) [Paragraph (i) was vetoed by the
 4.10 governor.]

4.11 Sec. 5. **CARRYFORWARD.**

4.12 The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision
 4.13 6, paragraph (c), for local initiative grants - parks and natural areas, is available until
 4.14 June 30, 2007.

4.15 Sec. 6. **REPEALER.**

4.16 Minnesota Statutes 2004, section 17.10, is repealed.

4.17 Sec. 7. **EFFECTIVE DATE.**

4.18 Unless otherwise specified, this article is effective the day following final enactment.

4.19 **ARTICLE 2**
 4.20 **ECONOMIC DEVELOPMENT**

4.21 Section 1. Minnesota Statutes 2004, section 16B.325, is amended to read:

4.22 **16B.325 SUSTAINABLE BUILDING GUIDELINES.**

4.23 **Subdivision 1. Energy, lighting, air quality, and other guidelines.** The Department
 4.24 of Administration and the Department of Commerce, with the assistance of other agencies,
 4.25 shall develop sustainable building design guidelines for all new state buildings by January
 4.26 15, 2003. The primary objectives of these guidelines are to ensure that all new state
 4.27 buildings initially exceed existing energy code, as established in Minnesota Rules, chapter
 4.28 7676, by at least 30 percent. The guidelines must focus on achieving the lowest possible
 4.29 lifetime cost for new buildings and allow for changes in the guidelines that encourage
 4.30 continual energy conservation improvements in new buildings. The design guidelines
 4.31 must establish sustainability guidelines that include air quality and lighting standards and
 4.32 that create and maintain a healthy environment and facilitate productivity improvements;
 4.33 specify ways to reduce material costs; and must consider the long-term operating costs of
 4.34 the building, including the use of renewable energy sources and distributed electric energy

5.1 generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner
5.2 than natural gas. In developing the guidelines, the departments shall use an open process,
5.3 including providing the opportunity for public comment. The guidelines established under
5.4 this ~~section~~ subdivision are mandatory for all new buildings receiving funding from the
5.5 bond proceeds fund after January 1, 2004.

5.6 Subd. 2. **Greenhouse gases.** The Department of Administration and the Department
5.7 of Commerce, with the assistance of other agencies, shall report to the legislature by
5.8 March 15, 2007, on guidelines and procedures for a requirement that no net increases
5.9 in greenhouse gases are allowed as a result of new building projects. The guidelines
5.10 established under this subdivision are mandatory for all new buildings receiving funding
5.11 from the bond proceeds fund after January 1, 2008.

5.12 Sec. 2. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

5.13 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the
5.14 following agencies may designate additional unclassified positions according to this
5.15 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;
5.16 Education; Employee Relations; Employment and Economic Development; Explore
5.17 Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural
5.18 Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans
5.19 Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state
5.20 Board of Investment; the Office of Administrative Hearings; the Office of Environmental
5.21 Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor;
5.22 the Minnesota State Colleges and Universities; the Higher Education Services Office; the
5.23 Perpich Center for Arts Education; and the Minnesota Zoological Board.

5.24 A position designated by an appointing authority according to this subdivision must
5.25 meet the following standards and criteria:

5.26 (1) the designation of the position would not be contrary to other law relating
5.27 specifically to that agency;

5.28 (2) the person occupying the position would report directly to the agency head or
5.29 deputy agency head and would be designated as part of the agency head's management
5.30 team;

5.31 (3) the duties of the position would involve significant discretion and substantial
5.32 involvement in the development, interpretation, and implementation of agency policy;

5.33 (4) the duties of the position would not require primarily personnel, accounting, or
5.34 other technical expertise where continuity in the position would be important;

6.1 (5) there would be a need for the person occupying the position to be accountable to,
6.2 loyal to, and compatible with, the governor and the agency head, the employing statutory
6.3 board or commission, or the employing constitutional officer;

6.4 (6) the position would be at the level of division or bureau director or assistant
6.5 to the agency head; and

6.6 (7) the commissioner has approved the designation as being consistent with the
6.7 standards and criteria in this subdivision.

6.8 Sec. 3. Minnesota Statutes 2004, section 80C.01, subdivision 4, is amended to read:

6.9 Subd. 4. **Franchise.** (a) "Franchise" means (1) a contract or agreement, either
6.10 express or implied, whether oral or written, for a definite or indefinite period, between
6.11 two or more persons:

6.12 (i) by which a franchisee is granted the right to engage in the business of offering or
6.13 distributing goods or services using the franchisor's trade name, trademark, service mark,
6.14 logotype, advertising, or other commercial symbol or related characteristics;

6.15 (ii) in which the franchisor and franchisee have a community of interest in the
6.16 marketing of goods or services at wholesale, retail, by lease, agreement, or otherwise; and

6.17 (iii) for which the franchisee pays, directly or indirectly, a franchise fee; or

6.18 (2) a contract, lease, or other agreement, either express or implied, whether oral or
6.19 written, for a definite or indefinite period, between two or more persons, whereby the
6.20 franchisee is authorized, permitted, or granted the right to market motor vehicle fuel at
6.21 retail under the franchisor's trade name, trademark, service mark, logotype, or other
6.22 commercial symbol or related characteristics owned or controlled by the franchisor; or

6.23 (3) the sale or lease of any products, equipment, chattels, supplies, or services to the
6.24 purchaser, other than the sale of sales demonstration equipment, materials or samples for a
6.25 total price of \$500 or less to any one person, for the purpose of enabling the purchaser
6.26 to start a business and in which the seller:

6.27 (i) represents that the seller, lessor, or an affiliate thereof will provide locations or
6.28 assist the purchaser in finding locations for the use or operation of vending machines,
6.29 racks, display cases, or similar devices, or currency operated amusement machines or
6.30 devices, on premises neither owned or leased by the purchaser or seller; or

6.31 (ii) represents that the seller will purchase any or all products made, produced,
6.32 fabricated, grown, bred, or modified by the purchaser using, in whole or in part, the
6.33 supplies, services, or chattels sold to the purchaser; or

6.34 (iii) guarantees that the purchaser will derive income from the business which
6.35 exceeds the price paid to the seller; or

7.1 (4) an oral or written contract or agreement, either expressed or implied, for a
7.2 definite or indefinite period, between two or more persons, under which a manufacturer,
7.3 selling security systems through dealers or distributors in this state, requires regular
7.4 payments from the distributor or dealer as royalties or residuals for products purchased
7.5 and paid for by the dealer or distributor.

7.6 (b) "Franchise" does not include any business which is operated under a lease or
7.7 license on the premises of the lessor or licensor as long as such business is incidental to
7.8 the business conducted by the lessor or licensor on such premises, including, without
7.9 limitation, leased departments, licensed departments, and concessions.

7.10 (c) "Franchise" does not include any contract, lease or other agreement whereby the
7.11 franchisee is required to pay less than \$100 on an annual basis, except those franchises
7.12 identified in paragraph (a), clause (2).

7.13 (d) "Franchise" does not include a contract, lease or other agreement between a new
7.14 motor vehicle manufacturer, distributor, or factory branch and a franchisee whereby the
7.15 franchisee is granted the right to market automobiles, motorcycles, trucks, truck-tractors,
7.16 or self-propelled motor homes or campers if the foregoing are designed primarily for the
7.17 transportation of persons or property on public highways.

7.18 (e) "Franchise" does not include a contract, lease, or other agreement or arrangement
7.19 between two or more air carriers, or between one or more air carriers and one or more
7.20 foreign air carriers. The terms "air carrier" and "foreign air carrier" shall have the
7.21 meanings assigned to them by the Federal Aviation Act, United States Code Appendix,
7.22 title 49, sections 1301(3) and 1301(22), respectively.

7.23 (f) For purposes of paragraph (a), clause (2), "franchise" does not include the
7.24 marketing of motor vehicle fuel in circumstances where all the following are present:

7.25 (1) the franchisor or an affiliate of the franchisor is not a refiner of motor vehicle
7.26 fuel, diesel fuel, or gasoline;

7.27 (2) the franchisor's trade name, trademark, service mark, logotype, or other
7.28 commercial symbol or related characteristics is not used to identify the marketing premises
7.29 generally, but only the gasoline dispensers, canopy, and gasoline price signage, provided,
7.30 however, this circumstance is not changed by a voluntary decision by the retailer to
7.31 identify the buildings on the premises in the manner selected by the retailer;

7.32 (3) the franchisor does not impose any requirements or franchise fee on nonmotor
7.33 vehicle fuel products or sales, provided this circumstance is not changed by a voluntary
7.34 decision by the retailer to purchase nonmotor vehicle fuel products from the franchisor or
7.35 an affiliate of the franchisor; and

7.36 (4) the facility is not leased from the franchisor or affiliate of the franchisor.

8.1 ~~(f)~~ (g) For purposes of this chapter, a person who sells motor vehicle fuel at
8.2 wholesale who does not own or control, or is not an affiliate of a person who owns or
8.3 controls, the trademark, trade name, service mark, logotype, or other commercial symbol
8.4 or related characteristics under which the motor vehicle fuel is sold at retail, is not a
8.5 franchisor or a franchisee, and is not considered to be part of a franchise relationship.

8.6 Sec. 4. **[80C.144] EXEMPT MOTOR FUEL FRANCHISES; ALTERNATIVE**
8.7 **COMPLIANCE.**

8.8 A motor fuel franchise exempt from regulation under this chapter pursuant to section
8.9 80C.01, subdivision 4, paragraph (f), is subject to regulation under chapter 80F.

8.10 Sec. 5. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j, is
8.11 amended to read:

8.12 Subd. 3j. **Retail locations and transport vehicles.** (a) As used in this subdivision,
8.13 "retail location" means a facility located in the metropolitan area as defined in section
8.14 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in
8.15 automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver
8.16 gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

8.17 (b) Notwithstanding any other provision in this chapter, and any rules adopted under
8.18 this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of
8.19 retail locations and transport vehicles completed between January 1, 2001, and ~~January~~
8.20 September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the
8.21 board determines the costs were incurred and reasonable. The reimbursement may not
8.22 exceed \$3,000 per retail location and \$3,000 per transport vehicle.

8.23 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2003.

8.24 Sec. 6. Minnesota Statutes 2004, section 116J.421, subdivision 3, is amended to read:

8.25 Subd. 3. **Duties.** The center shall:

8.26 (1) research and identify present and emerging social and economic issues for rural
8.27 Minnesota, including health care, transportation, crime, housing, and job training;

8.28 (2) forge alliances and partnerships with rural communities to find practical solutions
8.29 to economic and social problems;

8.30 (3) provide a resource center for rural communities on issues of importance to them;

8.31 (4) encourage collaboration across higher education institutions to provide
8.32 interdisciplinary team approaches to problem solving with rural communities; ~~and~~

8.33 (5) involve students in center projects; and

8.34 (6) submit to the legislature a report on the "State of Rural Minnesota" no later
8.35 than March 1 in each odd-numbered year.

9.1 Sec. 7. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

9.2 Subdivision 1. **Partnership program.** (a) The partnership program may provide
9.3 grants-in-aid to educational or other nonprofit educational institutions using the following
9.4 guidelines:

9.5 (1) the educational or other nonprofit educational institution is a provider of training
9.6 within the state in either the public or private sector;

9.7 (2) the program involves skills training that is an area of employment need; and

9.8 (3) preference will be given to educational or other nonprofit training institutions
9.9 which serve economically disadvantaged people, minorities, or those who are victims of
9.10 economic dislocation and to businesses located in rural areas.

9.11 (b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~
9.12 A portion of a grant may be used for preemployment training.

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.14 Sec. 8. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

9.15 Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid
9.16 for developing programs which assist in the transition of persons from welfare to work and
9.17 assist individuals at or below 200 percent of the federal poverty guidelines. The program
9.18 is to be operated by the board. The board shall consult and coordinate with program
9.19 administrators at the Department of Employment and Economic Development to design
9.20 and provide services for temporary assistance for needy families recipients.

9.21 Pathways grants-in-aid may be awarded to educational or other nonprofit training
9.22 institutions for education and training programs and services supporting education and
9.23 training programs that serve eligible recipients.

9.24 Preference shall be given to projects that:

9.25 (1) provide employment with benefits paid to employees;

9.26 (2) provide employment where there are defined career paths for trainees;

9.27 (3) pilot the development of an educational pathway that can be used on a continuing
9.28 basis for transitioning persons from welfare to work; and

9.29 (4) demonstrate the active participation of Department of Employment and
9.30 Economic Development workforce centers, Minnesota State College and University
9.31 institutions and other educational institutions, and local welfare agencies.

9.32 Pathways projects must demonstrate the active involvement and financial
9.33 commitment of private business. Pathways projects must be matched with cash or in-kind
9.34 contributions on at least a one-to-one ratio by participating private business.

10.1 A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent of~~
10.2 A portion of a grant may be used for preemployment training.

10.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.4 Sec. 9. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

10.5 Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make
10.6 grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or
10.7 statewide training and retention programs. Grants may be made from TANF funds, general
10.8 fund appropriations, and any other funding sources available to the board, provided the
10.9 requirements of those funding sources are satisfied. ~~Up to 25 percent~~ A portion of a
10.10 grant may be used for preemployment training. Grant awards must establish specific,
10.11 measurable outcomes and timelines for achieving those outcomes.

10.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.13 Sec. 10. Minnesota Statutes 2004, section 178.03, is amended by adding a subdivision
10.14 to read:

10.15 Subd. 3a. **Apprentice wages.** (a) The graduated schedule of wages for an
10.16 apprenticeship agreement will be determined by the percentage rate used in the majority of
10.17 individual apprenticeship agreements on file with the Department of Labor and Industry,
10.18 Division of Voluntary Apprenticeship, in any particular trade. The beginning rate must be
10.19 at least the federal or state minimum wage rate, whichever is higher.

10.20 (b) The journeyman wage rate for apprenticeship agreements where no bargaining
10.21 agreement exists must be determined by counties, for all trades. If there is either a state or
10.22 federal prevailing wage determination or apprenticeship agreement for a trade, the most
10.23 current rate of the determination or agreement must be used as the journeyman wage rate.

10.24 (c) This subdivision does not apply to programs in penal institutions including
10.25 stipends paid by the Department of Corrections.

10.26 Sec. 11. Minnesota Statutes 2004, section 183.02, is amended by adding a subdivision
10.27 to read:

10.28 Subd. 4. **Inland waters.** "Inland waters" means navigable bodies of water within
10.29 the boundaries of this state, excluding boundary lakes and boundary rivers.

10.30 Sec. 12. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 3,
10.31 is amended to read:

10.32 Subd. 3. **Assessment and appropriation.** In addition to the amount noted in
10.33 subdivision 2, the commission may assess utilities, using the mechanism specified in that
10.34 subdivision, up to an additional \$500,000 annually through June 30, ~~2006~~ 2008. The
10.35 amounts assessed under this subdivision are appropriated to the commission, and some or

11.1 all of the amounts assessed may be transferred to the commissioner of administration, for
 11.2 the purposes specified in section 16B.325 and Laws 2001, chapter 212, article 1, section
 11.3 3, as needed to implement those sections.

11.4 Sec. 13. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 4,
 11.5 is amended to read:

11.6 Subd. 4. **Expiration.** ~~This section expires~~ Subdivisions 1 and 2 expire June 30,
 11.7 2007. Subdivision 3 expires June 30, 2008.

11.8 Sec. 14. Minnesota Statutes 2005 Supplement, section 216C.41, subdivision 3, is
 11.9 amended to read:

11.10 Subd. 3. **Eligibility window.** Payments may be made under this section only for
 11.11 electricity generated:

11.12 (1) from a qualified hydroelectric facility that is operational and generating
 11.13 electricity before December 31, ~~2007~~ 2009;

11.14 (2) from a qualified wind energy conversion facility that is operational and
 11.15 generating electricity before January 1, ~~2007~~ 2008; or

11.16 (3) from a qualified on-farm biogas recovery facility from July 1, 2001, through
 11.17 December 31, 2017.

11.18 Sec. 15. Minnesota Statutes 2004, section 216C.41, subdivision 4, is amended to read:

11.19 Subd. 4. **Payment period.** (a) A facility may receive payments under this section for
 11.20 a ten-year period. No payment under this section may be made for electricity generated:

11.21 (1) by a qualified hydroelectric facility after December 31, ~~2017~~ 2019;

11.22 (2) by a qualified wind energy conversion facility after December 31, ~~2017~~ 2018; or

11.23 (3) by a qualified on-farm biogas recovery facility after December 31, 2015.

11.24 (b) The payment period begins and runs consecutively from the date the facility
 11.25 begins generating electricity or, in the case of refurbishment of a hydropower facility, after
 11.26 substantial repairs to the hydropower facility dam funded by the incentive payments are
 11.27 initiated.

11.28 Sec. 16. Minnesota Statutes 2004, section 298.22, subdivision 1, is amended to read:

11.29 Subdivision 1. **The office of the commissioner of Iron Range resources and**

11.30 **rehabilitation.** (1) The office of the commissioner of Iron Range resources and

11.31 rehabilitation is created as an agency in the executive branch of state government. The

11.32 governor shall appoint the commissioner of Iron Range resources and rehabilitation under
 11.33 section 15.06.

11.34 (2) The commissioner may hold other positions or appointments that are not
 11.35 incompatible with duties as commissioner of Iron Range resources and rehabilitation. The

12.1 commissioner may appoint a deputy commissioner. All expenses of the commissioner,
 12.2 including the payment of such staff and other assistance as may be necessary, must be
 12.3 paid out of the amounts appropriated by section 298.28 or otherwise made available by
 12.4 law to the commissioner.

12.5 (3) When the commissioner determines that distress and unemployment exists or
 12.6 may exist in the future in any county by reason of the removal of natural resources or
 12.7 a possibly limited use of natural resources in the future and any resulting decrease in
 12.8 employment, the commissioner may use whatever amounts of the appropriation made to
 12.9 the commissioner of revenue in section 298.28 that are determined to be necessary and
 12.10 proper in the development of the remaining resources of the county and in the vocational
 12.11 training and rehabilitation of its residents, except that the amount needed to cover cost
 12.12 overruns awarded to a contractor by an arbitrator in relation to a contract awarded by
 12.13 the commissioner or in effect after July 1, 1985, is appropriated from the general fund.
 12.14 For the purposes of this section, "development of remaining resources" includes, but is
 12.15 not limited to, the promotion of tourism.

12.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.17 Sec. 17. Minnesota Statutes 2004, section 298.22, subdivision 8, is amended to read:

12.18 Subd. 8. **Spending priority.** In making or approving any expenditures on programs
 12.19 or projects, the commissioner and the board shall give the highest priority to programs
 12.20 and projects that target relief to those areas of the taconite assistance area as defined in
 12.21 section 273.1341, that have the largest percentages of job losses and population losses
 12.22 directly attributable to the economic downturn in the taconite industry since the 1980s.
 12.23 The commissioner and the board shall compare the 1980 population and employment
 12.24 figures with the 2000 population and employment figures, and shall specifically consider
 12.25 the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company,
 12.26 in making or approving expenditures consistent with this subdivision, as well as the areas
 12.27 of residence of persons who suffered job loss for which relief is to be targeted under this
 12.28 subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the
 12.29 terms determined by the commissioner and approved by the board, surface and mineral
 12.30 interests owned or acquired by the state of Minnesota acting by and through the office
 12.31 of the commissioner of Iron Range resources and rehabilitation within those portions of
 12.32 the taconite assistance area impacted by the closure of the LTV Steel Mining Company
 12.33 facility near Hoyt Lakes. The payments and royalties from these leases must be deposited
 12.34 into the fund established in section 298.292. This subdivision supersedes any other

13.1 conflicting provisions of law and does not preclude the commissioner and the board from
 13.2 making expenditures for programs and projects in other areas.

13.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.4 Sec. 18. Minnesota Statutes 2004, section 298.22, is amended by adding a subdivision
 13.5 to read:

13.6 **Subd. 11. Budgeting.** The commissioner of Iron Range resources and rehabilitation
 13.7 shall annually prepare a budget of operational expenditures, programs, and projects, and
 13.8 submit it to the Iron Range Resources and Rehabilitation Board and the governor for
 13.9 approval. Upon board approval, the commissioner is authorized to expend available funds
 13.10 approved in the budget for operational expenditures, projects, and programs.

13.11 Sec. 19. Minnesota Statutes 2004, section 298.2213, subdivision 4, is amended to read:

13.12 **Subd. 4. Project approval.** The board and commissioner shall by August 1 each
 13.13 year prepare a list of projects to be funded from the money appropriated in this section
 13.14 with necessary supporting information including descriptions of the projects, plans, and
 13.15 cost estimates. A project must not be approved by the board unless it finds that:

13.16 (1) the project will materially assist, directly or indirectly, the creation of additional
 13.17 long-term employment opportunities;

13.18 (2) the prospective benefits of the expenditure exceed the anticipated costs; and

13.19 (3) in the case of assistance to private enterprise, the project will serve a sound
 13.20 business purpose.

13.21 ~~To be proposed by the board, a~~ Each project must be approved by a majority of
 13.22 the Iron Range Resources and Rehabilitation Board members and the commissioner of
 13.23 Iron Range resources and rehabilitation. The list of projects must be submitted to the
 13.24 governor, who shall, by November 15 of each year, approve, disapprove, or return for
 13.25 further consideration, each project. The money for a project may be spent only upon
 13.26 approval of the project by the governor. The board may submit supplemental projects
 13.27 for approval at any time.

13.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.29 Sec. 20. Minnesota Statutes 2004, section 298.223, subdivision 2, is amended to read:

13.30 **Subd. 2. Administration.** The taconite area environmental protection fund shall be
 13.31 administered by the commissioner of the Iron Range Resources and Rehabilitation Board.
 13.32 The commissioner shall by September 1 of each year submit to the board a list of projects
 13.33 to be funded from the taconite area environmental protection fund, with such supporting
 13.34 information including description of the projects, plans, and cost estimates as may be

14.1 necessary. Upon approval by a majority of the members of the Iron Range Resources
 14.2 and Rehabilitation Board, this list shall be submitted to the governor by November 1 of
 14.3 each year. By December 1 of each year, the governor shall approve or disapprove, or
 14.4 return for further consideration, each project. Funds for a project may be expended only
 14.5 upon approval of the project by the board and governor. The commissioner may submit
 14.6 supplemental projects to the board and governor for approval at any time.

14.7 Sec. 21. Minnesota Statutes 2004, section 298.223, subdivision 3, is amended to read:

14.8 Subd. 3. **Appropriation.** There is ~~hereby~~ annually appropriated to the commissioner
 14.9 of Iron Range resources and rehabilitation ~~such~~ taconite area environmental protection
 14.10 funds ~~as are~~ necessary to carry out ~~the~~ approved projects approved and programs and
 14.11 ~~such~~ the funds ~~as are~~ necessary for administration of this section. Annual administrative
 14.12 costs, not including detailed engineering expenses for the projects, shall not exceed five
 14.13 percent of the amount annually expended from the fund.

14.14 Funds for the purposes of this section are provided by section 298.28, subdivision
 14.15 11, relating to the taconite area environmental protection fund.

14.16 Sec. 22. Minnesota Statutes 2005 Supplement, section 298.296, subdivision 1, is
 14.17 amended to read:

14.18 Subdivision 1. **Project approval.** The board and commissioner shall by August 1 of
 14.19 each year prepare a list of projects to be funded from the Douglas J. Johnson economic
 14.20 protection trust with necessary supporting information including description of the
 14.21 projects, plans, and cost estimates. These projects shall be consistent with the priorities
 14.22 established in section 298.292 and shall not be approved by the board unless it finds that:

14.23 (a) the project will materially assist, directly or indirectly, the creation of additional
 14.24 long-term employment opportunities;

14.25 (b) the prospective benefits of the expenditure exceed the anticipated costs; and

14.26 (c) in the case of assistance to private enterprise, the project will serve a sound
 14.27 business purpose.

14.28 ~~To be proposed by the board, a~~ Each project must be approved by at least eight
 14.29 Iron Range Resources and Rehabilitation Board members and the commissioner of
 14.30 Iron Range resources and rehabilitation. The list of projects shall be submitted to the
 14.31 governor, who shall, by November 15 of each year, approve or disapprove, or return for
 14.32 further consideration, each project. The money for a project may be expended only upon
 33 approval of the project by the governor. The board may submit supplemental projects
 14.34 for approval at any time.

14.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.1 Sec. 23. Minnesota Statutes 2005 Supplement, section 298.298, is amended to read:

15.2 **298.298 LONG-RANGE PLAN.**

15.3 Consistent with the policy established in sections 298.291 to 298.298, the Iron
 15.4 Range Resources and Rehabilitation Board and commissioner shall prepare and present
 15.5 to the governor and the legislature by January 1, 1984 December 31, 2006, a long-range
 15.6 plan for the use of the Douglas J. Johnson economic protection trust fund for the
 15.7 economic development and diversification of the taconite assistance area defined in
 15.8 section 273.1341. ~~The Iron Range Resources and Rehabilitation Board shall, before~~
 15.9 ~~November 15 of each even numbered year, prepare a report to the governor and legislature~~
 15.10 ~~updating and revising this long-range plan and reporting on the Iron Range Resources and~~
 15.11 ~~Rehabilitation Board's progress on those matters assigned to it by law. After January 1,~~
 15.12 ~~1984,~~ No project shall be approved by the Iron Range Resources and Rehabilitation Board
 15.13 which is not consistent with the goals and objectives established in the long-range plan.

15.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.15 Sec. 24. **[299F.50] DEFINITIONS.**

15.16 **Subdivision 1. Scope.** As used in sections 299F.50 to 299F.52, the terms defined in
 15.17 this section have the meanings given them.

15.18 **Subd. 2. Installed.** "Installed" means that an approved carbon monoxide alarm is
 15.19 hardwired into the electrical wiring, directly plugged into an electrical outlet without a
 15.20 switch, or, if the alarm is battery-powered, attached to the wall of the dwelling.

15.21 **Subd. 3. Single and multifamily dwelling.** "Single and multifamily dwelling"
 15.22 means any building or structure that is wholly or partly used or intended to be used for
 15.23 living or sleeping by human occupants.

15.24 **Subd. 4. Dwelling unit.** "Dwelling unit" means an area meant for living or sleeping
 15.25 by human occupants.

15.26 **Subd. 5. Approved carbon monoxide alarm.** "Approved carbon monoxide alarm"
 15.27 means a device meant for the purpose of detecting carbon monoxide that is certified by a
 15.28 nationally recognized testing laboratory to conform to the latest Underwriters Laboratories
 15.29 Standards (known as UL2034 standards).

15.30 **Subd. 6. Operational.** "Operational" means working and in service according to
 15.31 manufacturer's directions.

32 Sec. 25. **[299F.51] REQUIREMENTS FOR CARBON MONOXIDE ALARMS.**

15.33 **Subdivision 1. Generally.** Every single-family dwelling and every dwelling unit in
 15.34 a multifamily dwelling must have an approved and operational carbon monoxide alarm

16.1 installed on each level of the residence and within ten feet of each room lawfully used for
16.2 sleeping purposes.

16.3 Subd. 2. Owner's duties. The owner of a multifamily dwelling that is required to
16.4 be equipped with one or more approved carbon monoxide alarms must:

16.5 (1) provide and install one approved and operational carbon monoxide alarm on each
16.6 level of the dwelling and within ten feet of each room lawfully used for sleeping; and

16.7 (2) replace any approved carbon monoxide alarm that has been stolen, removed,
16.8 found missing, or rendered inoperable during a prior occupancy of the dwelling unit
16.9 and that has not been replaced by the prior occupant before the commencement of a
16.10 new occupancy of a dwelling unit.

16.11 Subd. 3. Occupant's duties. The occupant of each dwelling unit in a multifamily
16.12 dwelling in which an approved and operational carbon monoxide alarm has been provided
16.13 and installed by the owner must:

16.14 (1) keep and maintain the device in good repair according to manufacturer's
16.15 directions; and

16.16 (2) replace any device that is stolen, removed, missing, or rendered inoperable
16.17 during the occupancy of the dwelling unit.

16.18 Subd. 4. Battery removal prohibited. A person shall not remove batteries from, or
16.19 in any way render inoperable, a required carbon monoxide alarm.

16.20 **Sec. 26. [299F.52] ENFORCEMENT.**

16.21 A violation of section 299F.50 or 299F.51 subjects the owner of the single family
16.22 dwelling, multifamily dwelling, or dwelling unit to the same penalty and enforcement
16.23 mechanism provided for violations of the Minnesota Fire Code provided in section
16.24 299F.011, subdivision 6.

16.25 **Sec. 27. Minnesota Statutes 2005 Supplement, section 327.201, is amended to read:**

16.26 **327.201 STATE FAIR CAMPING AREA.**

16.27 **Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner**
16.28 **of health, the State Agricultural Society must operate and maintain a camping area on the**
16.29 **State Fairgrounds during the State Fair and the Minnesota Street Rod Association's Back**
16.30 **to the 50's event, subject to the following conditions:**

16.31 **(1) recreational camping vehicles and tents, including their attachments, must be**
16.32 **separated from each other and from other structures by at least seven feet;**

16.33 **(2) a minimum area of 300 square feet per site must be provided and the total number**
16.34 **of sites must not exceed one site for every 300 square feet of usable land area; and**

16.35 **(3) each site must face a driveway at least 16 feet in width and each driveway must**
16.36 **have unobstructed access to a public roadway.**

17.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.2 Sec. 28. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:

17.3 Subd. 5. **Executive director.** The commissioner shall employ, with the concurrence
17.4 of the authority, an executive director in the unclassified service. The director shall
17.5 perform duties that the authority may require in carrying out its responsibilities.

17.6 Sec. 29. Minnesota Statutes 2004, section 446A.12, subdivision 1, is amended to read:

17.7 Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a
17.8 principal amount that the authority determines necessary to provide sufficient funds for
17.9 achieving its purposes, including the making of loans and purchase of securities, the
17.10 payment of interest on bonds of the authority, the establishment of reserves to secure its
17.11 bonds, the payment of fees to a third party providing credit enhancement, and the payment
17.12 of all other expenditures of the authority incident to and necessary or convenient to carry
17.13 out its corporate purposes and powers, but not including the making of grants. Bonds of
17.14 the authority may be issued as bonds or notes or in any other form authorized by law. The
17.15 principal amount of bonds issued and outstanding under this section at any time may not
17.16 exceed ~~\$1,250,000,000~~ \$1,500,000,000, excluding bonds for which refunding bonds or
17.17 crossover refunding bonds have been issued.

17.18 Sec. 30. Minnesota Statutes 2004, section 473.252, subdivision 3, is amended to read:

17.19 Subd. 3. **Distribution of funds.** (a) The council must use the funds in the account
17.20 to make grants to municipalities or development authorities for the cleanup of polluted
17.21 land in the metropolitan area. A grant to a metropolitan county or a development authority
17.22 must be used for a project in a participating municipality. The council shall prescribe
17.23 and provide the grant application form to municipalities. The council must consider the
17.24 probability of funding from other sources when making grants under this section.

17.25 (b)(1) The legislature expects that applications for grants will exceed the available
17.26 funds and the council will be able to provide grants to only some of the applicant
17.27 municipalities. If applications for grants for qualified sites exceed the available funds,
17.28 the council shall make grants that provide the highest return in public benefits for the
17.29 public costs incurred, that encourage development that will lead to the preservation or
17.30 growth of living-wage jobs or the production of affordable housing, and that enhance the
17.31 tax base of the recipient municipality. For purposes of ranking applications, equal weight
17.32 shall be given to preservation or growth of living-wage jobs and to the production of
17.33 affordable housing.

17.34 For purposes of this section, affordable housing includes both:

18.1 (i) affordable rental housing for persons or families whose income, at the time
 18.2 of initial occupancy, does not exceed 60 percent of median income as determined by
 18.3 the United States Department of Housing and Urban Development for the metropolitan
 18.4 area; and

18.5 (ii) affordable ownership housing units for persons or families whose income, at the
 18.6 time of initial occupancy, does not exceed 80 percent of median income as determined by
 18.7 the United States Department of Housing and Urban Development for the metropolitan
 18.8 area.

18.9 (2) In making grants, the council shall establish regular application deadlines in
 18.10 which grants will be awarded from the available money in the account. If the council
 18.11 provides for application cycles of less than six-month intervals, the council must reserve
 18.12 at least 40 percent of the receipts of the account for a year for application deadlines that
 18.13 occur in the second half of the year. If the applications for grants exceed the available
 18.14 funds for an application cycle, no more than one-half of the funds may be granted to
 18.15 projects in a statutory or home rule charter city and no more than three-quarters of the
 18.16 funds may be granted to projects located in cities of the first class.

18.17 (c) A municipality may use the grant to provide a portion of the local match
 18.18 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

18.19 Sec. 31. **EFFECTIVE DATE.**

18.20 Sections 24 to 26 are effective January 1, 2007, for all newly constructed
 18.21 single-family and multifamily dwelling units and August 1, 2008, for all existing and
 18.22 newly constructed single family and multifamily dwelling units."

18.23 Amend the title accordingly

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



.....
 (Committee Chair)

May 4, 2006 5-4-06
 (Date of Committee recommendation)

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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 3058 - Higher Education Policy

Author: Senator Sandra L. Rappas
Prepared by: Maja Weidmann, Senate Research (651/296-4855)
Date: May 3, 2006

Sections 1 and 2 reinstate funding formula language.

Section 3 provides for the submission of instructional expenditure and enrollment data to the Office of Higher Education. The Office must consult with the data advisory task force to identify the data that must be submitted to them.

Section 4 specifies that a student qualifies for the resident tuition rate or its equivalent at state colleges and universities, including the University of Minnesota, if the student meets all of the following requirements: (1) high school attendance within the state for three or more years; (2) graduation from a state high school or attainment within the state of the equivalent of high school graduation; and (3) registration as an entering student at, or current enrollment in, a public institution of higher education. An individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity to do so.

Section 5 deletes language pertaining to the reports the systems must submit to the Legislature regarding their performance on various accountability measures.

Sections 6, 7, and 16 delete obsolete language and incorrect terminology.

Section 8 adds language defining "eligible cosigner" for the purpose of receiving a SELF loan.

Section 9 authorizes the Office of Higher Education to do interest rate swaps.

Section 10 deletes language stating that the names and addresses of state financial aid participants are classified as public data.

Section 11 eliminates students attending a postsecondary institution in a Canadian province from the definition of eligible student for the purpose of receiving a SELF loan.

Section 12 makes SELF loan cosigners jointly and separately responsible for making loan payments. This language is currently in the rules pertaining to the SELF loan.

Section 13 authorizes the Office of Higher Education to establish a loan rehabilitation program.

Section 14 authorizes the Office of Higher Education to grant students in repayment "temporary total disability status" for up to three years. Interest would not accrue during this period of time.

Section 15 authorizes the provision of state work study awards during one period of non enrollment each year for students enrolled less than half time.

Section 17 specifies that at least one member of the MnSCU board must be a representative of labor, and at least one member must be a representative of business.

Section 18 specifies that receipts attributable to MnSCU college and university activity funds are appropriated to the board and are not subject to the budgetary control of the Commissioner of Finance.

Section 19 codifies the manner in which MnSCU deposits its receipts.

Section 20 makes temporary provisions for the approval of higher education degrees.

Section 21 directs the Office of Higher Education to convene an advisory task force to study the cost of textbooks.

Section 22 authorizes the construction of an academic building on the Minnesota State University Mankato campus for the College of Business using nonstate money.

Section 23 directs the Board of Regents of the University of Minnesota to convene a task force to study the impact of its licensing agreements on Minnesota producers of agricultural products and report to the Legislature on its findings and recommendations.

Section 24 contains instructions to the revisor.

Section 25 repeals the following statutory language and rules:

Minnesota Statutes 2004, section 135A.031, subdivision 5: Adjustment for performance
Minnesota Statutes 2004, section 135A.033: Performance funding

Minnesota Statutes 2004, section 136A.15, subdivision 5: Province
Minnesota Statutes 2004, section 136A.1702: Commission approval
Minnesota Statutes 2005 Supplement, section 135A.031, subdivision 3:
Determination of instructional services base
Minnesota Statutes 2005 Supplement, section 135A.031, subdivision 4:
Enrollments for budgeting
Minnesota Rules, part 4850.0011, subpart 9: Creditworthy cosigner
Minnesota Rules, part 4850.0011, subpart 10: Cosigners
Minnesota Rules, part 4850.0011, subpart 14: Eligible School
Minnesota Rules, part 4850.0011, subpart 27: Repayment period
Minnesota Rules, part 4850.0014, subpart 1: Loan amounts

Senator Pappas introduced—

S.F. No. 3058: Referred to the Committee on Finance.

1. A bill for an act
 1.2 relating to higher education; regulating tuition paid by seniors for certain
 1.3 courses; eliminating obsolete language; authorizing the Minnesota State Colleges
 1.4 and Universities Board of Trustees to control certain depository services;
 1.5 amending Minnesota Statutes 2004, sections 136F.42, subdivision 1; 136F.71, by
 1.6 adding a subdivision; Minnesota Statutes 2005 Supplement, section 135A.52,
 1.7 subdivisions 1, 2.

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

1.9 Section 1. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 1,
 1.10 is amended to read:

1.11 Subdivision 1. **Fees and tuition.** Except for an administration fee established by the
 1.12 governing board at a level to recover costs, to be collected only when a course is taken for
 1.13 credit, a senior citizen who is a legal resident of Minnesota is entitled without payment
 1.14 of tuition or activity fees to attend courses offered for credit, audit any courses offered
 1.15 for credit, or enroll in any noncredit courses in any state supported institution of higher
 1.16 education in Minnesota when space is available after all tuition-paying students have been
 1.17 accommodated. A senior citizen enrolled under this section must pay any materials,
 1.18 personal property, or service charges for the course. In addition, a senior citizen who is
 1.19 enrolled in a course for credit must pay an administrative fee in an amount established
 1.20 by the governing board of the institution to recover ~~the course~~ costs. There shall be no
 1.21 administrative fee charges to a senior citizen auditing a course. For the purposes of this
 1.22 section and section 135A.51, the term "noncredit courses" shall not include those courses
 designed and offered specifically and exclusively for senior citizens.

1.24 The provisions of this section and section 135A.51 do not apply to noncredit courses
 1.25 designed and offered by the University of Minnesota, and the Minnesota State Colleges

2.1 and Universities specifically and exclusively for senior citizens. Senior citizens enrolled
2.2 under the provisions of this section and section 135A.51 shall not be included by such
2.3 institutions in their computation of full-time equivalent students when requesting staff
2.4 or appropriations.

2.5 Sec. 2. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 2, is
2.6 amended to read:

2.7 Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there
2.8 shall be no limit to the number of terms, quarters, or semesters a senior citizen may attend
2.9 courses, nor income limitation imposed in determining eligibility.

2.10 (b) A senior citizen enrolled in a closed enrollment contract training ~~or professional~~
2.11 ~~continuing education~~ program is not eligible for benefits under subdivision 1.

2.12 Sec. 3. Minnesota Statutes 2004, section 136F.42, subdivision 1, is amended to read:

2.13 Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board,
2.14 in consultation with the commissioners of employee relations and finance, may develop
2.15 policies to allow system office or campus employees on salaries, as defined in section
2.16 43A.17, subdivision 1, to use negative time reporting in which employees report only that
2.17 time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation~~
2.18 ~~with the commissioners of employee relations and finance, shall evaluate the use of~~
2.19 ~~negative time reporting and its potential for use with other state employees.~~

2.20 Sec. 4. Minnesota Statutes 2004, section 136F.71, is amended by adding a subdivision
2.21 to read:

2.22 Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board is
2.23 authorized to control the amount and manner of deposit of all receipts described in this
2.24 section in depositories selected by the board. The board's authority includes, without
2.25 limitation, specifying the considerations, financial activities, and conditions required from
2.26 the depository, including the requirement of collateral security or a corporate surety bond
2.27 as described in section 118A.03. The board may compensate the depository, including
2.28 paying a reasonable charge to the depository, maintaining appropriate compensating
2.29 balances with the depository, or purchasing non-interest-bearing certificates of deposit
2.30 from the depository for performing depository-related services.

1.1 Senator moves to amend S.F. No. 3058 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2004, section 135A.031, is amended by adding a
1.4 subdivision to read:

1.5 Subd. 3a. **Determination of instructional services base.** The instructional services
1.6 base for each public postsecondary system is the sum of: (1) the state share; (2) the
1.7 legislatively estimated tuition for the second year of the most recent biennium; and (3)
1.8 adjustments for inflation and enrollment changes as calculated in subdivision 4a.

1.9 Sec. 2. Minnesota Statutes 2004, section 135A.031, is amended by adding a
1.10 subdivision to read:

1.11 Subd. 4a. **Adjustment for enrollments.** (a) Each public postsecondary system's
1.12 instructional services base shall be adjusted for estimated changes in enrollments. For
1.13 each two percent change in estimated full-year equivalent enrollment, an adjustment shall
1.14 be made to 65 percent of the instructional services base. The remaining 35 percent of the
1.15 instructional services base is not subject to the adjustment in this subdivision.

1.16 (b) When student enrollment is used for budgeting purposes, the student enrollment
1.17 shall be measured in full-year equivalents and shall include only enrollments in courses
1.18 that award credit or otherwise satisfy any of the requirements of an academic or vocational
1.19 program.

1.20 (c) The enrollment adjustment shall be made for each year of the subsequent
1.21 biennium. The base enrollment year is the 1995 fiscal year enrollment. The base
1.22 enrollment shall be updated for each two percent change in estimated full-year equivalent
1.23 enrollment. If the actual enrollment differs from the estimated enrollment, an adjustment
1.24 shall be made in the next biennium.

1.25 Sec. 3. Minnesota Statutes 2004, section 135A.031, subdivision 7, is amended to read:

1.26 Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each~~
1.27 ~~instructional category~~ shall be submitted to the Office of Higher Education and the
1.28 Department of Finance and included in the biennial budget document. The specific data
1.29 shall be submitted only after the director of the Office of Higher Education has consulted
1.30 with a data advisory task force to determine the need, content, and detail of the information.

1.31 Sec. 4. [135A.043] RESIDENT TUITION.

1.32 (a) A student shall qualify for a resident tuition rate or its equivalent at state
1.33 universities and colleges, including the University of Minnesota, if the student meets
1.34 all of the following requirements:

1.35 (1) high school attendance within the state for three or more years;

2.1 (2) graduation from a state high school or attainment within the state of the
2.2 equivalent of high school graduation; and

2.3 (3) registration as an entering student at, or current enrollment in, a public institution
2.4 of higher education.

2.5 (b) This section is in addition to any other statute, rule, or higher education
2.6 institution regulation or policy providing eligibility for a resident tuition rate or its
2.7 equivalent to a student.

2.8 (c) To qualify for resident tuition under this section an individual who is not a citizen
2.9 or permanent resident of the United States must provide the college or university with
2.10 an affidavit that the individual will file an application to become a permanent resident at
2.11 the earliest opportunity the individual is eligible to do so.

2.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.13 and applies to tuition for school terms commencing on or after that date.

2.14 Sec. 5. Minnesota Statutes 2004, section 135A.053, subdivision 2, is amended to read:

2.15 Subd. 2. **Performance and accountability.** Higher education systems and
2.16 campuses are expected to achieve the objectives in subdivision 1 and will be held
2.17 accountable for doing so. The legislature is increasing the flexibility of the systems and
2.18 campuses to provide greater responsibility to higher education in deciding how to achieve
2.19 statewide objectives, and to decentralize authority so that those decisions can be made
2.20 at the level where the education is delivered. ~~To demonstrate their accountability, the~~
2.21 ~~legislature expects each system and campus to measure and report on its performance,~~
2.22 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~
2.23 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus
2.24 from determining its own objectives and performance measures beyond those identified
2.25 in this section.

2.26 Sec. 6. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 1, is
2.27 amended to read:

2.28 Subdivision 1. **Fees and tuition.** Except for an administration fee established by the
2.29 governing board at a level to recover costs, to be collected only when a course is taken for
2.30 credit, a senior citizen who is a legal resident of Minnesota is entitled without payment
2.31 of tuition or activity fees to attend courses offered for credit, audit any courses offered
2.32 for credit, or enroll in any noncredit courses in any state supported institution of higher
2.33 education in Minnesota when space is available after all tuition-paying students have been
2.34 accommodated. A senior citizen enrolled under this section must pay any materials,
2.35 personal property, or service charges for the course. In addition, a senior citizen who is

3.1 enrolled in a course for credit must pay an administrative fee in an amount established
 3.2 by the governing board of the institution to recover ~~the course~~ costs. There shall be no
 3.3 administrative fee charges to a senior citizen auditing a course. For the purposes of this
 3.4 section and section 135A.51, the term "noncredit courses" shall not include those courses
 3.5 designed and offered specifically and exclusively for senior citizens.

3.6 The provisions of this section and section 135A.51 do not apply to noncredit courses
 3.7 designed and offered by the University of Minnesota, and the Minnesota State Colleges
 3.8 and Universities specifically and exclusively for senior citizens. Senior citizens enrolled
 3.9 under the provisions of this section and section 135A.51 shall not be included by such
 3.10 institutions in their computation of full-time equivalent students when requesting staff
 3.11 or appropriations.

3.12 Sec. 7. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 2, is
 3.13 amended to read:

3.14 Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there
 3.15 shall be no limit to the number of terms, quarters, or semesters a senior citizen may attend
 3.16 courses, nor income limitation imposed in determining eligibility.

3.17 (b) A senior citizen enrolled in a closed enrollment contract training ~~or professional~~
 3.18 ~~continuing education~~ program is not eligible for benefits under subdivision 1.

3.19 Sec. 8. Minnesota Statutes 2004, section 136A.15, is amended by adding a subdivision
 3.20 to read:

3.21 Subd. 10. **Eligible cosigner.** "Eligible cosigner" means a cosigner who:

3.22 (1) is at least 24 years old, and at least 18 years old if a sibling;

3.23 (2) is a United States citizen or permanent resident;

3.24 (3) permanently resides in the United States;

3.25 (4) agrees to the release of information to a consumer credit reporting agency, as
 3.26 specified in section 136A.162, paragraph (b); and

3.27 (5) is creditworthy by meeting all of the following requirements:

3.28 (i) no balances at a consumer credit reporting agency discharged through bankruptcy
 3.29 within the seven years prior to application for credit;

3.30 (ii) no garnishments, attachments, foreclosure, repossession, or defendant in a suit to
 3.31 collect a debt appearing on the credit report;

3.32 (iii) no tax or mechanics liens or judgments appearing on the credit report;

3.33 (iv) no items that are charged off or are delinquent for 120 days or more, that
 3.34 in total exceed \$50; and

3.35 (v) no more than five percent of current balances at a consumer credit reporting
 3.36 agency past due, that in total exceed \$50.

4.1 The office may establish alternative credit requirements using credit scoring.

4.2 Sec. 9. Minnesota Statutes 2004, section 136A.16, is amended by adding a subdivision
4.3 to read:

4.4 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into
4.5 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,
4.6 or other comparable interest rate protection agreements with a third party in connection
4.7 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing
4.8 comparable interest rate protection agreements.

4.9 (b) The agreements authorized by this subdivision include, without limitation, master
4.10 agreements, options, or contracts to enter into those agreements in the future and related
4.11 agreements, including, without limitation, agreements to provide credit enhancement,
4.12 liquidity, or remarketing.

4.13 (c) The agreements authorized by this subdivision may be entered into on the basis
4.14 of negotiation with a qualified third party or through a competitive proposal process on
4.15 terms and conditions as and with covenants and provisions approved by the office and
4.16 may include, without limitation:

4.17 (1) provisions establishing reserves;

4.18 (2) pledging assets or revenues of the office for current or other payments or
4.19 termination payments;

4.20 (3) contracting with the other parties to the agreements to provide for the custody,
4.21 collection, securing, investment, and payment of money of the office or money held in
4.22 trust; or

4.23 (4) requiring the issuance of bonds or other agreements authorized by this section
4.24 in the future.

4.25 (d) With respect to bonds or notes outstanding or proposed to be issued bearing
4.26 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate
4.27 or at a different variable rate determined in accordance with a formula set out in the
4.28 agreement on an amount not exceeding the outstanding principal amount of the bonds or
4.29 notes at the time of payment in exchange for an agreement by the third party to pay sums
4.30 equal to interest on a like amount at a variable rate determined according to a formula
4.31 set out in the agreement.

4.32 (e) With respect to bonds or notes outstanding or proposed to be issued bearing
4.33 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a
4.34 variable rate determined in accordance with a formula set out in the agreement on an
4.35 amount not exceeding the outstanding principal amount of the bonds or notes at the time of

5.1 payment in exchange for an agreement by the third party to pay sums equal to interest on a
5.2 like amount at a fixed rate or rates determined according to a formula set in the agreement.

5.3 (f) Subject to any applicable covenants of the office, payments required to be made
5.4 by the office under the agreement, including termination payments, may be made from
5.5 amounts pledged or available to pay debt service on the bonds or notes with respect to
5.6 which the agreement was made or from assets of the loan capital fund of the office.
5.7 The office may issue bonds or notes to provide for any payments, including, without
5.8 limitation, a termination payment due or to become due under an agreement authorized
5.9 under this section.

5.10 Sec. 10. Minnesota Statutes 2004, section 136A.162, is amended to read:

5.11 **136A.162 CLASSIFICATION OF DATA.**

5.12 All data on applicants for financial assistance collected and used by the Higher
5.13 Education Services Office for student financial aid programs administered by that office
5.14 shall be classified as private data on individuals under section 13.02, subdivision 12.

5.15 Exceptions to this classification are that:

5.16 ~~(a) the names and addresses of program recipients or participants are public data;~~
5.17 ~~(b)~~ data on applicants may be disclosed to the commissioner of human services
5.18 to the extent necessary to determine eligibility under section 136A.121, subdivision 2,
5.19 clause (5); and

5.20 ~~(c)~~ (b) the following data collected in the Minnesota supplemental loan program
5.21 under section 136A.1701 may be disclosed to a consumer credit reporting agency only
5.22 if the borrower and the cosigner give informed consent, according to section 13.05,
5.23 subdivision 4, at the time of application for a loan:

- 5.24 (1) the lender-assigned borrower identification number;
- 5.25 (2) the name and address of borrower;
- 5.26 (3) the name and address of cosigner;
- 5.27 (4) the date the account is opened;
- 5.28 (5) the outstanding account balance;
- 5.29 (6) the dollar amount past due;
- 5.30 (7) the number of payments past due;
- 5.31 (8) the number of late payments in previous 12 months;
- 5.32 (9) the type of account;
- 5.33 (10) the responsibility for the account; and
- 5.34 (11) the status or remarks code.

5.35 Sec. 11. Minnesota Statutes 2005 Supplement, section 136A.1701, subdivision 12,
5.36 is amended to read:

8.1 43A.17, subdivision 1, to use negative time reporting in which employees report only that
 8.2 time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation~~
 8.3 ~~with the commissioners of employee relations and finance, shall evaluate the use of~~
 8.4 ~~negative time reporting and its potential for use with other state employees.~~

8.5 Sec. 17. Minnesota Statutes 2004, section 136F.02, subdivision 1, is amended to read:

8.6 Subdivision 1. **Membership.** The board consists of 15 members appointed by the
 8.7 governor with the advice and consent of the senate. At least one member of the board
 8.8 must be a resident of each congressional district. Three members must be students who are
 8.9 enrolled at least half time in a degree, diploma, or certificate program or have graduated
 8.10 from an institution governed by the board within one year of the date of appointment. The
 8.11 student members shall include: one member from a community college, one member from
 8.12 a state university, and one member from a technical college. The remaining members must
 8.13 be appointed to represent the state at large. At least one member must be a representative
 8.14 of organized labor and at least one member must be a representative of business.

8.15 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 8.16 applies to appointments to the board made on and after that date, and must be complied
 8.17 with as soon as vacancies can be filled.

8.18 Sec. 18. Minnesota Statutes 2004, section 136F.71, subdivision 2, is amended to read:

8.19 Subd. 2. **Activity funds.** All receipts attributable to the state colleges and
 8.20 universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board
 8.21 and are not subject to budgetary control as exercised by the commissioner of finance.

8.22 Sec. 19. Minnesota Statutes 2004, section 136F.71, is amended by adding a subdivision
 8.23 to read:

8.24 Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall
 8.25 have authority to control the amount and manner of deposit of all receipts described in
 8.26 this section in depositories selected by the board. The board's authority shall include
 8.27 specifying the considerations, financial activities, and conditions required from the
 8.28 depository, including the requirement of collateral security or a corporate surety bond
 8.29 as described in section 118A.03. The board may compensate the depository, including
 8.30 paying a reasonable charge to the depository, maintaining appropriate compensating
 8.31 balances with the depository, or purchasing non-interest-bearing certificates of deposit
 8.32 from the depository for performing depository-related services.

8.33 Sec. 20. **TEMPORARY PROVISION FOR APPROVAL OF CERTAIN HIGHER**
 8.34 **EDUCATION DEGREES.**

9.1 Subdivision 1. **Supersede.** This section supersedes any conflicting Minnesota
9.2 statute or rule.

9.3 Subd. 2. **Degree approval.** A school licensed pursuant to Minnesota Statutes,
9.4 chapter 141, may not grant a degree as defined in Minnesota Statutes, section 136A.62,
9.5 subdivision 4, unless the degree is approved by the Office of Higher Education.

9.6 Subd. 3. **Approval criteria.** A school licensed pursuant to Minnesota Statutes,
9.7 chapter 141, to obtain approval to grant a degree must provide evidence to the Office of
9.8 Higher Education that the following requirements are met:

9.9 (1) the school employs qualified teaching personnel to provide the educational
9.10 programs for each degree for which approval is sought;

9.11 (2) the educational program is appropriate to each degree for which approval is
9.12 sought;

9.13 (3) the school has appropriate and accessible library, laboratory, and other physical
9.14 facilities to support the education program for each degree for which approval is sought;
9.15 and

9.16 (4) the school makes a rationale showing that the degree programs are consistent
9.17 with the school's mission and goals.

9.18 Subd. 4. **Effect of approval.** Approval to grant a degree under this section has the
9.19 same effect as approval under Minnesota Statutes, section 136A.65.

9.20 Subd. 5. **Notice of changes.** A school authorized to grant a degree under this section
9.21 must notify the Office of Higher Education of proposed changes to the degree and the
9.22 addition of majors or specialty areas to a degree.

9.23 Subd. 6. **Expiration.** This section expires June 30, 2007.

9.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.25 Sec. 21. **HIGHER EDUCATION TEXTBOOK COST STUDY.**

9.26 The Minnesota Office of Higher Education shall convene an advisory task force
9.27 to study the costs of required textbooks for students attending public and nonpublic
9.28 postsecondary institutions. The task force must, at a minimum, include students, faculty,
9.29 and administrators. The study must, without limitation, examine textbook pricing trends
9.30 and strategies, the practice of textbook rental, policies related to repurchase of textbooks
9.31 from students, textbook selection policies, and purchasing practices of colleges and
9.32 universities. The task force must review the findings and recommendations of other
9.33 existing studies and any state or national laws that have been considered or adopted to
9.34 reduce the financial burden of textbook costs. The office must report on its findings and

10.1 present any recommendations by January 15, 2007, to the legislative committees with
10.2 jurisdiction over higher education policy and finance.

10.3 Sec. 22. **MINNESOTA STATE UNIVERSITY, MANKATO, CONSTRUCTION**
10.4 **AUTHORIZATION.**

10.5 The Board of Trustees of the Minnesota State Colleges and Universities may design,
10.6 construct, furnish, and equip an academic building on the Minnesota State University,
10.7 Mankato campus for the College of Business at a site approved by the board using
10.8 nonstate money.

10.9 Sec. 23. **UNIVERSITY OF MINNESOTA LICENSING AND MINNESOTA**
10.10 **MARKET IMPACT STUDY.**

10.11 The University of Minnesota is requested to establish a task force to study the
10.12 market impact on Minnesota producers of agricultural products from the University of
10.13 Minnesota licensing germplasm and to make recommendations to the legislature and the
10.14 Board of Regents on ways to mitigate any negative impacts on Minnesota businesses that
10.15 arise from University of Minnesota license agreements.

10.16 The task force must include:

10.17 (1) a representative of the University of Minnesota;

10.18 (2) a representative of the Department of Agriculture, serving as the chair; and

10.19 (3) representatives of the Minnesota Farm Bureau, the Minnesota Farmers Union,
10.20 agricultural commodity organizations, the Minnesota Apple Growers Association, the
10.21 Minnesota Fruit and Vegetable Growers Association, the Minnesota Nursery Landscape
10.22 Association, and the Minnesota Grown Program. The chair may also invite participation
10.23 from other staff and faculty of the University of Minnesota as necessary to fulfill the
10.24 purpose of the task force. Members serve on the task force on a voluntary basis.

10.25 The task force is requested to report to the committees of the legislature with
10.26 responsibility for higher education no later than January 15, 2007.

10.27 Sec. 24. **REVISOR'S INSTRUCTION.**

10.28 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and
10.29 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and
10.30 Minnesota Rules.

10.31 Sec. 25. **REPEALER.**

10.32 Minnesota Statutes 2004, sections 135A.031, subdivision 5; 135A.033; 136A.15,
10.33 subdivision 5; and 136A.1702; Minnesota Statutes 2005 Supplement, section 135A.031,
10.34 subdivisions 3 and 4; and Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, and 27;
10.35 and 4850.0014, subpart 1, are repealed."

11.1 Amend the title accordingly

1.1 Senator moves to amend the delete-everything amendment
1.2 (SCS3058A14) to S.F. No. 3058 as follows:

1.3 Page 5, delete section 10, and insert:

1.4 "Sec. 10. Minnesota Statutes 2004, section 136A.162, is amended to read:

1.5 **136A.162 CLASSIFICATION OF DATA.**

1.6 ~~All~~ (a) Except as provided in paragraphs (b) and (c), data on applicants for financial
1.7 assistance collected and used by the Higher Education Services Office for student
1.8 financial aid programs administered by that office ~~shall be classified as~~ are private data
1.9 on individuals ~~under~~ as defined in section 13.02, subdivision 12. ~~Exceptions to this~~
1.10 ~~classification are that:~~

1.11 ~~(a) the names and addresses of program recipients or participants are public data;~~

1.12 (b) Data on applicants may be disclosed to the commissioner of human services
1.13 to the extent necessary to determine eligibility under section 136A.121, subdivision 2,
1.14 clause (5); ~~and.~~

1.15 (c) The following data collected in the Minnesota supplemental loan program under
1.16 section 136A.1701 may be disclosed to a consumer credit reporting agency only if the
1.17 borrower and the cosigner give informed consent, according to section 13.05, subdivision
1.18 4, at the time of application for a loan:

- 1.19 (1) the lender-assigned borrower identification number;
- 1.20 (2) the name and address of borrower;
- 1.21 (3) the name and address of cosigner;
- 1.22 (4) the date the account is opened;
- 1.23 (5) the outstanding account balance;
- 1.24 (6) the dollar amount past due;
- 1.25 (7) the number of payments past due;
- 1.26 (8) the number of late payments in previous 12 months;
- 1.27 (9) the type of account;
- 1.28 (10) the responsibility for the account; and
- 1.29 (11) the status or remarks code."

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance

1.3 Senator Pappas,

1.4 Chair of the Higher Education Budget Division, to which was referred

1.5 **S.F. No. 3058:** A bill for an act relating to higher education; regulating tuition paid
 1.6 by seniors for certain courses; eliminating obsolete language; authorizing the Minnesota
 1.7 State Colleges and Universities Board of Trustees to control certain depository services;
 1.8 amending Minnesota Statutes 2004, sections 136F.42, subdivision 1; 136F.71, by adding a
 1.9 subdivision; Minnesota Statutes 2005 Supplement, section 135A.52, subdivisions 1, 2.

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

1.11 Delete everything after the enacting clause and insert:

1.12 "Section 1. **HIGHER EDUCATION APPROPRIATIONS.**

1.13 The sums shown in the columns marked "APPROPRIATIONS" are added to the
 1.14 appropriations in Laws 2005, chapter 107, article 1, or other law to the agencies and for
 1.15 the purposes specified in this article. The appropriations are from the general fund or
 1.16 another named fund and are available for the fiscal years indicated for each purpose. The
 1.17 figures "2006" and "2007" used in this article mean that the addition to the appropriation
 1.18 listed under them is available for the fiscal year ending June 30, 2006, or June 30, 2007,
 1.19 respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year 2007.
 1.20 "The biennium" is fiscal years 2006 and 2007.

1.21 **SUMMARY BY FUND**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
1.22						
1.23	<u>General</u>	\$	-0-	\$	37,260,000	\$ 37,260,000

1.24 **SUMMARY BY AGENCY - ALL FUNDS**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
1.25						
1.26	<u>Office of Higher Education</u>	\$	-0-	\$	6,900,000	\$ 6,900,000
1.27	<u>Board of Trustees of the</u>					
1.28	<u>Minnesota State Colleges</u>					
1.29	<u>and Universities</u>		-0-	16,560,000		16,560,000
1.30	<u>Board of Regents of the</u>					
1.31	<u>University of Minnesota</u>		-0-	13,800,000		13,800,000

1.32 **APPROPRIATIONS**
 1.33 **Available for the Year**
 1.34 **Ending June 30**

		<u>2006</u>		<u>2007</u>
1.35				
		\$		\$
1.37	<u>Sec. 2. OFFICE OF HIGHER EDUCATION</u>		-0-	6,900,000

1.38 For the state grant program.

2.1 The appropriation base is \$151,606,000 for
 2.2 fiscal year 2008 and \$151,606,000 for fiscal
 2.3 year 2009.

2.4 **Sec. 3. BOARD OF TRUSTEES OF THE**
 2.5 **MINNESOTA STATE COLLEGES AND**
 2.6 **UNIVERSITIES**

2.7 **Subdivision 1. Total appropriation** -0- 16,560,000

2.8 The amounts that may be spent from this
 2.9 appropriation for each purpose are specified
 2.10 in the following subdivisions.

2.11 **Subd. 2. Technology infrastructure** -0- 15,000,000

2.12 For critical hardware, network, security, and
 2.13 support stabilization improvements to the
 2.14 technology infrastructure. This appropriation
 2.15 may be used to do the following:

2.16 (1) provide improvements to technology and
 2.17 computer security infrastructure to meet the
 2.18 increased demand for online academic and
 2.19 administrative services;

2.20 (2) assess the system's vulnerability and
 2.21 develop and implement a systemwide
 2.22 security program;

2.23 (3) upgrade the computer system used by
 2.24 all state colleges and universities to provide
 2.25 services and collect data; and

2.26 (4) upgrade network hardware infrastructure
 2.27 to meet growing demands and enhance
 2.28 online services to students, including those
 2.29 serving in the military.

2.30 This a onetime appropriation.

2.31 **Subd. 3. Global skills initiative** -0- 1,560,000

2.32 To build capacity to provide students
 2.33 with the skills they need to compete in
 2.34 a 21st century global economy, to foster
 2.35 institutional environments conducive to

3.1 excellence in teaching and learning, and to
 3.2 enhance Minnesota's economic growth and
 3.3 prosperity.

3.4 This appropriation may be used to do the
 3.5 following:

3.6 (1) build capacity to offer Chinese and other
 3.7 critical language instruction in the state's
 3.8 colleges and universities;

3.9 (2) build capacity to infuse the curriculum
 3.10 in the state's colleges and universities with
 3.11 relevant learning modules on global history
 3.12 and culture;

3.13 (3) build linkages to the K-12 schools to
 3.14 create greater future capacity to meet the
 3.15 rapidly changing skills and knowledge needs
 3.16 of Minnesota students;

3.17 (4) position the system to become the
 3.18 global leader in customized training in
 3.19 areas where market demand is high,
 3.20 such as aviation management and repair,
 3.21 automotive technology, home health care,
 3.22 and manufacturing; and

3.23 (5) develop international study abroad and
 3.24 exchange programs for students and faculty.

3.25 This is a onetime appropriation.

3.26 **Sec. 4. BOARD OF REGENTS OF THE**
 3.27 **UNIVERSITY OF MINNESOTA**

3.28 <u>Subdivision 1. Total appropriation</u>	-0-	<u>13,800,000</u>
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3.29 The amounts that may be spent from this
 3.30 appropriation for each purpose are specified
 3.31 in the following subdivisions.

3.32 <u>Subd. 2. University of Minnesota - Rochester</u>	-0-	<u>5,000,000</u>
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3.33 For academic programs supporting the
 3.34 University of Minnesota - Rochester,
 3.35 including faculty, staff, and program

4.1 planning and development in the areas
 4.2 of biomedical technologies, engineering
 4.3 and computer technologies, health care
 4.4 administration, and allied health programs;
 4.5 ongoing operations of industrial liaison
 4.6 activities; and operation of leased facilities.
 4.7 The appropriation base is \$5,000,000 for
 4.8 fiscal year 2008 and \$6,330,000 for fiscal
 4.9 year 2009.

4.10 **Subd. 3. School of Dentistry** -0- 4,900,000

4.11 To purchase simulation workstations and
 4.12 advanced simulation units for the School of
 4.13 Dentistry simulation clinic at the Twin Cities
 4.14 campus. This is a onetime appropriation.

4.15 **Subd. 4. College of Veterinary Medicine** -0- 3,200,000

4.16 To purchase state-of-the-art equipment
 4.17 for clinical practice, research, therapy,
 4.18 and teaching at the College of Veterinary
 4.19 Medicine at the Twin Cities campus.
 4.20 Equipment includes a magnetic resonance
 4.21 imaging system, linear accelerator, and
 4.22 radiology equipment. This is a onetime
 4.23 appropriation.

4.24 **Subd. 5. West Central Research and**
 4.25 **Outreach Center** -0- 700,000

4.26 To construct, furnish, and equip a facility for
 4.27 the wind energy to hydrogen to anhydrous
 4.28 ammonia pilot project at the West Central
 4.29 Research and Outreach Center in Morris.
 4.30 This is a onetime appropriation.

4.31 Sec. 5. Minnesota Statutes 2004, section 135A.031, subdivision 7, is amended to read:

4.32 **Subd. 7. Reports.** Instructional expenditure and enrollment data for each
 4.33 instructional category shall be submitted to the Office of Higher Education and the
 4.34 Department of Finance and included in the biennial budget document. The specific data

5.1 shall be submitted only after the director of the Office of Higher Education has consulted
5.2 with a data advisory task force to determine the need, content, and detail of the information.

5.3 Sec. 6. [135A.043] RESIDENT TUITION.

5.4 (a) A student shall qualify for a resident tuition rate or its equivalent at state
5.5 universities and colleges, including the University of Minnesota, if the student meets
5.6 all of the following requirements:

5.7 (1) high school attendance within the state for three or more years;

5.8 (2) graduation from a state high school or attainment within the state of the
5.9 equivalent of high school graduation; and

5.10 (3) registration as an entering student at, or current enrollment in, a public institution
5.11 of higher education.

5.12 (b) This section is in addition to any other statute, rule, or higher education
5.13 institution regulation or policy providing eligibility for a resident tuition rate or its
5.14 equivalent to a student.

5.15 (c) To qualify for resident tuition under this section an individual who is not a citizen
5.16 or permanent resident of the United States must provide the college or university with
5.17 an affidavit that the individual will file an application to become a permanent resident at
5.18 the earliest opportunity the individual is eligible to do so.

5.19 **EFFECTIVE DATE.** This section is effective the day following final enactment
5.20 and applies to tuition for school terms commencing on or after that date.

5.21 Sec. 7. Minnesota Statutes 2004, section 135A.053, subdivision 2, is amended to read:

5.22 Subd. 2. **Performance and accountability.** Higher education systems and
5.23 campuses are expected to achieve the objectives in subdivision 1 and will be held
5.24 accountable for doing so. The legislature is increasing the flexibility of the systems and
5.25 campuses to provide greater responsibility to higher education in deciding how to achieve
5.26 statewide objectives, and to decentralize authority so that those decisions can be made
5.27 at the level where the education is delivered. ~~To demonstrate their accountability, the~~
5.28 ~~legislature expects each system and campus to measure and report on its performance,~~
5.29 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~
5.30 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus
5.31 from determining its own objectives and performance measures beyond those identified
5.32 in this section.

5.33 Sec. 8. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 1, is
5.34 amended to read:

6.1 Subdivision 1. **Fees and tuition.** Except for an administration fee established by the
6.2 governing board at a level to recover costs, to be collected only when a course is taken for
6.3 credit, a senior citizen who is a legal resident of Minnesota is entitled without payment
6.4 of tuition or activity fees to attend courses offered for credit, audit any courses offered
6.5 for credit, or enroll in any noncredit courses in any state supported institution of higher
6.6 education in Minnesota when space is available after all tuition-paying students have been
6.7 accommodated. A senior citizen enrolled under this section must pay any materials,
6.8 personal property, or service charges for the course. In addition, a senior citizen who is
6.9 enrolled in a course for credit must pay an administrative fee in an amount established
6.10 by the governing board of the institution to recover ~~the course~~ costs. There shall be no
6.11 administrative fee charges to a senior citizen auditing a course. For the purposes of this
6.12 section and section 135A.51, the term "noncredit courses" shall not include those courses
6.13 designed and offered specifically and exclusively for senior citizens.

6.14 The provisions of this section and section 135A.51 do not apply to noncredit courses
6.15 designed and offered by the University of Minnesota, and the Minnesota State Colleges
6.16 and Universities specifically and exclusively for senior citizens. Senior citizens enrolled
6.17 under the provisions of this section and section 135A.51 shall not be included by such
6.18 institutions in their computation of full-time equivalent students when requesting staff
6.19 or appropriations.

6.20 Sec. 9. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 2, is
6.21 amended to read:

6.22 Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there
6.23 shall be no limit to the number of terms, quarters, or semesters a senior citizen may attend
6.24 courses, nor income limitation imposed in determining eligibility.

6.25 (b) A senior citizen enrolled in a closed enrollment contract training ~~or professional~~
6.26 ~~continuing education~~ program is not eligible for benefits under subdivision 1.

6.27 Sec. 10. Minnesota Statutes 2004, section 136A.101, subdivision 4, is amended to read:

6.28 Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary
6.29 educational institution that:

6.30 (1) is located in this state or in a state with which the office has entered into a higher
6.31 education reciprocity agreement on state student aid programs that either (1);

6.32 (2) is operated by this state or by the University of Minnesota, or (2) is operated
6.33 publicly or privately and, as determined by the office, maintains academic standards
6.34 substantially equivalent to those of comparable institutions operated in this state; and

7.1 (3) is licensed or registered as a postsecondary institution by the Office of Higher
7.2 Education or another state agency.

7.3 Eligible institutions must participate in federal student aid programs under Title IV
7.4 of the Higher Education Act of 1965, as amended. An institution that participated in
7.5 the state grant program in fiscal year 2007 but did not participate in federal student aid
7.6 programs under Title IV of the Higher Education Act of 1965, as amended, must become
7.7 a participant in the federal student aid programs by July 1, 2009, or lose eligibility to
7.8 participate in the state grant program.

7.9 Sec. 11. Minnesota Statutes 2004, section 136A.101, subdivision 8, is amended to read:

7.10 Subd. 8. **Resident student.** "Resident student" means a student who meets one of
7.11 the following conditions:

7.12 (1) a student who has resided in Minnesota for purposes other than postsecondary
7.13 education for at least 12 months without being enrolled at a postsecondary educational
7.14 institution for more than five credits in any term;

7.15 (2) a dependent student whose parent or legal guardian resides in Minnesota at the
7.16 time the student applies;

7.17 (3) a student who graduated from a Minnesota high school, if the student was a
7.18 resident of Minnesota during the student's period of attendance at the Minnesota high
7.19 school and the student is physically attending a Minnesota postsecondary educational
7.20 institution; or

7.21 (4) a student who, after residing in the state for a minimum of one year, earned a
7.22 high school equivalency certificate in Minnesota;

7.23 (5) a member, spouse, or dependent of a member of the armed forces of the United
7.24 States stationed in Minnesota on active federal military service as defined in section
7.25 190.05, subdivision 5c;

7.26 (6) a person or spouse of a person who relocated to Minnesota from an area that
7.27 is declared a presidential disaster area within the preceding 12 months if the disaster
7.28 interrupted the person's postsecondary education; or

7.29 (7) a person defined as a refugee under United States Code, title 8, section
7.30 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has
7.31 continued to reside in Minnesota.

Sec. 12. Minnesota Statutes 2004, section 136A.121, subdivision 5, is amended to read:

7.33 Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of
7.34 responsibility for covering the recognized cost of attendance by the applicant, the
7.35 applicant's family, and the government. The amount of a financial stipend must not

8.1 exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after
8.2 deducting the following:

- 8.3 (1) the assigned student responsibility of at least ~~46~~ 45 percent of the cost of
8.4 attending the institution of the applicant's choosing;
- 8.5 (2) the assigned family responsibility as defined in section 136A.101; and
- 8.6 (3) the amount of a federal Pell grant award for which the grant applicant is eligible.

8.7 The minimum financial stipend is \$100 per academic year.

8.8 Sec. 13. Minnesota Statutes 2005 Supplement, section 136A.121, subdivision 7a,
8.9 is amended to read:

8.10 Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the
8.11 office to be more than sufficient to fund projected grant demand in the second year of the
8.12 biennium, the office may increase the living and miscellaneous expense allowance in the
8.13 second year of the biennium by up to an amount that retains sufficient appropriations
8.14 to fund the projected grant demand. The adjustment may be made one or more times.
8.15 In making the determination that there are more than sufficient funds, the office shall
8.16 balance the need for sufficient resources to meet the projected demand for grants with the
8.17 goal of fully allocating the appropriation for state grants. An increase in the living and
8.18 miscellaneous expense allowance under this subdivision does not carry forward into a
8.19 subsequent biennium. This subdivision expires June 30, ~~2007~~ 2009.

8.20 Sec. 14. Minnesota Statutes 2004, section 136A.15, subdivision 6, is amended to read:

8.21 Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary
8.22 educational institution that ~~either:~~

8.23 (1) is operated or regulated by this state or by the University of Minnesota, or ~~(2)~~ is
8.24 operated publicly or privately in another state, is approved by the United States Secretary
8.25 of Education, and, as determined by the office, maintains academic standards substantially
8.26 equal to those of comparable institutions operated in this state. ~~It also includes any~~
8.27 ~~institution chartered in a province; or~~

8.28 (2) is licensed or registered as a postsecondary institution by the Office of Higher
8.29 Education or another state agency.

8.30 Eligible institutions must participate in federal student aid programs under Title
8.31 IV of the Higher Education Act of 1965, as amended. An institution that participated
8.32 in the SELF program in fiscal year 2007 but did not participate in federal student aid
8.33 programs under Title IV of the Higher Education Act of 1965, as amended, must become
8.34 a participant in the federal student aid programs by July 1, 2009, or lose eligibility to
8.35 participate in the SELF program.

9.1 An eligible institution must sign an institutional loan participation agreement with
 9.2 the office that lists the duties and responsibilities of both the institution and the office.

9.3 Sec. 15. Minnesota Statutes 2004, section 136A.15, subdivision 9, is amended to read:

9.4 Subd. 9. **Minnesota resident student.** "Minnesota resident student" means a
 9.5 student who meets one of the following conditions in section 136A.101, subdivision 8.:

9.6 (1) a student who has resided in Minnesota for purposes other than postsecondary
 9.7 education for at least 12 months without being enrolled at a postsecondary educational
 9.8 institution for more than five credits in any term;

9.9 (2) a dependent student whose parent or legal guardian resides in Minnesota at the
 9.10 time the student applies;

9.11 (3) a student who graduated from a Minnesota high school, if the student was a
 9.12 resident of Minnesota during the student's period of attendance at the Minnesota high
 9.13 school and the student is physically attending a Minnesota postsecondary-educational
 9.14 institution; or

9.15 (4) a student who, after residing in the state for a minimum of one year, earned a
 9.16 high school equivalency certificate in Minnesota.

9.17 Sec. 16. Minnesota Statutes 2004, section 136A.15, is amended by adding a
 9.18 subdivision to read:

9.19 Subd. 10. **Eligible cosigner.** "Eligible cosigner" means a cosigner who:

9.20 (1) is creditworthy. "Creditworthy" means one who has:

9.21 (i) no credit bureau balances discharged through bankruptcy;

9.22 (ii) no garnishments, attachments, foreclosure, repossession, or suit;

9.23 (iii) no delinquent or unsatisfied credit obligation, such as tax or mechanics liens
 9.24 or judgments; and

9.25 (iv) no more than five percent of current credit bureau balances past due.

9.26 A cosigner is considered creditworthy if the total obligation in item (iii) or the
 9.27 amount past due in item (iv) does not exceed \$50 and all other requirements under this
 9.28 clause are met;

9.29 (2) is at least 24 years old; and

9.30 (3) agrees to the release of information to a consumer credit reporting agency, as
 9.31 specified in section 136A.162, paragraph (b).

The office may establish alternative credit requirements using credit scoring.

9.33 Sec. 17. Minnesota Statutes 2004, section 136A.16, is amended by adding a
 9.34 subdivision to read:

10.1 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into
10.2 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,
10.3 or other comparable interest rate protection agreements with a third party in connection
10.4 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing
10.5 comparable interest rate protection agreements.

10.6 (b) The agreements authorized by this subdivision include, without limitation, master
10.7 agreements, options, or contracts to enter into those agreements in the future and related
10.8 agreements, including, without limitation, agreements to provide credit enhancement,
10.9 liquidity, or remarketing.

10.10 (c) The agreements authorized by this subdivision may be entered into on the basis
10.11 of negotiation with a qualified third party or through a competitive proposal process on
10.12 terms and conditions as and with covenants and provisions approved by the office and
10.13 may include, without limitation:

10.14 (1) provisions establishing reserves;

10.15 (2) pledging assets or revenues of the office for current or other payments or
10.16 termination payments;

10.17 (3) contracting with the other parties to the agreements to provide for the custody,
10.18 collection, securing, investment, and payment of money of the office or money held in
10.19 trust; or

10.20 (4) requiring the issuance of bonds or other agreements authorized by this section
10.21 in the future.

10.22 (d) With respect to bonds or notes outstanding or proposed to be issued bearing
10.23 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate
10.24 or at a different variable rate determined in accordance with a formula set out in the
10.25 agreement on an amount not exceeding the outstanding principal amount of the bonds or
10.26 notes at the time of payment in exchange for an agreement by the third party to pay sums
10.27 equal to interest on a like amount at a variable rate determined according to a formula
10.28 set out in the agreement.

10.29 (e) With respect to bonds or notes outstanding or proposed to be issued bearing
10.30 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a
10.31 variable rate determined in accordance with a formula set out in the agreement on an
10.32 amount not exceeding the outstanding principal amount of the bonds or notes at the time of
10.33 payment in exchange for an agreement by the third party to pay sums equal to interest on a
10.34 like amount at a fixed rate or rates determined according to a formula set in the agreement.

10.35 (f) Subject to any applicable covenants of the office, payments required to be made
10.36 by the office under the agreement, including termination payments, may be made from

11.1 amounts pledged or available to pay debt service on the bonds or notes with respect to
 2 which the agreement was made or from assets of the loan capital fund of the office.
 11.3 The office may issue bonds or notes to provide for any payments, including, without
 11.4 limitation, a termination payment due or to become due under an agreement authorized
 11.5 under this section.

11.6 Sec. 18. Minnesota Statutes 2004, section 136A.162, is amended to read:

11.7 **136A.162 CLASSIFICATION OF DATA.**

11.8 All data on applicants for financial assistance collected and used by the Higher
 11.9 Education Services Office for student financial aid programs administered by that office
 11.10 shall be classified as private data on individuals under section 13.02, subdivision 12.

11.11 Exceptions to this classification are that:

11.12 ~~(a) the names and addresses of program recipients or participants are public data;~~
 11.13 ~~(b) data on applicants may be disclosed to the commissioner of human services~~
 11.14 ~~to the extent necessary to determine eligibility under section 136A.121, subdivision 2,~~
 11.15 ~~clause (5); and~~

11.16 ~~(c) (b)~~ the following data collected in the Minnesota supplemental loan program
 11.17 under section 136A.1701 may be disclosed to a consumer credit reporting agency only
 11.18 if the borrower and the cosigner give informed consent, according to section 13.05,
 11.19 subdivision 4, at the time of application for a loan:

- 11.20 (1) the lender-assigned borrower identification number;
- 11.21 (2) the name and address of borrower;
- 11.22 (3) the name and address of cosigner;
- 11.23 (4) the date the account is opened;
- 11.24 (5) the outstanding account balance;
- 11.25 (6) the dollar amount past due;
- 11.26 (7) the number of payments past due;
- 11.27 (8) the number of late payments in previous 12 months;
- 11.28 (9) the type of account;
- 11.29 (10) the responsibility for the account; and
- 11.30 (11) the status or remarks code.

11.31 Sec. 19. Minnesota Statutes 2004, section 136A.1701, subdivision 4, is amended to
 read:

11.33 Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such
 11.34 terms and conditions as the office may prescribe. The principal amount of a loan to an
 11.35 undergraduate student for a single academic year shall not exceed \$6,000 for grade levels

12.1 1 and 2 effective July 1, 2006, through June 30, 2007. Effective July 1, 2007, the principal
 12.2 amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount
 12.3 of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006. The
 12.4 aggregate principal amount of all loans made under this section to an undergraduate
 12.5 student shall not exceed ~~\$25,000~~ \$34,500 through June 30, 2007, and \$37,500 after June
 12.6 30, 2007. The principal amount of a loan to a graduate student for a single academic year
 12.7 shall not exceed \$9,000. The aggregate principal amount of all loans made under this
 12.8 section to a student as ~~a~~ an undergraduate and graduate student shall not exceed ~~\$40,000~~:
 12.9 \$52,500 through June 30, 2007, and \$55,500 after June 30, 2007. The amount of the loan
 12.10 may not exceed the cost of attendance less all other financial aid, including PLUS loans or
 12.11 other similar parent loans borrowed on the student's behalf. The cumulative SELF loan
 12.12 debt must not exceed the borrowing maximums in paragraph (b).

12.13 (b) The cumulative undergraduate borrowing maximums for SELF loans are:

12.14 (1) effective July 1, 2006, through June 30, 2007:

12.15 (i) grade level 1, \$6,000;

12.16 (ii) grade level 2, \$12,000;

12.17 (iii) grade level 3, \$19,500;

12.18 (iv) grade level 4, \$27,000; and

12.19 (v) grade level 5, \$34,500; and

12.20 (2) effective July 1, 2007:

12.21 (i) grade level 1, \$7,500;

12.22 (ii) grade level 2, \$15,000;

12.23 (iii) grade level 3, \$22,500;

12.24 (iv) grade level 4, \$30,000; and

12.25 (v) grade level 5, \$37,500.

12.26 Sec. 20. Minnesota Statutes 2004, section 136A.1701, subdivision 7, is amended to
 12.27 read:

12.28 Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures
 12.29 for loans made under this section, but in no event shall the period of permitted repayment
 12.30 for SELF II or SELF III loans exceed ten years from the eligible student's termination of
 12.31 the student's postsecondary academic or vocational program, or 15 years from the date of
 12.32 the student's first loan under this section, whichever is less.

12.33 (b) For SELF loans from phases after SELF III, eligible students with aggregate
 12.34 principal loan balances from all SELF phases that are less than \$18,750 shall have a
 12.35 repayment period not exceeding ten years from the eligible student's graduation or

13.1 termination date. For SELF loans from phases after SELF III, eligible students with
13.2 aggregate principal loan balances from all SELF phases of \$18,750 or greater shall
13.3 have a repayment period not exceeding 15 years from the eligible student's graduation
13.4 or termination date. For SELF loans from phases after SELF III, the loans shall enter
13.5 repayment no later than seven years after the first disbursement date on the loan.

13.6 Sec. 21. Minnesota Statutes 2005 Supplement, section 136A.1701, subdivision 12,
13.7 is amended to read:

13.8 Subd. 12. **Eligible student.** "Eligible student" means a student who is a Minnesota
13.9 resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota
13.10 or in another state ~~or province~~. Non-Minnesota residents are eligible students if they are
13.11 enrolled or accepted for enrollment in a minimum of one course of at least 30 days in
13.12 length during the academic year that requires physical attendance at an eligible institution
13.13 located in Minnesota. Non-Minnesota resident students enrolled exclusively during the
13.14 academic year in correspondence courses or courses offered over the Internet are not
13.15 eligible students. Non-Minnesota resident students not physically attending classes in
13.16 Minnesota due to enrollment in a study abroad program for 12 months or less are eligible
13.17 students. Non-Minnesota residents enrolled in study abroad programs exceeding 12
13.18 months are not eligible students. For purposes of this section, an "eligible student" must
13.19 also meet the eligibility requirements of section 136A.15, subdivision 8.

13.20 Sec. 22. Minnesota Statutes 2004, section 136A.1701, is amended by adding a
13.21 subdivision to read:

13.22 Subd. 13. **Cosigner requirement.** All borrowers under this section must have an
13.23 eligible cosigner. The cosigner is jointly and separately responsible for making loan
13.24 payments, including principal, interest, and other charges.

13.25 Sec. 23. **[136A.1704] LOAN REHABILITATION.**

13.26 (a) For SELF loans that have defaulted, the borrower or cosigner has the option to
13.27 rehabilitate the loan, as loan rehabilitation is not prohibited under any federal or state
13.28 statute, rule, regulation, act, or requirement.

13.29 (b) A defaulted SELF loan can be rehabilitated only once and rehabilitation can
13.30 only be attempted twice per loan.

13.31 (c) An agreement specifying the required payment amount and payment due date
13.32 must be signed by the borrower or cosigner prior to the start of the rehabilitation process
13.33 and within two years of the default date.

14.1 (d) Twelve consecutive months of on-time payments are required to consider the
14.2 loan rehabilitated. There is a five business day grace period.

14.3 (e) If the loan is paid in full within 90 days of default, the loan will be considered
14.4 rehabilitated upon receipt of a rehabilitation request.

14.5 (f) Rehabilitation results in removal of the defaulted status, but not the past due
14.6 history, from the credit bureau.

14.7 **Sec. 24. [136A.1705] TEMPORARY TOTAL DISABILITY.**

14.8 A temporary total disability for up to three years may be granted to a borrower upon
14.9 medical certification that the total disability is expected to last four months or longer. The
14.10 total disability must have originated after the loan was fully disbursed. The borrower is
14.11 required to provide a certification from a qualified physician. A qualified physician is a
14.12 doctor of medicine or osteopathy who is legally authorized to practice medicine. Periodic
14.13 recertifications of the total disability status must be provided upon request. During the
14.14 approved total disability period, the loan does not accrue interest. The borrower shall be
14.15 given the option to sign a payment extension agreement at the time payments are resumed.

14.16 **Sec. 25. Minnesota Statutes 2004, section 136A.233, subdivision 3, is amended to read:**

14.17 **Subd. 3. Payments.** Work-study payments shall be made to eligible students by
14.18 postsecondary institutions as provided in this subdivision.

14.19 (a) Students shall be selected for participation in the program by the postsecondary
14.20 institution on the basis of student financial need.

14.21 (b) In selecting students for participation, priority must be given to students enrolled
14.22 for at least 12 credits. In each academic year, a student may be awarded work-study
14.23 payments for one period of nonenrollment or less than half-time enrollment if the student
14.24 enrolls on at least a half-time basis during the following academic term.

14.25 (c) Students will be paid for hours actually worked and the maximum hourly rate
14.26 of pay shall not exceed the maximum hourly rate of pay permitted under the federal
14.27 college work-study program.

14.28 (d) Minimum pay rates will be determined by an applicable federal or state law.

14.29 (e) The office shall annually establish a minimum percentage rate of student
14.30 compensation to be paid by an eligible employer.

14.31 (f) Each postsecondary institution receiving money for state work-study grants
14.32 shall make a reasonable effort to place work-study students in employment with eligible
14.33 employers outside the institution. However, a public employer other than the institution
14.34 may not terminate, lay off, or reduce the working hours of a permanent employee for the

15.1 purpose of hiring a work-study student, or replace a permanent employee who is on layoff
15.2 from the same or substantially the same job by hiring a work-study student.

15.3 (g) The percent of the institution's work-study allocation provided to graduate
15.4 students shall not exceed the percent of graduate student enrollment at the participating
15.5 institution.

15.6 (h) An institution may use up to 30 percent of its allocation for student internships
15.7 with private, for-profit employers.

15.8 Sec. 26. Minnesota Statutes 2004, section 136F.42, subdivision 1, is amended to read:

15.9 Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board,
15.10 in consultation with the commissioners of employee relations and finance, may develop
15.11 policies to allow system office or campus employees on salaries, as defined in section
15.12 43A.17, subdivision 1, to use negative time reporting in which employees report only that
15.13 time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation~~
15.14 ~~with the commissioners of employee relations and finance, shall evaluate the use of~~
15.15 ~~negative time reporting and its potential for use with other state employees.~~

15.16 Sec. 27. Minnesota Statutes 2004, section 136F.02, subdivision 1, is amended to read:

15.17 Subdivision 1. **Membership.** The board consists of 15 members appointed by the
15.18 governor with the advice and consent of the senate. At least one member of the board
15.19 must be a resident of each congressional district. Three members must be students who are
15.20 enrolled at least half time in a degree, diploma, or certificate program or have graduated
15.21 from an institution governed by the board within one year of the date of appointment. The
15.22 student members shall include: one member from a community college, one member from
15.23 a state university, and one member from a technical college. The remaining members must
15.24 be appointed to represent the state at large. At least one member must be a representative
15.25 of organized labor and at least one member must be a representative of business.

15.26 **EFFECTIVE DATE.** This section is effective the day following final enactment,
15.27 applies to appointments to the board made on and after that date, and must be complied
15.28 with as soon as vacancies can be filled.

15.29 Sec. 28. Minnesota Statutes 2004, section 136F.71, subdivision 2, is amended to read:

15.30 Subd. 2. **Activity funds.** All receipts attributable to the state colleges and
15.31 universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board
15.32 and are not subject to budgetary control as exercised by the commissioner of finance.

16.1 Sec. 29. Minnesota Statutes 2004, section 136F.71, is amended by adding a subdivision
16.2 to read:

16.3 Subd. 4. Banking services. Notwithstanding section 16A.27, the board shall
16.4 have authority to control the amount and manner of deposit of all receipts described in
16.5 subdivision 2 in depositories selected by the board. The board's authority shall include
16.6 specifying the considerations, financial activities, and conditions required from the
16.7 depository, including the requirement of collateral security or a corporate surety bond
16.8 as described in section 118A.03. The board may compensate the depository, including
16.9 paying a reasonable charge to the depository, maintaining appropriate compensating
16.10 balances with the depository, or purchasing non-interest-bearing certificates of deposit
16.11 from the depository for performing depository-related services.

16.12 Sec. 30. Minnesota Statutes 2004, section 137.17, subdivision 1, is amended to read:

16.13 Subdivision 1. **Establish.** The Board of Regents may establish a school of
16.14 ~~professional and graduate studies as a nonresidential~~ branch campus of the University of
16.15 Minnesota; in Rochester, to serve the educational needs of working adults and other
16.16 ~~nontraditional students in southeastern Minnesota~~ and to foster the economic goals of the
16.17 region and the state. The legislature intends that the University of Minnesota expand higher
16.18 education offerings in Rochester. It is the intent of the legislature that this be achieved
16.19 in part by developing new and strengthening existing partnerships with higher education
16.20 institutions in Rochester and the region in which the state already has a significant
16.21 investment. ~~The campus shall be a joint partnership of the University of Minnesota with~~
16.22 ~~Rochester Community and Technical College, and Winona State University.~~

16.23 ~~The Board of Trustees of the Minnesota State Colleges and Universities shall~~
16.24 ~~cooperate to achieve the foregoing.~~

16.25 Sec. 31. Minnesota Statutes 2004, section 137.17, subdivision 3, is amended to read:

16.26 Subd. 3. **Missions.** The legislature intends that the mission of the expanded
16.27 education offerings in Rochester be congruent with the university's unique core mission of
16.28 teaching, research, and outreach in order to support the educational needs and economic
16.29 development of this region and the state. The legislature recognizes that the distinctiveness
16.30 of each of the partner higher education institutions in Rochester must be maintained to
16.31 achieve success in serving the higher education needs of the community and the economic
16.32 goals of the state. Further, the legislature intends that the University of Minnesota and the
16.33 other partner institutions avoid duplicative offerings of courses and programs. Therefore,
16.34 the University of Minnesota, Winona State University, and Rochester Community and

17.1 ~~Technical College shall develop jointly a statement of missions, roles, and responsibilities~~
17.2 ~~for the programs and services at Rochester which shall be submitted to the legislature by~~
17.3 ~~January 30, 2000, and any time thereafter that the missions, roles, and responsibilities~~
17.4 ~~change.~~

17.5 Sec. 32. TEMPORARY PROVISION FOR APPROVAL OF CERTAIN HIGHER
17.6 EDUCATION DEGREES.

17.7 Subdivision 1. Supersede. This section supersedes any conflicting Minnesota
17.8 Statute or Rule.

17.9 Subd. 2. Degree approval. A school licensed pursuant to Minnesota Statutes,
17.10 chapter 141, may not grant a degree as defined in Minnesota Statutes, section 136A.62,
17.11 subdivision 4, unless the degree is approved by the Office of Higher Education.

17.12 Subd. 3. Approval criteria. A school licensed pursuant to Minnesota Statutes,
17.13 chapter 141, to obtain approval to grant a degree must provide evidence to the Office of
17.14 Higher Education that the following requirements are met:

17.15 (1) the school employs qualified teaching personnel to provide the educational
17.16 programs for each degree for which approval is sought;

17.17 (2) the educational program is appropriate to each degree for which approval is
17.18 sought;

17.19 (3) the school has appropriate and accessible library, laboratory, and other physical
17.20 facilities to support the education program for each degree for which approval is sought;
17.21 and

17.22 (4) the school makes a rationale showing that the degree programs are consistent
17.23 with the school's mission and goals.

17.24 Subd. 4. Effect of approval. Approval to grant a degree under this section has the
17.25 same effect as approval under Minnesota Statutes, section 136A.65.

17.26 Subd. 5. Notice of changes. A school authorized to grant a degree under this section
17.27 must notify the Office of Higher Education of proposed changes to the degree and the
17.28 addition of majors or specialty areas to a degree.

17.29 Subd. 6. Expiration. This section expires June 30, 2007.

17.30 EFFECTIVE DATE. This section is effective the day following final enactment.

17.31 Sec. 33. HIGHER EDUCATION TEXTBOOK COST STUDY.

17.32 The Minnesota Office of Higher Education shall convene an advisory task force
17.33 to study the costs of required textbooks for students attending public and nonpublic

18.1 postsecondary institutions. The task force must, at a minimum, include students, faculty,
 18.2 and administrators. The study must, without limitation, examine textbook pricing trends
 18.3 and strategies, the practice of textbook rental, policies related to repurchase of textbooks
 18.4 from students, textbook selection policies, and purchasing practices of colleges and
 18.5 universities. The task force must review the findings and recommendations of other
 18.6 existing studies and any state or national laws that have been considered or adopted to
 18.7 reduce the financial burden of textbook costs. The office must report on its findings and
 18.8 present any recommendations by January 15, 2007, to the legislative committees with
 18.9 jurisdiction over higher education policy and finance.

18.10 Sec. 34. **MINNESOTA STATE UNIVERSITY, MANKATO, CONSTRUCTION**
 18.11 **AUTHORIZATION.**

18.12 The Board of Trustees of the Minnesota State Colleges and Universities may design,
 18.13 construct, furnish, and equip an academic building on the Minnesota State University,
 18.14 Mankato campus for the College of Business at a site approved by the board using
 18.15 nonstate money.

18.16 Sec. 35. **REVISOR'S INSTRUCTION.**

18.17 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and
 18.18 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and
 18.19 Minnesota Rules.

18.20 Sec. 36. **EXPIRATION OF RULE.**

18.21 Minnesota Rules, part 4830.0100, subpart 5, item F, expires on the effective date
 18.22 of this section.

18.23 Sec. 37. **REPEALER.**

18.24 Minnesota Statutes 2004, sections 135A.01; 135A.031, subdivisions 1, 2, 5, and 6;
 18.25 135A.032; 135A.033; 136A.15, subdivision 5; 136A.1702; and 137.17, subdivisions 2
 18.26 and 4; Minnesota Statutes 2005 Supplement, section 135A.031, subdivisions 3 and 4; and
 18.27 Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, and 27; and 4850.0014, subpart 1,
 18.28 are repealed."

18.29 Amend the title accordingly

18.30 And when so amended that the bill be recommended to pass and be referred to
 18.31 the full committee.

18.32 _____
 18.33 (Division Chair)

18.34 April 4, 2006
 18.35 (Date of Division action)

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.2 **S.F. No. 3058:** A bill for an act relating to higher education; regulating tuition paid
1.3 by seniors for certain courses; eliminating obsolete language; authorizing the Minnesota
1.4 State Colleges and Universities Board of Trustees to control certain depository services;
1.5 amending Minnesota Statutes 2004, sections 136F.42, subdivision 1; 136F.71, by adding a
1.6 subdivision; Minnesota Statutes 2005 Supplement, section 135A.52, subdivisions 1, 2.

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

1.8 Delete everything after the enacting clause and insert:

1.9 "Section 1. Minnesota Statutes 2004, section 135A.031, is amended by adding a
1.10 subdivision to read:

1.11 Subd. 3a. **Determination of instructional services base.** The instructional services
1.12 base for each public postsecondary system is the sum of: (1) the state share; (2) the
1.13 legislatively estimated tuition for the second year of the most recent biennium; and (3)
1.14 adjustments for inflation and enrollment changes as calculated in subdivision 4a.

1.15 Sec. 2. Minnesota Statutes 2004, section 135A.031, is amended by adding a
1.16 subdivision to read:

1.17 Subd. 4a. **Adjustment for enrollments.** (a) Each public postsecondary system's
1.18 instructional services base shall be adjusted for estimated changes in enrollments. For
1.19 each two percent change in estimated full-year equivalent enrollment, an adjustment shall
1.20 be made to 65 percent of the instructional services base. The remaining 35 percent of the
1.21 instructional services base is not subject to the adjustment in this subdivision.

1.22 (b) When student enrollment is used for budgeting purposes, the student enrollment
1.23 shall be measured in full-year equivalents and shall include only enrollments in courses
1.24 that award credit or otherwise satisfy any of the requirements of an academic or vocational
1.25 program.

1.26 (c) The enrollment adjustment shall be made for each year of the subsequent
1.27 biennium. The base enrollment year is the 1995 fiscal year enrollment. The base
1.28 enrollment shall be updated for each two percent change in estimated full-year equivalent
1.29 enrollment. If the actual enrollment differs from the estimated enrollment, an adjustment
1.30 shall be made in the next biennium.

1.31 Sec. 3. Minnesota Statutes 2004, section 135A.031, subdivision 7, is amended to read:

1.32 Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each~~
1.33 ~~instructional category~~ shall be submitted to the Office of Higher Education and the
1.34 Department of Finance and included in the biennial budget document. The specific data
1.35 shall be submitted only after the director of the Office of Higher Education has consulted
1.36 with a data advisory task force to determine the need, content, and detail of the information.

1.37 Sec. 4. [135A.043] RESIDENT TUITION.

2.2 (a) A student shall qualify for a resident tuition rate or its equivalent at state
 2.3 universities and colleges, including the University of Minnesota, if the student meets
 2.4 all of the following requirements:

2.4 (1) high school attendance within the state for three or more years;

2.5 (2) graduation from a state high school or attainment within the state of the
 2.6 equivalent of high school graduation; and

2.7 (3) registration as an entering student at, or current enrollment in, a public institution
 2.8 of higher education.

2.9 (b) This section is in addition to any other statute, rule, or higher education
 2.10 institution regulation or policy providing eligibility for a resident tuition rate or its
 2.11 equivalent to a student.

2.12 (c) To qualify for resident tuition under this section an individual who is not a citizen
 2.13 or permanent resident of the United States must provide the college or university with
 2.14 an affidavit that the individual will file an application to become a permanent resident at
 2.15 the earliest opportunity the individual is eligible to do so.

2.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
 2.17 and applies to tuition for school terms commencing on or after that date.

2.18 Sec. 5. Minnesota Statutes 2004, section 135A.053, subdivision 2, is amended to read:

2.19 Subd. 2. **Performance and accountability.** Higher education systems and
 2.20 campuses are expected to achieve the objectives in subdivision 1 and will be held
 2.21 accountable for doing so. The legislature is increasing the flexibility of the systems and
 2.22 campuses to provide greater responsibility to higher education in deciding how to achieve
 2.23 statewide objectives, and to decentralize authority so that those decisions can be made
 2.24 at the level where the education is delivered. ~~To demonstrate their accountability, the~~
 2.25 ~~legislature expects each system and campus to measure and report on its performance,~~
 2.26 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~
 2.27 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus
 2.28 from determining its own objectives and performance measures beyond those identified
 2.29 in this section.

2.30 Sec. 6. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 1, is
 amended to read:

2.32 Subdivision 1. **Fees and tuition.** Except for an administration fee established by the
 2.33 governing board at a level to recover costs, to be collected only when a course is taken for
 2.34 credit, a senior citizen who is a legal resident of Minnesota is entitled without payment

2.35 of tuition or activity fees to attend courses offered for credit, audit any courses offered
 3.1 for credit, or enroll in any noncredit courses in any state supported institution of higher
 3.2 education in Minnesota when space is available after all tuition-paying students have been
 3.3 accommodated. A senior citizen enrolled under this section must pay any materials,
 3.4 personal property, or service charges for the course. In addition, a senior citizen who is
 3.5 enrolled in a course for credit must pay an administrative fee in an amount established
 3.6 by the governing board of the institution to recover ~~the course~~ costs. There shall be no
 3.7 administrative fee charges to a senior citizen auditing a course. For the purposes of this
 3.8 section and section 135A.51, the term "noncredit courses" shall not include those courses
 3.9 designed and offered specifically and exclusively for senior citizens.

3.10 The provisions of this section and section 135A.51 do not apply to noncredit courses
 3.11 designed and offered by the University of Minnesota, and the Minnesota State Colleges
 3.12 and Universities specifically and exclusively for senior citizens. Senior citizens enrolled
 3.13 under the provisions of this section and section 135A.51 shall not be included by such
 3.14 institutions in their computation of full-time equivalent students when requesting staff
 3.15 or appropriations.

3.16 Sec. 7. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 2, is
 3.17 amended to read:

3.18 Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there
 3.19 shall be no limit to the number of terms, quarters, or semesters a senior citizen may attend
 3.20 courses, nor income limitation imposed in determining eligibility.

3.21 (b) A senior citizen enrolled in a closed enrollment contract training ~~or professional~~
 3.22 ~~continuing education~~ program is not eligible for benefits under subdivision 1.

3.23 Sec. 8. Minnesota Statutes 2004, section 136A.15, is amended by adding a subdivision
 3.24 to read:

3.25 Subd. 10. Eligible cosigner. "Eligible cosigner" means a cosigner who:

3.26 (1) is at least 24 years old, and at least 18 years old if a sibling;

3.27 (2) is a United States citizen or permanent resident;

3.28 (3) permanently resides in the United States;

3.29 (4) agrees to the release of information to a consumer credit reporting agency, as
 3.30 specified in section 136A.162, paragraph (b); and

3.31 (5) is creditworthy by meeting all of the following requirements:

3.32 (i) no balances at a consumer credit reporting agency discharged through bankruptcy
 3.33 within the seven years prior to application for credit;

3.34 (ii) no garnishments, attachments, foreclosure, repossession, or defendant in a suit to
5 collect a debt appearing on the credit report;

4.1 (iii) no tax or mechanics liens or judgments appearing on the credit report;

4.2 (iv) no items that are charged off or are delinquent for 120 days or more, that
4.3 in total exceed \$50; and

4.4 (v) no more than five percent of current balances at a consumer credit reporting
4.5 agency past due, that in total exceed \$50.

4.6 The office may establish alternative credit requirements using credit scoring.

4.7 Sec. 9. Minnesota Statutes 2004, section 136A.16, is amended by adding a subdivision
4.8 to read:

4.9 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into
10 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,
4.11 or other comparable interest rate protection agreements with a third party in connection
4.12 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing
4.13 comparable interest rate protection agreements.

4.14 (b) The agreements authorized by this subdivision include, without limitation, master
4.15 agreements, options, or contracts to enter into those agreements in the future and related
4.16 agreements, including, without limitation, agreements to provide credit enhancement,
4.17 liquidity, or remarketing.

4.18 (c) The agreements authorized by this subdivision may be entered into on the basis
4.19 of negotiation with a qualified third party or through a competitive proposal process on
4.20 terms and conditions as and with covenants and provisions approved by the office and
4.21 may include, without limitation:

4.22 (1) provisions establishing reserves;

4.23 (2) pledging assets or revenues of the office for current or other payments or
4.24 termination payments;

4.25 (3) contracting with the other parties to the agreements to provide for the custody,
4.26 collection, securing, investment, and payment of money of the office or money held in
4.27 trust; or

4.28 (4) requiring the issuance of bonds or other agreements authorized by this section
4.29 in the future.

4.30 (d) With respect to bonds or notes outstanding or proposed to be issued bearing
1 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate
4.32 or at a different variable rate determined in accordance with a formula set out in the
4.33 agreement on an amount not exceeding the outstanding principal amount of the bonds or
4.34 notes at the time of payment in exchange for an agreement by the third party to pay sums

5.35 equal to interest on a like amount at a variable rate determined according to a formula
 6 set out in the agreement.

5.1 (e) With respect to bonds or notes outstanding or proposed to be issued bearing
 5.2 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a
 5.3 variable rate determined in accordance with a formula set out in the agreement on an
 5.4 amount not exceeding the outstanding principal amount of the bonds or notes at the time of
 5.5 payment in exchange for an agreement by the third party to pay sums equal to interest on a
 5.6 like amount at a fixed rate or rates determined according to a formula set in the agreement.

5.7 (f) Subject to any applicable covenants of the office, payments required to be made
 5.8 by the office under the agreement, including termination payments, may be made from
 5.9 amounts pledged or available to pay debt service on the bonds or notes with respect to
 5.10 which the agreement was made or from assets of the loan capital fund of the office.

5.11 The office may issue bonds or notes to provide for any payments, including, without
 5.12 limitation, a termination payment due or to become due under an agreement authorized
 5.13 under this section.

5.14 Sec. 10. Minnesota Statutes 2004, section 136A.162, is amended to read:

5.15 **136A.162 CLASSIFICATION OF DATA.**

5.16 ~~All~~ (a) Except as provided in paragraphs (b) and (c), data on applicants for financial
 5.17 assistance collected and used by the Higher Education Services Office for student
 5.18 financial aid programs administered by that office shall be classified as are private data
 5.19 on individuals under as defined in section 13.02, subdivision 12. Exceptions to this
 5.20 classification are that:

5.21 ~~(a) the names and addresses of program recipients or participants are public data;~~
 5.22 (b) Data on applicants may be disclosed to the commissioner of human services
 5.23 to the extent necessary to determine eligibility under section 136A.121, subdivision 2,
 5.24 clause (5); ~~and.~~

5.25 (c) The following data collected in the Minnesota supplemental loan program under
 5.26 section 136A.1701 may be disclosed to a consumer credit reporting agency only if the
 5.27 borrower and the cosigner give informed consent, according to section 13.05, subdivision
 5.28 4, at the time of application for a loan:

5.29 (1) the lender-assigned borrower identification number;
 5.30 (2) the name and address of borrower;
 5.31 (3) the name and address of cosigner;
 5.32 (4) the date the account is opened;
 5.33 (5) the outstanding account balance;

- 5.34 (6) the dollar amount past due;
5 (7) the number of payments past due;
6.1 (8) the number of late payments in previous 12 months;
6.2 (9) the type of account;
6.3 (10) the responsibility for the account; and
6.4 (11) the status or remarks code.

6.5 Sec. 11. Minnesota Statutes 2005 Supplement, section 136A.1701, subdivision 12,
6.6 is amended to read:

6.7 Subd. 12. **Eligible student.** "Eligible student" means a student who is a Minnesota
6.8 resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota
6.9 or in another state ~~or province~~. Non-Minnesota residents are eligible students if they are
6.10 enrolled or accepted for enrollment in a minimum of one course of at least 30 days in
6.11 length during the academic year that requires physical attendance at an eligible institution
6.12 located in Minnesota. Non-Minnesota resident students enrolled exclusively during the
6.13 academic year in correspondence courses or courses offered over the Internet are not
6.14 eligible students. Non-Minnesota resident students not physically attending classes in
6.15 Minnesota due to enrollment in a study abroad program for 12 months or less are eligible
6.16 students. Non-Minnesota residents enrolled in study abroad programs exceeding 12
6.17 months are not eligible students. For purposes of this section, an "eligible student" must
6.18 also meet the eligibility requirements of section 136A.15, subdivision 8.

6.19 Sec. 12. Minnesota Statutes 2004, section 136A.1701, is amended by adding a
6.20 subdivision to read:

6.21 Subd. 13. **Cosigner requirement.** All borrowers under this section must have an
6.22 eligible cosigner. The cosigner is jointly and separately responsible for making loan
6.23 payments, including principal, interest, and other charges.

6.24 Sec. 13. **[136A.1704] LOAN REHABILITATION.**

6.25 (a) For SELF loans that have defaulted, the borrower or cosigner has the option to
6.26 rehabilitate the loan, as loan rehabilitation is not prohibited under any federal or state
6.27 statute, rule, regulation, act, or requirement.

6.28 (b) A defaulted SELF loan can be rehabilitated only once and rehabilitation can
6.29 only be attempted twice per loan.

0 (c) An agreement specifying the required payment amount and payment due date
6.31 must be signed by the borrower or cosigner prior to the start of the rehabilitation process
6.32 and within two years of the default date.

6.33 (d) Twelve consecutive months of on-time payments are required to consider the
4 loan rehabilitated. There is a five-business-day grace period.

7.1 (e) If the loan is paid in full within 90 days of default, the loan will be considered
7.2 rehabilitated upon receipt of a rehabilitation request.

7.3 (f) Rehabilitation results in removal of the defaulted status, but not the past due
7.4 history, from the credit bureau.

7.5 Sec. 14. **[136A.1705] TEMPORARY TOTAL DISABILITY.**

7.6 A temporary total disability for up to three years may be granted to a borrower upon
7.7 medical certification that the total disability is expected to last four months or longer. The
7.8 total disability must have originated after the loan was fully disbursed. The borrower is
7.9 required to provide a certification from a qualified physician. A qualified physician is a
7.10 doctor of medicine or osteopathy who is legally authorized to practice medicine. Periodic
7.11 recertifications of the total disability status must be provided upon request. During the
7.12 approved total disability period, the loan does not accrue interest. The borrower shall be
7.13 given the option to sign a payment extension agreement at the time payments are resumed.

7.14 Sec. 15. Minnesota Statutes 2004, section 136A.233, subdivision 3, is amended to read:

7.15 Subd. 3. **Payments.** Work-study payments shall be made to eligible students by
7.16 postsecondary institutions as provided in this subdivision.

7.17 (a) Students shall be selected for participation in the program by the postsecondary
7.18 institution on the basis of student financial need.

7.19 (b) In selecting students for participation, priority must be given to students enrolled
7.20 for at least 12 credits. In each academic year, a student may be awarded work-study
7.21 payments for one period of nonenrollment or less than half-time enrollment if the student
7.22 enrolls on at least a half-time basis during the following academic term.

7.23 (c) Students will be paid for hours actually worked and the maximum hourly rate
7.24 of pay shall not exceed the maximum hourly rate of pay permitted under the federal
7.25 college work-study program.

7.26 (d) Minimum pay rates will be determined by an applicable federal or state law.

7.27 (e) The office shall annually establish a minimum percentage rate of student
7.28 compensation to be paid by an eligible employer.

7.29 (f) Each postsecondary institution receiving money for state work-study grants
7.30 shall make a reasonable effort to place work-study students in employment with eligible
7.31 employers outside the institution. However, a public employer other than the institution
7.32 may not terminate, lay off, or reduce the working hours of a permanent employee for the

7.33 purpose of hiring a work-study student, or replace a permanent employee who is on layoff
4 from the same or substantially the same job by hiring a work-study student.

8.1 (g) The percent of the institution's work-study allocation provided to graduate
8.2 students shall not exceed the percent of graduate student enrollment at the participating
8.3 institution.

8.4 (h) An institution may use up to 30 percent of its allocation for student internships
8.5 with private, for-profit employers.

8.6 Sec. 16. Minnesota Statutes 2004, section 136F.02, subdivision 1, is amended to read:

8.7 Subdivision 1. **Membership.** The board consists of 15 members appointed by the
8.8 governor with the advice and consent of the senate. At least one member of the board
8.9 must be a resident of each congressional district. Three members must be students who are
8.10 enrolled at least half time in a degree, diploma, or certificate program or have graduated
8.11 from an institution governed by the board within one year of the date of appointment. The
8.12 student members shall include: one member from a community college, one member from
8.13 a state university, and one member from a technical college. The remaining members must
8.14 be appointed to represent the state at large. At least one member must be a representative
8.15 of organized labor and at least one member must be a representative of business.

8.16 **EFFECTIVE DATE.** This section is effective the day following final enactment,
8.17 applies to appointments to the board made on and after that date, and must be complied
8.18 with as soon as vacancies can be filled.

8.19 Sec. 17. Minnesota Statutes 2004, section 136F.42, subdivision 1, is amended to read:

8.20 Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board,
8.21 in consultation with the commissioners of employee relations and finance, may develop
8.22 policies to allow system office or campus employees on salaries, as defined in section
8.23 43A.17, subdivision 1, to use negative time reporting in which employees report only that
8.24 time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation~~
8.25 ~~with the commissioners of employee relations and finance, shall evaluate the use of~~
8.26 ~~negative time reporting and its potential for use with other state employees.~~

8.27 Sec. 18. Minnesota Statutes 2004, section 136F.71, subdivision 2, is amended to read:

8.28 Subd. 2. **Activity funds.** All receipts attributable to the state colleges and
8.29 universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board
8.30 and are not subject to budgetary control as exercised by the commissioner of finance.

8.31 Sec. 19. Minnesota Statutes 2004, section 136F.71, is amended by adding a subdivision
8.32 to read:

8.33 Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall
4 have authority to control the amount and manner of deposit of all receipts described in
9.1 this section in depositories selected by the board. The board's authority shall include
9.2 specifying the considerations, financial activities, and conditions required from the
9.3 depository, including the requirement of collateral security or a corporate surety bond
9.4 as described in section 118A.03. The board may compensate the depository, including
9.5 paying a reasonable charge to the depository, maintaining appropriate compensating
9.6 balances with the depository, or purchasing non-interest-bearing certificates of deposit
9.7 from the depository for performing depository-related services.

9.8 **Sec. 20. TEMPORARY PROVISION FOR APPROVAL OF CERTAIN HIGHER**
9.9 **EDUCATION DEGREES.**

10 Subdivision 1. **Supersede.** This section supersedes any conflicting Minnesota
11 statute or rule.

12 Subd. 2. **Degree approval.** A school licensed pursuant to Minnesota Statutes,
13 chapter 141, may not grant a degree as defined in Minnesota Statutes, section 136A.62,
14 subdivision 4, unless the degree is approved by the Office of Higher Education.

15 Subd. 3. **Approval criteria.** A school licensed pursuant to Minnesota Statutes,
16 chapter 141, to obtain approval to grant a degree must provide evidence to the Office of
17 Higher Education that the following requirements are met:

18 (1) the school employs qualified teaching personnel to provide the educational
19 programs for each degree for which approval is sought;

20 (2) the educational program is appropriate to each degree for which approval is
21 sought;

22 (3) the school has appropriate and accessible library, laboratory, and other physical
23 facilities to support the education program for each degree for which approval is sought;
24 and

25 (4) the school makes a rationale showing that the degree programs are consistent
26 with the school's mission and goals.

27 Subd. 4. **Effect of approval.** Approval to grant a degree under this section has the
28 same effect as approval under Minnesota Statutes, section 136A.65.

29 Subd. 5. **Notice of changes.** A school authorized to grant a degree under this section
30 must notify the Office of Higher Education of proposed changes to the degree and the
31 addition of majors or specialty areas to a degree.

32 Subd. 6. **Expiration.** This section expires June 30, 2007.

33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.34 Sec. 21. **HIGHER EDUCATION TEXTBOOK COST STUDY.**

10.1 The Minnesota Office of Higher Education shall convene an advisory task force
10.2 to study the costs of required textbooks for students attending public and nonpublic
10.3 postsecondary institutions. The task force must, at a minimum, include students, faculty,
10.4 and administrators. The study must, without limitation, examine textbook pricing trends
10.5 and strategies, the practice of textbook rental, policies related to repurchase of textbooks
10.6 from students, textbook selection policies, and purchasing practices of colleges and
10.7 universities. The task force must review the findings and recommendations of other
10.8 existing studies and any state or national laws that have been considered or adopted to
10.9 reduce the financial burden of textbook costs. The office must report on its findings and
10.10 present any recommendations by January 15, 2007, to the legislative committees with
10.11 jurisdiction over higher education policy and finance.

10.12 Sec. 22. **MINNESOTA STATE UNIVERSITY, MANKATO, CONSTRUCTION**
10.13 **AUTHORIZATION.**

10.14 The Board of Trustees of the Minnesota State Colleges and Universities may design,
10.15 construct, furnish, and equip an academic building on the Minnesota State University,
10.16 Mankato campus for the College of Business at a site approved by the board using
10.17 nonstate money.

10.18 Sec. 23. **UNIVERSITY OF MINNESOTA LICENSING AND MINNESOTA**
10.19 **MARKET IMPACT STUDY.**

10.20 The University of Minnesota is requested to establish a task force to study the
10.21 market impact on Minnesota producers of agricultural products from the University of
10.22 Minnesota licensing germplasm and to make recommendations to the legislature and the
10.23 Board of Regents on ways to mitigate any negative impacts on Minnesota businesses that
10.24 arise from University of Minnesota license agreements.

10.25 The task force must include:

10.26 (1) a representative of the University of Minnesota;

10.27 (2) a representative of the Department of Agriculture, serving as the chair; and

10.28 (3) representatives of the Minnesota Farm Bureau, the Minnesota Farmers Union,
10.29 agricultural commodity organizations, the Minnesota Apple Growers Association, the
10.30 Minnesota Fruit and Vegetable Growers Association, the Minnesota Nursery Landscape
10.31 Association, and the Minnesota Grown Program. The chair may also invite participation
10.32 from other staff and faculty of the University of Minnesota as necessary to fulfill the
10.33 purpose of the task force. Members serve on the task force on a voluntary basis.

10.34 The task force is requested to report to the committees of the legislature with
35 responsibility for higher education no later than January 15, 2007.

11.1 **Sec. 24. REVISOR'S INSTRUCTION.**


11.2 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and
11.3 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and
11.4 Minnesota Rules.

11.5 **Sec. 25. REPEALER.**

11.6 Minnesota Statutes 2004, sections 135A.031, subdivision 5; 135A.033; 136A.15,
11.7 subdivision 5; and 136A.1702; Minnesota Statutes 2005 Supplement, section 135A.031,
11.8 subdivisions 3 and 4; and Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, and 27;
11.9 and 4850.0014, subpart 1, are repealed."

11.10 Amend the title accordingly

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

11.12 
11.13
(Committee Chair)

11.14 May 4, 2006 ⁵⁻⁴⁻⁰⁶
11.15 (Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 3342 - Disclosure of Information Regarding
Clinical Trials (the First Engrossment)**

Author: Senator John Hottinger

Prepared by: David Giel, Senate Research (296-7178)



Date: April 10, 2006

S.F. No. 3342 requires drug manufacturers to disclose on the Internet certain information regarding clinical trials conducted or sponsored by the manufacturer. It establishes a fee on drug manufacturers to pay Minnesota Department of Health (MDH) costs.

Section 1 cites the disclosure requirements as the Patient Safety and Drug Review Transparency Act.

Section 2 (144.6602) defines terms.

Section 3 (144.6603) establishes disclosure requirements.

Subdivision 1 lists the kinds of information manufacturers must make publicly available regarding clinical trials.

Subdivision 2 applies the disclosure requirements to all clinical trials completed or terminated on or after January 1, 1990.

Subdivision 3 requires the information to be posted on the National Institutes of Health public Web site or on another publicly accessible Web site.

Subdivision 4 requires disclosure of clinical trials that are terminated prior to completion and specifies the information about them that must be disclosed.

Section 4 (144.6604) establishes an annual \$1,000 fee on each manufacturer of drugs that are provided through the Medical Assistance program to pay MDH costs related to the disclosure requirements.

Section 5 (144.6605) establishes compliance dates. For trials on a drug that has been approved by the Food and Drug Administration (FDA), information must be posted within 90 days of completion or termination of the clinical trial or within 90 days of the effective date of this bill, whichever is later. For trials performed prior to FDA approval, information must be posted within 60 days after the date of FDA approval or within 90 days of the effective date of this bill, whichever is later.

DG:rdr

Fiscal Note – 2005-06 Session

Bill #: S3342-1A **Complete Date:** 04/10/06

Chief Author: HOTTINGER, JOHN

Title: PATIENT SAFETY & DRUG REVIEW TRANSP

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Health Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

Disclosure of clinical trails by prescription manufacturers shall be linked on the MDH website.

Assumptions

Clinical manufacturers will need to provide MDH with the information required in this bill to enable web links to be posted and maintained.

Expenditure and/or Revenue Formula

There is no fiscal impact to the department.

Long-Term Fiscal Considerations

None

References/Sources

David Giese, Division Director
Compliance Monitoring Division
651-201-3700

Agency Contact Name: David Giese (651-201-3700)
FN Coord Signature: MARGARET KELLY
Date: 03/31/06 Phone: 201-5812

EBO Comments

To the extent the federal government posts clinical trial information on their website, the Department will provide links on their own website for this information. Revenue for the \$1000 per manufacturer fee isn't noted because of uncertainty in the number of manufacturers and trials that happen during any given year.

EBO Signature: CRAIG WIEBER
Date: 04/10/06 Phone: 282-5065

A bill for an act

1.2 relating to health; establishing the Patient Safety and Drug Review Transparency
1.3 Act; requiring disclosure of clinical trials of prescription drugs; assessing fees;
1.4 proposing coding for new law in Minnesota Statutes, chapter 144.

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

1.6 Section 1. CITATION.

1.7 Minnesota Statutes, sections 144.6602 to 144.6605, may be cited as the Patient
1.8 Safety and Drug Review Transparency Act.

1.9 Sec. 2. [144.6602] DEFINITIONS.

1.10 Subdivision 1. Scope of definitions. The terms used in sections 144.6602 to
1.11 144.6605 have the following meanings, unless the context indicates otherwise.

1.12 Subd. 2. Clinical trial. "Clinical trial" means any pharmacological,
1.13 pharmacokinetic, or other study of the safety or efficacy of a pharmaceutical drug,
1.14 biological product, or vaccine, whether or not completed in full, including, but not limited
1.15 to:

1.16 (1) a clinical investigation that involves any trial to test the safety or efficacy of a
1.17 pharmaceutical drug or biological product with one or more human subjects and that
1.18 is intended to be submitted to, or held for inspection by, the federal Food and Drug
1.19 Administration as part of any application for a research or marketing permit or for any
1.20 other type of application, permit, procedure, or requirement of the Food and Drug
1.22 Administration, including, but not limited to, an abbreviated new drug application, an
investigational new drug application, a new drug application, nonconfidential additions to

2.1 the drug master file, postmarketing adverse events recording, and compliance with the
2.2 electronic or paper common technical document; and

2.3 (2) any pharmacological study subsequent to initial approval for sale by the Food
2.4 and Drug Administration, including studies assessing potential off-label applications, new
2.5 therapies, new ways of using known treatments, and comparative drug trials assessing the
2.6 efficacy or safety of a drug compared to other therapies.

2.7 Subd. 3. **Manufacturer.** "Manufacturer" means a manufacturer of prescription
2.8 drugs or biological products or an affiliate of the manufacturer.

2.9 Sec. 3. [144.6603] DISCLOSURE OF CLINICAL TRIALS OF PRESCRIPTION
2.10 DRUGS.

2.11 Subdivision 1. **Information to be disclosed.** A manufacturer of prescription drugs
2.12 shall make publicly available in accordance with subdivision 3 the following information
2.13 regarding clinical trials conducted or sponsored by the manufacturer, or any entity on its
2.14 behalf, for each prescription drug the manufacturer sold, delivered, dispensed, offered for
2.15 sale, or gave away in this state:

2.16 (1) the names of all participating organizations and funding sources of the clinical
2.17 trial, including the name and contact information, including institutional affiliation, of all
2.18 sponsors, cosponsors, and administrators, including the name of the principal investigators
2.19 and study centers, of the clinical trial;

2.20 (2) a summary of the purpose of the clinical trial, including the name of the drug
2.21 being tested and its active ingredients; overall design of the study, including statistical
2.22 method to be employed; status or phase type of the trial; inclusion and exclusion criteria;
2.23 treatment methods to be used; all hypotheses tested by the trial; the medical condition or
2.24 conditions being studied; and outcomes that were evaluated;

2.25 (3) the dates during which the trial took place; and

2.26 (4) information concerning the results and outcomes of the clinical trial, which shall
2.27 include, but not be limited to, potential or actual adverse effects of the drug, including
2.28 the frequency, severity, and nature of adverse events for any trial participant and the
2.29 numbers of participants who discontinued participation in the trial and the reasons for
2.30 their discontinuance.

2.31 Subd. 2. **Application.** The disclosure requirement in subdivision 1 shall apply
2.32 to all clinical trials completed or terminated on or after January 1, 1990, including any
2.33 clinical trials completed after a prescription drug has been approved for sale by the federal
2.34 Food and Drug Administration.

3.1 Subd. 3. Information to be posted. The information required to be disclosed under
3 subdivision 1 shall be posted on the publicly accessible Internet Web site of the federal
3.3 National Institutes of Health or another publicly accessible Web site. In order to satisfy
3.4 the requirements of this subdivision, the publicly accessible Web site and manner of
3.5 posting must be acceptable to the commissioner and shall be a free, nonsubscription
3.6 Web site that clearly indicates the location and instructions for downloading the files or
3.7 information submitted under subdivision 1.

3.8 Subd. 4. Disclosure of terminated trials. Disclosure of clinical trials under
3.9 subdivision 1 shall include clinical trials that the manufacturer, or an entity on its behalf,
3.10 initiated but terminated prior to completion. For these trials, the manufacturer shall
3.11 include an explanation for the termination of the trial, including, but not limited to,
3.12 potential or actual adverse effects of the drug, including the frequency, severity, and nature
3. of adverse events for any trial participant and numbers of participants who discontinued
3.14 participation in the trial and the reasons for their discontinuance.

3.15 **Sec. 4. [144.6604] FEES.**

3.16 Beginning January 1, 2007, each manufacturer of prescription drugs that are
3.17 provided to state residents through the medical assistance program shall pay a fee of
3.18 \$1,000 per calendar year to the commissioner. Fees collected under this section are
3.19 appropriated to the commissioner to cover the cost of overseeing implementation of
3.20 sections 144.6602 to 144.6605, including, but not limited to, maintaining links to publicly
3.21 accessible Web sites to which manufacturers are posting clinical trial information under
3. section 144.6603, and other relevant sites.

3.23 **Sec. 5. [144.6605] COMPLIANCE DATES.**

3.24 A manufacturer shall post the information required by section 144.6603 as follows:

3.25 (1) for a drug that has been approved for sale by the Food and Drug Administration,
3.26 within 90 days after the completion or termination of the clinical trial, or within 90 days
3.27 after the effective date of sections 144.6602 to 144.6605, whichever is later; or

3.28 (2) in the case of a clinical trial performed prior to approval for sale by the Food
3.29 and Drug Administration, within 60 days after the date of approval for sale by the Food
3.30 and Drug Administration, or within 90 days after the effective date of sections 144.6602
3 to 144.6605, whichever is later.

1.1 Senator moves to amend S.F. No. 3338 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 " **ARTICLE 1**
1.4 **ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE**

1.5 Section 1. Minnesota Statutes 2004, section 97A.045, subdivision 11, is amended to
1.6 read:

1.7 Subd. 11. **Power to prevent or control wildlife disease.** (a) If the commissioner
1.8 determines that action is necessary to prevent or control a wildlife disease, the
1.9 commissioner may prevent or control wildlife disease in a species of wild animal in
1.10 addition to the protection provided by the game and fish laws by further limiting, closing,
1.11 expanding, or opening seasons or areas of the state; by reducing or increasing limits in
1.12 areas of the state; by establishing disease management zones; by authorizing free licenses;
1.13 by allowing shooting from motor vehicles by persons designated by the commissioner;
1.14 by issuing replacement licenses for sick animals; by requiring sample collection from
1.15 hunter-harvested animals; by limiting wild animal possession, transportation, and
1.16 disposition; and by restricting wildlife feeding.

1.17 (b) The commissioner shall restrict wildlife feeding within a 15-mile radius of a
1.18 cattle herd that is infected with bovine tuberculosis.

1.19 (c) The commissioner may prevent or control wildlife disease in a species of wild
1.20 animal in the state by emergency rule adopted under section 84.027, subdivision 13.

1.21 Sec. 2. Minnesota Statutes 2004, section 115.03, is amended by adding a subdivision to
1.22 read:

1.23 Subd. 10. **Nutrient loading offset.** Prior to the completion of a total maximum
1.24 daily load for an impaired water, the Pollution Control Agency may issue a permit for
1.25 a new discharger or an expanding discharger if it does not result in increased loading to
1.26 an impaired water. Where a new discharger or an expanding existing discharger cannot
1.27 effectively implement zero discharge options, the agency may issue a permit if the
1.28 increased loading is offset by reductions from other sources of loading to the impaired
1.29 water. The term "new discharger" is as defined in Code of Federal Regulations, title
1.30 40, section 122.2.

1.31 Sec. 3. Minnesota Statutes 2004, section 115B.48, subdivision 3, is amended to read:

1.32 Subd. 3. **Dry cleaning facility.** "Dry cleaning facility" means a facility located in
1.33 this state that is or has been used for a dry cleaning operation, other than:

- 1.34 (1) a coin-operated dry cleaning operation;
- 1.35 (2) a facility located on a United States military base;
- 1.36 (3) a uniform service or linen supply facility;

- 2.1 (4) a prison or other penal institution;
- 2.2 (5) a facility on the national priorities list established under the federal Superfund
- 2.3 Act; or
- 2.4 (6) a facility at which a response action has been taken or started ~~under section~~
- 2.5 ~~H5B-17~~ before July 1, 1995, except as authorized in a settlement agreement approved by
- 2.6 the commissioner by July 1, 1997.

2.7 Sec. 4. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision
 2.8 10, is amended to read:

2.9 Subd. 10. **Energy** 1,896,000 1,896,000

2.10 Summary by Fund
 2.11 Trust Fund 1,896,000 1,896,000

2.12 (a) Clean Energy Resource Teams and
 2.13 Community Wind Energy Rebate and
 2.14 Financial Assistance Program
 2.15 \$350,000 the first year and \$350,000 the
 2.16 second year are from the trust fund to the
 2.17 commissioner of commerce. \$300,000 of
 2.18 this appropriation is to provide technical
 2.19 assistance to implement cost-effective
 2.20 conservation, energy efficiency, and
 2.21 renewable energy projects. \$400,000 of this
 2.22 appropriation is to assist ~~two~~ Minnesota
 2.23 communities in developing locally owned
 2.24 wind energy projects by offering financial
 2.25 assistance and rebates. This appropriation
 2.26 is available until June 30, 2009, at which
 2.27 time the project must be completed and final
 2.28 products delivered, unless an earlier date is
 2.29 specified in the work program.

2.30 (b) [Paragraph (b) was vetoed by the
 2.31 governor.]

2.32 (c) Manure Methane Digester Compatible
 2.33 Wastes and Electrical Generation

3.1 \$50,000 the first year and \$50,000 the
3.2 second year are from the trust fund to the
3.3 commissioner of agriculture to research the
3.4 potential for a centrally located, multifarm
3.5 manure digester and the potential use of
3.6 compatible waste streams with manure
3.7 digesters.

3.8 (d) Dairy Farm Digesters

3.9 \$168,000 the first year and \$168,000 the
3.10 second year are from the trust fund to the
3.11 commissioner of natural resources for an
3.12 agreement with the Minnesota Project for a
3.13 pilot project to evaluate anaerobic digester
3.14 technology on average size dairy farms of
3.15 50 to 300 cows.

3.16 (e) Wind to Hydrogen Demonstration

3.17 \$400,000 the first year and \$400,000 the
3.18 second year are from the trust fund to the
3.19 commissioner of natural resources for an
3.20 agreement with the University of Minnesota,
3.21 West Central Research and Outreach Center,
3.22 to develop a model community-scale
3.23 wind-to-hydrogen facility.

3.24 (f) Natural Gas Production from Agricultural
3.25 Biomass

3.26 \$50,000 the first year and \$50,000 the
3.27 second year are from the trust fund to the
3.28 commissioner of natural resources for an
3.29 agreement with Sebesta Blomberg and
3.30 Associates to demonstrate potential natural
3.31 gas yield using anaerobic digestion of blends
3.32 of chopped grasses or crop residue with hog
3.33 manure and determine optimum operating
3.34 conditions for conversion to natural gas.

4.1 (g) Biomass-Derived Oils for Generating
 4.2 Electricity and Reducing Emissions
 4.3 \$75,000 the first year and \$75,000 the second
 4.4 year are from the trust fund to the University
 4.5 of Minnesota to evaluate the environmental
 4.6 and performance benefits of using renewable
 4.7 biomass-derived oils, such as soybean oil,
 4.8 for generating electricity.

4.9 (h) [Paragraph (h) was vetoed by the
 4.10 governor.]

4.11 (i) [Paragraph (i) was vetoed by the
 4.12 governor.]

4.13 Sec. 5. **CARRYFORWARD.**

4.14 The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision
 4.15 6, paragraph (c), for local initiative grants - parks and natural areas, is available until
 4.16 June 30, 2007.

4.17 Sec. 6. **REPEALER.**

4.18 Minnesota Statutes 2004, section 17.10, is repealed.

4.19 Sec. 7. **EFFECTIVE DATE.**

4.20 Unless otherwise specified, this article is effective the day following final enactment.

4.21 **ARTICLE 2**
 4.22 **ECONOMIC DEVELOPMENT**

4.23 Section 1. Minnesota Statutes 2004, section 16B.325, is amended to read:

4.24 **16B.325 SUSTAINABLE BUILDING GUIDELINES.**

4.25 **Subdivision 1. Energy, lighting, air quality, and other guidelines.** The Department
 4.26 of Administration and the Department of Commerce, with the assistance of other agencies,
 4.27 shall develop sustainable building design guidelines for all new state buildings by January
 4.28 15, 2003. The primary objectives of these guidelines are to ensure that all new state
 4.29 buildings initially exceed existing energy code, as established in Minnesota Rules, chapter
 4.30 7676, by at least 30 percent. The guidelines must focus on achieving the lowest possible
 4.31 lifetime cost for new buildings and allow for changes in the guidelines that encourage
 4.32 continual energy conservation improvements in new buildings. The design guidelines
 4.33 must establish sustainability guidelines that include air quality and lighting standards and
 4.34 that create and maintain a healthy environment and facilitate productivity improvements;
 4.35 specify ways to reduce material costs; and must consider the long-term operating costs of

5.1 the building, including the use of renewable energy sources and distributed electric energy
5.2 generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner
5.3 than natural gas. In developing the guidelines, the departments shall use an open process,
5.4 including providing the opportunity for public comment. The guidelines established under
5.5 this ~~section~~ subdivision are mandatory for all new buildings receiving funding from the
5.6 bond proceeds fund after January 1, 2004.

5.7 Subd. 2. **Greenhouse gases.** The Department of Administration and the Department
5.8 of Commerce, with the assistance of other agencies, shall report to the legislature by
5.9 March 15, 2007, on guidelines and procedures for a requirement that no net increases
5.10 in greenhouse gases are allowed as a result of new building projects. The guidelines
5.11 established under this subdivision are mandatory for all new buildings receiving funding
5.12 from the bond proceeds fund after January 1, 2008.

5.13 Sec. 2. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

5.14 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the
5.15 following agencies may designate additional unclassified positions according to this
5.16 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;
5.17 Education; Employee Relations; Employment and Economic Development; Explore
5.18 Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural
5.19 Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans
5.20 Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state
5.21 Board of Investment; the Office of Administrative Hearings; the Office of Environmental
5.22 Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor;
5.23 the Minnesota State Colleges and Universities; the Higher Education Services Office; the
5.24 Perpich Center for Arts Education; and the Minnesota Zoological Board.

5.25 A position designated by an appointing authority according to this subdivision must
5.26 meet the following standards and criteria:

5.27 (1) the designation of the position would not be contrary to other law relating
5.28 specifically to that agency;

5.29 (2) the person occupying the position would report directly to the agency head or
5.30 deputy agency head and would be designated as part of the agency head's management
5.31 team;

5.32 (3) the duties of the position would involve significant discretion and substantial
5.33 involvement in the development, interpretation, and implementation of agency policy;

5.34 (4) the duties of the position would not require primarily personnel, accounting, or
5.35 other technical expertise where continuity in the position would be important;

6.1 (5) there would be a need for the person occupying the position to be accountable to,
6.2 loyal to, and compatible with, the governor and the agency head, the employing statutory
6.3 board or commission, or the employing constitutional officer;

6.4 (6) the position would be at the level of division or bureau director or assistant
6.5 to the agency head; and

6.6 (7) the commissioner has approved the designation as being consistent with the
6.7 standards and criteria in this subdivision.

6.8 Sec. 3. Minnesota Statutes 2004, section 80C.01, subdivision 4, is amended to read:

6.9 Subd. 4. **Franchise.** (a) "Franchise" means (1) a contract or agreement, either
6.10 express or implied, whether oral or written, for a definite or indefinite period, between
6.11 two or more persons:

6.12 (i) by which a franchisee is granted the right to engage in the business of offering or
6.13 distributing goods or services using the franchisor's trade name, trademark, service mark,
6.14 logotype, advertising, or other commercial symbol or related characteristics;

6.15 (ii) in which the franchisor and franchisee have a community of interest in the
6.16 marketing of goods or services at wholesale, retail, by lease, agreement, or otherwise; and

6.17 (iii) for which the franchisee pays, directly or indirectly, a franchise fee; or

6.18 (2) a contract, lease, or other agreement, either express or implied, whether oral or
6.19 written, for a definite or indefinite period, between two or more persons, whereby the
6.20 franchisee is authorized, permitted, or granted the right to market motor vehicle fuel at
6.21 retail under the franchisor's trade name, trademark, service mark, logotype, or other
6.22 commercial symbol or related characteristics owned or controlled by the franchisor; or

6.23 (3) the sale or lease of any products, equipment, chattels, supplies, or services to the
6.24 purchaser, other than the sale of sales demonstration equipment, materials or samples for a
6.25 total price of \$500 or less to any one person, for the purpose of enabling the purchaser
6.26 to start a business and in which the seller:

6.27 (i) represents that the seller, lessor, or an affiliate thereof will provide locations or
6.28 assist the purchaser in finding locations for the use or operation of vending machines,
6.29 racks, display cases, or similar devices, or currency operated amusement machines or
6.30 devices, on premises neither owned or leased by the purchaser or seller; or

6.31 (ii) represents that the seller will purchase any or all products made, produced,
6.32 fabricated, grown, bred, or modified by the purchaser using, in whole or in part, the
6.33 supplies, services, or chattels sold to the purchaser; or

6.34 (iii) guarantees that the purchaser will derive income from the business which
6.35 exceeds the price paid to the seller; or

7.1 (4) an oral or written contract or agreement, either expressed or implied, for a
7.2 definite or indefinite period, between two or more persons, under which a manufacturer,
7.3 selling security systems through dealers or distributors in this state, requires regular
7.4 payments from the distributor or dealer as royalties or residuals for products purchased
7.5 and paid for by the dealer or distributor.

7.6 (b) "Franchise" does not include any business which is operated under a lease or
7.7 license on the premises of the lessor or licensor as long as such business is incidental to
7.8 the business conducted by the lessor or licensor on such premises, including, without
7.9 limitation, leased departments, licensed departments, and concessions.

7.10 (c) "Franchise" does not include any contract, lease or other agreement whereby the
7.11 franchisee is required to pay less than \$100 on an annual basis, except those franchises
7.12 identified in paragraph (a), clause (2).

7.13 (d) "Franchise" does not include a contract, lease or other agreement between a new
7.14 motor vehicle manufacturer, distributor, or factory branch and a franchisee whereby the
7.15 franchisee is granted the right to market automobiles, motorcycles, trucks, truck-tractors,
7.16 or self-propelled motor homes or campers if the foregoing are designed primarily for the
7.17 transportation of persons or property on public highways.

7.18 (e) "Franchise" does not include a contract, lease, or other agreement or arrangement
7.19 between two or more air carriers, or between one or more air carriers and one or more
7.20 foreign air carriers. The terms "air carrier" and "foreign air carrier" shall have the
7.21 meanings assigned to them by the Federal Aviation Act, United States Code Appendix,
7.22 title 49, sections 1301(3) and 1301(22), respectively.

7.23 (f) For purposes of paragraph (a), clause (2), "franchise" does not include the
7.24 marketing of motor vehicle fuel in circumstances where all the following are present:

7.25 (1) the franchisor or an affiliate of the franchisor is not a refiner of motor vehicle
7.26 fuel, diesel fuel, or gasoline;

7.27 (2) the franchisor's trade name, trademark, service mark, logotype, or other
7.28 commercial symbol or related characteristics is not used to identify the marketing premises
7.29 generally, but only the gasoline dispensers, canopy, and gasoline price signage, provided,
7.30 however, this circumstance is not changed by a voluntary decision by the retailer to
7.31 identify the buildings on the premises in the manner selected by the retailer;

7.32 (3) the franchisor does not impose any requirements or franchise fee on nonmotor
7.33 vehicle fuel products or sales, provided this circumstance is not changed by a voluntary
7.34 decision by the retailer to purchase nonmotor vehicle fuel products from the franchisor or
7.35 an affiliate of the franchisor; and

7.36 (4) the facility is not leased from the franchisor or affiliate of the franchisor.

8.1 ~~(f)~~ (g) For purposes of this chapter, a person who sells motor vehicle fuel at
 8.2 wholesale who does not own or control, or is not an affiliate of a person who owns or
 8.3 controls, the trademark, trade name, service mark, logotype, or other commercial symbol
 8.4 or related characteristics under which the motor vehicle fuel is sold at retail, is not a
 8.5 franchisor or a franchisee, and is not considered to be part of a franchise relationship.

8.6 Sec. 4. **[80C.144] EXEMPT MOTOR FUEL FRANCHISES; ALTERNATIVE**
 8.7 **COMPLIANCE.**

8.8 A motor fuel franchise exempt from regulation under this chapter pursuant to section
 8.9 80C.01, subdivision 4, paragraph (f), is subject to regulation under chapter 80F.

8.10 Sec. 5. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j, is
 8.11 amended to read:

8.12 Subd. 3j. **Retail locations and transport vehicles.** (a) As used in this subdivision,
 8.13 "retail location" means a facility located in the metropolitan area as defined in section
 8.14 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in
 8.15 automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver
 8.16 gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

8.17 (b) Notwithstanding any other provision in this chapter, and any rules adopted under
 8.18 this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of
 8.19 retail locations and transport vehicles completed between January 1, 2001, and ~~January~~
 8.20 September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the
 8.21 board determines the costs were incurred and reasonable. The reimbursement may not
 8.22 exceed \$3,000-per retail location and \$3,000 per transport vehicle.

8.23 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2003.

8.24 Sec. 6. Minnesota Statutes 2004, section 116J.421, subdivision 3, is amended to read:

8.25 Subd. 3. **Duties.** The center shall:

- 8.26 (1) research and identify present and emerging social and economic issues for rural
- 8.27 Minnesota, including health care, transportation, crime, housing, and job training;
- 8.28 (2) forge alliances and partnerships with rural communities to find practical solutions
- 8.29 to economic and social problems;
- 8.30 (3) provide a resource center for rural communities on issues of importance to them;
- 8.31 (4) encourage collaboration across higher education institutions to provide
- 8.32 interdisciplinary team approaches to problem solving with rural communities; ~~and~~
- 8.33 (5) involve students in center projects; and
- 8.34 (6) submit to the legislature a report on the "State of Rural Minnesota" no later
- 8.35 than March 1 in each odd-numbered year.

9.1 Sec. 7. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

9.2 Subdivision 1. **Partnership program.** (a) The partnership program may provide
9.3 grants-in-aid to educational or other nonprofit educational institutions using the following
9.4 guidelines:

9.5 (1) the educational or other nonprofit educational institution is a provider of training
9.6 within the state in either the public or private sector;

9.7 (2) the program involves skills training that is an area of employment need; and

9.8 (3) preference will be given to educational or other nonprofit training institutions
9.9 which serve economically disadvantaged people, minorities, or those who are victims of
9.10 economic dislocation and to businesses located in rural areas.

9.11 (b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~
9.12 A portion of a grant may be used for preemployment training.

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.14 Sec. 8. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

9.15 Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid
9.16 for developing programs which assist in the transition of persons from welfare to work and
9.17 assist individuals at or below 200 percent of the federal poverty guidelines. The program
9.18 is to be operated by the board. The board shall consult and coordinate with program
9.19 administrators at the Department of Employment and Economic Development to design
9.20 and provide services for temporary assistance for needy families recipients.

9.21 Pathways grants-in-aid may be awarded to educational or other nonprofit training
9.22 institutions for education and training programs and services supporting education and
9.23 training programs that serve eligible recipients.

9.24 Preference shall be given to projects that:

9.25 (1) provide employment with benefits paid to employees;

9.26 (2) provide employment where there are defined career paths for trainees;

9.27 (3) pilot the development of an educational pathway that can be used on a continuing
9.28 basis for transitioning persons from welfare to work; and

9.29 (4) demonstrate the active participation of Department of Employment and
9.30 Economic Development workforce centers, Minnesota State College and University
9.31 institutions and other educational institutions, and local welfare agencies.

9.32 Pathways projects must demonstrate the active involvement and financial
9.33 commitment of private business. Pathways projects must be matched with cash or in-kind
9.34 contributions on at least a one-to-one ratio by participating private business.

10.1 A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent of~~
10.2 A portion of a grant may be used for preemployment training.

10.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.4 Sec. 9. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

10.5 Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make
10.6 grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or
10.7 statewide training and retention programs. Grants may be made from TANF funds, general
10.8 fund appropriations, and any other funding sources available to the board, provided the
10.9 requirements of those funding sources are satisfied. ~~Up to 25 percent~~ A portion of a
10.10 grant may be used for preemployment training. Grant awards must establish specific,
10.11 measurable outcomes and timelines for achieving those outcomes.

10.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.13 Sec. 10. Minnesota Statutes 2004, section 178.03, is amended by adding a subdivision
10.14 to read:

10.15 Subd. 3a. **Apprentice wages.** (a) The graduated schedule of wages for an
10.16 apprenticeship agreement will be determined by the percentage rate used in the majority of
10.17 individual apprenticeship agreements on file with the Department of Labor and Industry,
10.18 Division of Voluntary Apprenticeship, in any particular trade. The beginning rate must be
10.19 at least the federal or state minimum wage rate, whichever is higher.

10.20 (b) The journeyman wage rate for apprenticeship agreements where no bargaining
10.21 agreement exists must be determined by counties, for all trades. If there is either a state or
10.22 federal prevailing wage determination or apprenticeship agreement for a trade, the most
10.23 current rate of the determination or agreement must be used as the journeyman wage rate.

10.24 (c) This subdivision does not apply to programs in penal institutions including
10.25 stipends paid by the Department of Corrections.

10.26 Sec. 11. Minnesota Statutes 2004, section 183.02, is amended by adding a subdivision
10.27 to read:

10.28 Subd. 4. **Inland waters.** "Inland waters" means navigable bodies of water within
10.29 the boundaries of this state, excluding boundary lakes and boundary rivers.

10.30 Sec. 12. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 3,
10.31 is amended to read:

10.32 Subd. 3. **Assessment and appropriation.** In addition to the amount noted in
10.33 subdivision 2, the commission may assess utilities, using the mechanism specified in that
10.34 subdivision, up to an additional \$500,000 annually through June 30, ~~2006~~ 2008. The

11.1 amounts assessed under this subdivision are appropriated to the commission, and some or
11.2 all of the amounts assessed may be transferred to the commissioner of administration, for
11.3 the purposes specified in section 16B.325 and Laws 2001, chapter 212, article 1, section
11.4 3, as needed to implement those sections.

11.5 Sec. 13. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 4,
11.6 is amended to read:

11.7 Subd. 4. **Expiration.** ~~This section expires~~ Subdivisions 1 and 2 expire June 30,
11.8 2007. Subdivision 3 expires June 30, 2008.

11.9 Sec. 14. Minnesota Statutes 2005 Supplement, section 216C.41, subdivision 3, is
11.10 amended to read:

11.11 Subd. 3. **Eligibility window.** Payments may be made under this section only for
11.12 electricity generated:

11.13 (1) from a qualified hydroelectric facility that is operational and generating
11.14 electricity before December 31, ~~2007~~ 2009;

11.15 (2) from a qualified wind energy conversion facility that is operational and
11.16 generating electricity before January 1, ~~2007~~ 2008; or

11.17 (3) from a qualified on-farm biogas recovery facility from July 1, 2001, through
11.18 December 31, 2017.

11.19 Sec. 15. Minnesota Statutes 2004, section 216C.41, subdivision 4, is amended to read:

11.20 Subd. 4. **Payment period.** (a) A facility may receive payments under this section for
11.21 a ten-year period. No payment under this section may be made for electricity generated:

11.22 (1) by a qualified hydroelectric facility after December 31, ~~2017~~ 2019;

11.23 (2) by a qualified wind energy conversion facility after December 31, ~~2017~~ 2018; or

11.24 (3) by a qualified on-farm biogas recovery facility after December 31, 2015.

11.25 (b) The payment period begins and runs consecutively from the date the facility
11.26 begins generating electricity or, in the case of refurbishment of a hydropower facility, after
11.27 substantial repairs to the hydropower facility dam funded by the incentive payments are
11.28 initiated.

11.29 Sec. 16. Minnesota Statutes 2004, section 298.22, subdivision 1, is amended to read:

11.30 Subdivision 1. **The office of the commissioner of Iron Range resources and**

11.31 **rehabilitation.** (1) The office of the commissioner of Iron Range resources and

11.32 rehabilitation is created as an agency in the executive branch of state government. The

11.33 governor shall appoint the commissioner of Iron Range resources and rehabilitation under

11.34 section 15.06.

12.1 (2) The commissioner may hold other positions or appointments that are not
 12.2 incompatible with duties as commissioner of Iron Range resources and rehabilitation. The
 12.3 commissioner may appoint a deputy commissioner. All expenses of the commissioner,
 12.4 including the payment of ~~such~~ staff and other assistance as may be necessary, must be
 12.5 paid out of the amounts appropriated by section 298.28 or otherwise made available by
 12.6 law to the commissioner.

12.7 (3) When the commissioner determines that distress and unemployment exists or
 12.8 may exist in the future in any county by reason of the removal of natural resources or
 12.9 a possibly limited use of natural resources in the future and any resulting decrease in
 12.10 employment, the commissioner may use whatever amounts of the appropriation made to
 12.11 the commissioner of revenue in section 298.28 that are determined to be necessary and
 12.12 proper in the development of the remaining resources of the county and in the vocational
 12.13 training and rehabilitation of its residents, except that the amount needed to cover cost
 12.14 overruns awarded to a contractor by an arbitrator in relation to a contract awarded by
 12.15 the commissioner or in effect after July 1, 1985, is appropriated from the general fund.
 12.16 For the purposes of this section, "development of remaining resources" includes, but is
 12.17 not limited to, the promotion of tourism.

12.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.19 Sec. 17. Minnesota Statutes 2004, section 298.22, subdivision 8, is amended to read:

12.20 Subd. 8. **Spending priority.** In making or approving any expenditures on programs
 12.21 or projects, the commissioner and the board shall give the highest priority to programs
 12.22 and projects that target relief to those areas of the taconite assistance area as defined in
 12.23 section 273.1341, that have the largest percentages of job losses and population losses
 12.24 directly attributable to the economic downturn in the taconite industry since the 1980s.
 12.25 The commissioner and the board shall compare the 1980 population and employment
 12.26 figures with the 2000 population and employment figures, and shall specifically consider
 12.27 the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company,
 12.28 in making or approving expenditures consistent with this subdivision, as well as the areas
 12.29 of residence of persons who suffered job loss for which relief is to be targeted under this
 12.30 subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the
 12.31 terms determined by the commissioner and approved by the board, surface and mineral
 12.32 interests owned or acquired by the state of Minnesota acting by and through the office
 12.33 of the commissioner of Iron Range resources and rehabilitation within those portions of
 12.34 the taconite assistance area impacted by the closure of the LTV Steel Mining Company
 12.35 facility near Hoyt Lakes. The payments and royalties from these leases must be deposited

13.1 into the fund established in section 298.292. This subdivision supersedes any other
 13.2 conflicting provisions of law and does not preclude the commissioner and the board from
 13.3 making expenditures for programs and projects in other areas.

13.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.5 Sec. 18. Minnesota Statutes 2004, section 298.22, is amended by adding a subdivision
 13.6 to read:

13.7 **Subd. 11. Budgeting.** The commissioner of Iron Range resources and rehabilitation
 13.8 shall annually prepare a budget of operational expenditures, programs, and projects, and
 13.9 submit it to the Iron Range Resources and Rehabilitation Board and the governor for
 13.10 approval. Upon board approval, the commissioner is authorized to expend available funds
 13.11 approved in the budget for operational expenditures, projects, and programs.

13.12 Sec. 19. Minnesota Statutes 2004, section 298.2213, subdivision 4, is amended to read:

13.13 Subd. 4. **Project approval.** The board and commissioner shall by August 1 each
 13.14 year prepare a list of projects to be funded from the money appropriated in this section
 13.15 with necessary supporting information including descriptions of the projects, plans, and
 13.16 cost estimates. A project must not be approved by the board unless it finds that:

13.17 (1) the project will materially assist, directly or indirectly, the creation of additional
 13.18 long-term employment opportunities;

13.19 (2) the prospective benefits of the expenditure exceed the anticipated costs; and

13.20 (3) in the case of assistance to private enterprise, the project will serve a sound
 13.21 business purpose.

13.22 ~~To be proposed by the board, a~~ Each project must be approved by a majority of
 13.23 the Iron Range Resources and Rehabilitation Board members and the commissioner of
 13.24 Iron Range resources and rehabilitation. The list of projects must be submitted to the
 13.25 governor, who shall, by November 15 of each year, approve, disapprove, or return for
 13.26 further consideration, each project. The money for a project may be spent only upon
 13.27 approval of the project by the governor. The board may submit supplemental projects
 13.28 for approval at any time.

13.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.30 Sec. 20. Minnesota Statutes 2004, section 298.223, subdivision 2, is amended to read:

13.31 Subd. 2. **Administration.** The taconite area environmental protection fund shall be
 13.32 administered by the commissioner of the Iron Range Resources and Rehabilitation Board.
 13.33 The commissioner shall by September 1 of each year submit to the board a list of projects
 13.34 to be funded from the taconite area environmental protection fund, with such supporting

14.1 information including description of the projects, plans, and cost estimates as may be
 14.2 necessary. Upon approval by a majority of the members of the Iron Range Resources
 14.3 and Rehabilitation Board, this list shall be submitted to the governor by November 1 of
 14.4 each year. By December 1 of each year, the governor shall approve or disapprove, or
 14.5 return for further consideration, each project. Funds for a project may be expended only
 14.6 upon approval of the project by the board and governor. The commissioner may submit
 14.7 supplemental projects to the board and governor for approval at any time.

14.8 Sec. 21. Minnesota Statutes 2004, section 298.223, subdivision 3, is amended to read:

14.9 Subd. 3. **Appropriation.** There is ~~hereby~~ annually appropriated to the commissioner
 14.10 of Iron Range resources and rehabilitation ~~such~~ taconite area environmental protection
 14.11 funds ~~as are~~ necessary to carry out ~~the~~ approved projects approved and programs and
 14.12 ~~such~~ the funds ~~as are~~ necessary for administration of this section. Annual administrative
 14.13 costs, not including detailed engineering expenses for the projects, shall not exceed five
 14.14 percent of the amount annually expended from the fund.

14.15 Funds for the purposes of this section are provided by section 298.28, subdivision
 14.16 11, relating to the taconite area environmental protection fund.

14.17 Sec. 22. Minnesota Statutes 2005 Supplement, section 298.296, subdivision 1, is
 14.18 amended to read:

14.19 Subdivision 1. **Project approval.** The board and commissioner shall by August 1 of
 14.20 each year prepare a list of projects to be funded from the Douglas J. Johnson economic
 14.21 protection trust with necessary supporting information including description of the
 14.22 projects, plans, and cost estimates. These projects shall be consistent with the priorities
 14.23 established in section 298.292 and shall not be approved by the board unless it finds that:

- 14.24 (a) the project will materially assist, directly or indirectly, the creation of additional
- 14.25 long-term employment opportunities;
- 14.26 (b) the prospective benefits of the expenditure exceed the anticipated costs; and
- 14.27 (c) in the case of assistance to private enterprise, the project will serve a sound
- 14.28 business purpose.

14.29 ~~To be proposed by the board, a~~ Each project must be approved by at least eight
 14.30 Iron Range Resources and Rehabilitation Board members and the commissioner of
 14.31 Iron Range resources and rehabilitation. The list of projects shall be submitted to the
 14.32 governor, who shall, by November 15 of each year, approve or disapprove, or return for
 14.33 further consideration, each project. The money for a project may be expended only upon
 14.34 approval of the project by the governor. The board may submit supplemental projects
 14.35 for approval at any time.

15.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.2 Sec. 23. Minnesota Statutes 2005 Supplement, section 298.298, is amended to read:

15.3 **298.298 LONG-RANGE PLAN.**

15.4 Consistent with the policy established in sections 298.291 to 298.298, the Iron
15.5 Range Resources and Rehabilitation Board and commissioner shall prepare and present
15.6 to the governor and the legislature by ~~January 1, 1984~~ December 31, 2006, a long-range
15.7 plan for the use of the Douglas J. Johnson economic protection trust fund for the
15.8 economic development and diversification of the taconite assistance area defined in
15.9 section 273.1341. ~~The Iron Range Resources and Rehabilitation Board shall, before~~
15.10 ~~November 15 of each even numbered year, prepare a report to the governor and legislature~~
15.11 ~~updating and revising this long-range plan and reporting on the Iron Range Resources and~~
15.12 ~~Rehabilitation Board's progress on those matters assigned to it by law. After January 1,~~
15.13 ~~1984,~~ No project shall be approved by the Iron Range Resources and Rehabilitation Board
15.14 which is not consistent with the goals and objectives established in the long-range plan.

15.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.16 Sec. 24. **[299F.50] DEFINITIONS.**

15.17 Subdivision 1. **Scope.** As used in sections 299F.50 to 299F.52, the terms defined in
15.18 this section have the meanings given them.

15.19 Subd. 2. **Installed.** "Installed" means that an approved carbon monoxide alarm is
15.20 hardwired into the electrical wiring, directly plugged into an electrical outlet without a
15.21 switch, or, if the alarm is battery-powered, attached to the wall of the dwelling.

15.22 Subd. 3. **Single and multifamily dwelling.** "Single and multifamily dwelling"
15.23 means any building or structure that is wholly or partly used or intended to be used for
15.24 living or sleeping by human occupants.

15.25 Subd. 4. **Dwelling unit.** "Dwelling unit" means an area meant for living or sleeping
15.26 by human occupants.

15.27 Subd. 5. **Approved carbon monoxide alarm.** "Approved carbon monoxide alarm"
15.28 means a device meant for the purpose of detecting carbon monoxide that is certified by a
15.29 nationally recognized testing laboratory to conform to the latest Underwriters Laboratories
15.30 Standards (known as UL2034 standards).

1 15.31 Subd. 6. **Operational.** "Operational" means working and in service according to
15.32 manufacturer's directions.

15.33 Sec. 25. **[299F.51] REQUIREMENTS FOR CARBON MONOXIDE ALARMS.**

16.1 Subdivision 1. **Generally.** Every single-family dwelling and every dwelling unit in
 16.2 a multifamily dwelling must have an approved and operational carbon monoxide alarm
 16.3 installed on each level of the residence and within ten feet of each room lawfully used for
 16.4 sleeping purposes.

16.5 Subd. 2. **Owner’s duties.** The owner of a multifamily dwelling that is required to
 16.6 be equipped with one or more approved carbon monoxide alarms must:

16.7 (1) provide and install one approved and operational carbon monoxide alarm on each
 16.8 level of the dwelling and within ten feet of each room lawfully used for sleeping; and

16.9 (2) replace any approved carbon monoxide alarm that has been stolen, removed,
 16.10 found missing, or rendered inoperable during a prior occupancy of the dwelling unit
 16.11 and that has not been replaced by the prior occupant before the commencement of a
 16.12 new occupancy of a dwelling unit.

16.13 Subd. 3. **Occupant’s duties.** The occupant of each dwelling unit in a multifamily
 16.14 dwelling in which an approved and operational carbon monoxide alarm has been provided
 16.15 and installed by the owner must:

16.16 (1) keep and maintain the device in good repair according to manufacturer’s
 16.17 directions; and

16.18 (2) replace any device that is stolen, removed, missing, or rendered inoperable
 16.19 during the occupancy of the dwelling unit.

16.20 Subd. 4. **Battery removal prohibited.** A person shall not remove batteries from, or
 16.21 in any way render inoperable, a required carbon monoxide alarm.

16.22 **Sec. 26. [299F.52] ENFORCEMENT.**

16.23 A violation of section 299F.50 or 299F.51 subjects the owner of the single family
 16.24 dwelling, multifamily dwelling, or dwelling unit to the same penalty and enforcement
 16.25 mechanism provided for violations of the Minnesota Fire Code provided in section
 16.26 299F.011, subdivision 6.

16.27 **Sec. 27. Minnesota Statutes 2005 Supplement, section 327.201, is amended to read:**

16.28 **327.201 STATE FAIR CAMPING AREA.**

16.29 Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner
 16.30 of health, the State Agricultural Society must operate and maintain a camping area on the
 16.31 State Fairgrounds during the State Fair and the Minnesota Street Rod Association’s Back
 16.32 to the 50’s event, subject to the following conditions:

16.33 (1) recreational camping vehicles and tents, including their attachments, must be
 16.34 separated from each other and from other structures by at least seven feet;

17.1 (2) a minimum area of 300 square feet per site must be provided and the total number
17.2 of sites must not exceed one site for every 300 square feet of usable land area; and

17.3 (3) each site must face a driveway at least 16 feet in width and each driveway must
17.4 have unobstructed access to a public roadway.

17.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.6 Sec. 28. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:

17.7 Subd. 5. **Executive director.** The commissioner shall employ, with the concurrence
17.8 of the authority, an executive director in the unclassified service. The director shall
17.9 perform duties that the authority may require in carrying out its responsibilities.

17.10 Sec. 29. Minnesota Statutes 2004, section 446A.12, subdivision 1, is amended to read:

17.11 Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a
17.12 principal amount that the authority determines necessary to provide sufficient funds for
17.13 achieving its purposes, including the making of loans and purchase of securities, the
17.14 payment of interest on bonds of the authority, the establishment of reserves to secure its
17.15 bonds, the payment of fees to a third party providing credit enhancement, and the payment
17.16 of all other expenditures of the authority incident to and necessary or convenient to carry
17.17 out its corporate purposes and powers, but not including the making of grants. Bonds of
17.18 the authority may be issued as bonds or notes or in any other form authorized by law. The
17.19 principal amount of bonds issued and outstanding under this section at any time may not
17.20 exceed ~~\$1,250,000,000~~ \$1,500,000,000, excluding bonds for which refunding bonds or
17.21 crossover refunding bonds have been issued.

17.22 Sec. 30. Minnesota Statutes 2004, section 473.252, subdivision 3, is amended to read:

17.23 Subd. 3. **Distribution of funds.** (a) The council must use the funds in the account
17.24 to make grants to municipalities or development authorities for the cleanup of polluted
17.25 land in the metropolitan area. A grant to a metropolitan county or a development authority
17.26 must be used for a project in a participating municipality. The council shall prescribe
17.27 and provide the grant application form to municipalities. The council must consider the
17.28 probability of funding from other sources when making grants under this section.

17.29 (b)(1) The legislature expects that applications for grants will exceed the available
17.30 funds and the council will be able to provide grants to only some of the applicant
17.31 municipalities. If applications for grants for qualified sites exceed the available funds,
17.32 the council shall make grants that provide the highest return in public benefits for the
17.33 public costs incurred, that encourage development that will lead to the preservation or
17.34 growth of living-wage jobs or the production of affordable housing, and that enhance the
17.35 tax base of the recipient municipality. For purposes of ranking applications, equal weight

18.1 shall be given to preservation or growth of living-wage jobs and to the production of
18.2 affordable housing.

18.3 For purposes of this section, affordable housing includes both:

18.4 (i) affordable rental housing for persons or families whose income, at the time
18.5 of initial occupancy, does not exceed 60 percent of median income as determined by
18.6 the United States Department of Housing and Urban Development for the metropolitan
18.7 area; and

18.8 (ii) affordable ownership housing units for persons or families whose income, at the
18.9 time of initial occupancy, does not exceed 80 percent of median income as determined by
18.10 the United States Department of Housing and Urban Development for the metropolitan
18.11 area.

18.12 (2) In making grants, the council shall establish regular application deadlines in
18.13 which grants will be awarded from the available money in the account. If the council
18.14 provides for application cycles of less than six-month intervals, the council must reserve
18.15 at least 40 percent of the receipts of the account for a year for application deadlines that
18.16 occur in the second half of the year. If the applications for grants exceed the available
18.17 funds for an application cycle, no more than one-half of the funds may be granted to
18.18 projects in a statutory or home rule charter city and no more than three-quarters of the
18.19 funds may be granted to projects located in cities of the first class.

18.20 (c) A municipality may use the grant to provide a portion of the local match
18.21 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

18.22 Sec. 31. **EFFECTIVE DATE.**

18.23 Sections 24 to 26 are effective January 1, 2007, for all newly constructed
18.24 single-family and multifamily dwelling units and August 1, 2008, for all existing and
18.25 newly constructed single family and multifamily dwelling units. "

18.26 Amend the title accordingly

- 1.1 Senator moves to amend S.F. No. 3342 as follows:
- 1.2 Page 1, delete line 6 and insert
- 1.3 "Section 1. [144.6601] CITATION.
- 1.4 "

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.3 **S.F. No. 3342:** A bill for an act relating to health; establishing the Patient Safety
1.4 and Drug Review Transparency Act; requiring disclosure of clinical trials of prescription
1.4 drugs; assessing fees; proposing coding for new law in Minnesota Statutes, chapter 144.

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

1.6 Page 1, delete line 6 and insert

1.7 "Section 1. [144.6601] CITATION."

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



1.9
1.10 (Committee Chair)

1
1.12 May 4, 2006 5.4.06
(Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

G-17 STATE CAPITOL
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JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

TO: Finance Committee Members

FROM: Maja Weidmann, Senate Research (651-296-4855)

DATE: May 3, 2006

RE: Summary: SF 3044: Biomedical Sciences Research Facilities Authority

Section 1 specifies the purpose of the bill.

Section 2 contains definitions.

Section 3, subdivision 1 specifies the members of the Minnesota Biomedical Sciences Research Facilities Authority, and the terms of the members.

Subdivision 2 states that the commissioner of employment and economic development shall serve as the chair and chief executive of the authority, and authorizes the election of other officers from its members.

Subdivision 3 defines "quorum" for the purpose of the authority's actions.

Subdivision 4 provides that the authority may conduct meetings by telephone or other electronic means.

Subdivision 5 directs the commissioner of finance to provide administrative services to the authority and establish an annual budget.

Subdivision 6 authorizes the hiring of an executive director.

Subdivision 7 states that the members and officers of the authority are not liable for any debt or obligation of the authority.

Subdivision 8 authorizes the authority to fulfill its duties.

Section 4, subdivisions 1 to 4 delineate the authority's powers and duties including the authority to adopt bylaws and promulgate rules; sue and be sued; enter into contracts, leases, and agreements; apply for, accept, and disburse gifts, grants, loans, or other property; and contract for services.

Section 5, subdivision 1 directs the authority to establish a program to provide grants to the board of regents for 90 percent of the costs of projects approved under subdivision 4.

Subdivision 2 establishes the biomedical science research facilities program fund as a separate and dedicated fund to be held and invested separately from all other state funds. States that the program funds may be used solely for making grants for the program's projects.

Subdivision 3 specifies the criteria a project must meet to be eligible to receive program funds.

Subdivision 4 directs the authority to review each application submitted, and determine whether it meets the purpose and criteria for receipt of money to fund the project.

Subdivision 5 states that the disbursement of grant money must be made according to the terms of the project grant agreement and state law.

Section 6, subdivision 1 directs the commissioner of finance to issue bonds to fund projects.

Subdivision 2 establishes the biomedical science research facilities bond fund as a dedicated fund to be held and invested separately from all other state funds, and specifies the use of the bond fund proceeds.

Subdivision 3 transfers money from the general fund to the biomedical science research facilities bond fund.

Consolidated Fiscal Note – 2005-06 Session

Bill #: H3268-3E **Complete Date:** 05/04/06

Chief Author: ABRAMS, RON

Title: BIOMED RESEARCH FAC AUTH/BOND ISSUE

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Employment & Economic Dev Dept (05/04/06) Finance Dept (05/04/06)
 University Of Minnesota (05/04/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund		0	0	1,029	5,733
Finance Dept		0	0	1,029	5,733
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		0	0	1,029	5,733
Finance Dept		0	0	1,029	5,733
Total Cost <Savings> to the State		0	0	1,029	5,733

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN
 Date: 05/04/06 Phone: 296-7316

Fiscal Note – 2005-06 Session

Bill #: H3268-3E **Complete Date:** 05/04/06

Chief Author: ABRAMS, RON

Title: BIOMED RESEARCH FAC AUTH/BOND ISSUE

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Employment & Economic Dev Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

This bill establishes a process to expend \$330 million of state general obligation bond funds to pay for 90 percent of the costs of constructing and furnishing biomedical research science facilities to be owned and operated by the Board of Regents of the University of Minnesota. The purpose of the research facilities are described as economic and health benefits, advancing industry and facilitating collaborative research.

The bill creates the Minnesota Biomedical Sciences Research Facilities Authority to evaluate grant applications from the University and to disburse grant funds. It also establishes two new state funds: (1) the biomedical science research fund for the deposit of the proceeds of state general obligation bonds, to pay for the costs of the approved projects; and (2) the biomedical science research bond fund consisting of annual deposits from the annual tobacco settlement payments (currently deposited into the general fund) to pay the debt service costs of state bonds issued for biomedical science facilities and the operating costs of the authority.

The Department of Employment and Economic Development Commissioner will serve as Chair and the department will employ an Executive Director and Staff to support the Authority.

Background:

The University of Minnesota is one of the Top-15 research universities in the country, receiving annually over \$550 of sponsored research funding. U of M President Bruininks has laid out a strategy that will move the university into the Top-3 public research institution within a ten-year period. Part of this effort includes the recruiting and hiring of leading researchers and professors from around the country and the world. This is difficult to accomplish when the U does not have the facilities to house these world-class researchers. President Bruininks testified that the past two research facilities that were built for Biomedical research took 6 and 8 years respectively to receive funding. He also testified that in order for the U of M to address its growth plan, it needs a long-term funding strategy for building new research facilities which will enable them to recruit world-class researchers and staff.

Assumptions

The Commissioner of DEED will become the Chair of the Board for the Minnesota Biomedical Sciences Research Facilities Authority. DEED's annual operational cost will be minimal. The Executive Director will be housed within the Department of Finance, which may incur annual costs for operating the authority.

Expenditure and/or Revenue Formula

No fiscal impact.

Long-Term Fiscal Considerations

None

Local Government Costs

None

References/Sources

FN Coord Signature: MIKE MEYER
Date: 05/04/06 Phone: 297-1978

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN
Date: 05/04/06 Phone: 296-7316

Fiscal Note – 2005-06 Session

Bill #: H3268-3E **Complete Date:** 05/04/06

Chief Author: ABRAMS, RON

Title: BIOMED RESEARCH FAC AUTH/BOND ISSUE

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: University Of Minnesota

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This legislation requires the University of Minnesota to provide 10% of the cost of each approved biomedical science research facility project. The University is also responsible for the ongoing operations and maintenance of each approved facility. The following detailed cost information is from the Project Proforma developed by the University's Office of Budget and Finance:

University of Minnesota Research Facility Cost Accounting Projections
Assumed Number of Buildings = 5
Project Proforma

	<u>Column A</u> <u>90% state cost</u> <u>& 10% U of M cost</u>
<u>Revenue</u>	
Total NIH Research Revenue	\$ 51,984,100
Other Research Revenue	<u>\$ 10,609,000</u>
Subtotal Research Revenue	\$ 62,593,100
F&A Recovery on Grants	<u>\$ 38,196,581</u>
Grand Total Facilities New Revenue	\$ 100,789,681
<u>Expenses</u>	
50% Salary/Fringe Faculty	\$ 12,058,542
100% Salary/Fringe Research Support	\$ 40,697,580
Direct Costs of Research Activity	\$ 9,836,978
Other Indirect Costs @ 31%	\$ 19,403,861
Facilities Operations	\$ 10,987,704
<i>University Debt Costs</i>	<u>\$ 2,407,278</u>
Facility Depreciation	<u>\$ 8,470,000</u>
Grand Total Facilities Total Expenses	\$ 103,861,943
Total Annual Operating Gain(Loss)	<u>\$ (3,072,262)</u>
Additional 50% Salary /Fringe Faculty	<u>\$ (12,058,542)</u>
Grand Total Annual Financial Burden Medical School	<u>\$ (15,130,804)</u>

FN Coord Signature: SARAH DELANEY
Date: 05/04/06 Phone: 624-5572

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN
Date: 05/04/06 Phone: 296-7316

Fiscal Note – 2005-06 Session

Bill #: H3268-3E **Complete Date:** 05/04/06

Chief Author: ABRAMS, RON

Title: BIOMED RESEARCH FAC AUTH/BOND ISSUE

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Finance Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund		0	0	1,029	5,733
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		0	0	1,029	5,733
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		0	0	1,029	5,733
Total Cost <Savings> to the State		0	0	1,029	5,733

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

The legislation would provide \$330,000,000 of state general obligation bond financing to provide funding for five biomedical science research facilities.

State general obligation bonds will be sold to finance the bioscience facilities. The bonds are sold with level principal payments and mature over 20 years. The costs shown in the fiscal note are the amounts that would be required to be transferred from the general fund to the debt service fund annually. The assumption is made based upon the legislation that the state would pay 90% of the costs of the buildings. Bonds for the facilities would be sold on a cash flow need basis.

The assumption is made that the five facilities would be built over 10 years with bonds first sold in fiscal year 2008. A new building would be started every two years. The last bonds would be sold in fiscal year 2018 and the last debt service payment made in fiscal year 2038.

The bonds are general obligation bonds of the state with the debt service paid from the annual tobacco settlement payments paid to the general fund. Therefore, the debt service costs from this bonding appropriation would be included in the state's 3.0% debt management guideline. The Authority will need to report to the Commissioner of Finance each time it authorizes a project. This reporting will ensure that the Commissioner incorporates each authorized project into the Department of Finance's Debt Capacity forecast.

<u>Bond Sale Date</u>	<u>Interest Rate</u>	<u>Bonds Sold</u>
June 2006	4.40%	0
November 2006	4.50%	0
August 2007	4.60%	9,922,000
June 2008	4.90%	10,824,000
November 2008	5.20%	21,962,000
August 2009	5.30%	21,175,000

<u>Debt Service Costs by Fiscal Year</u>	
2006	0
2007	0
2008	1,029,408
2009	5,732,700

Section 3, requires the Commissioner of Finance to provide administrative services to the Authority and to establish an annual budget. The same section authorizes the Commissioner to employ an Executive Director. Section 4, authorizes the Commissioner to adopt administrative rules governing the Authority.

The legislation as written does not explicitly describe the work that may be involved in staffing the Authority. At this time the Commissioner does not expect to add staff or resources to fulfill the responsibilities that the legislation assigns to the agency.

HF 3268-3E - U of M - Bio Med Science Debt Service Summary
February 2006 Forecast Interest Rates

Fiscal Year	Cash Flow	Bond Sales	Average Interest Rate	Amount	Premium
2004	-	-	-	-	-
2005	-	June-02	-	-	-
2006	-	November-02	-	-	-
2007	-	August-03	-	-	-
2008	10,824,000	June-04	-	-	-
2009	29,766,000	November-04	-	-	-
2010	25,410,000	September-05	-	-	-
2011	32,670,000	June-06	4.40%	-	-
2012	27,918,000	November-06	4.50%	-	-
2013	35,937,000	August-07	4.60%	9,922,000	198,440.00
2014	30,723,000	June-08	4.90%	10,824,000	108,240.00
2015	39,567,000	November-08	5.20%	21,961,500	-
2016	33,825,000	August-09	5.30%	21,175,000	-
2017	43,560,000	June-10	5.60%	13,007,500	-
2018	19,800,000	November-10	5.60%	24,106,500	-
2019	-	August-11	5.60%	23,265,000	-
2020	-	June-12	5.60%	14,305,500	-
2021	0	November-12	5.60%	26,518,250	-
2022	0	August-13	5.60%	25,602,500	-
	330,000,000	June-14	5.60%	15,749,250	-
		November-14	5.60%	29,196,750	-
		August-15	5.60%	28,187,500	-
		June-16	5.60%	17,338,750	-
		November-16	5.60%	30,690,000	-
		August-17	5.60%	16,500,000	-
		June-18	5.60%	1,650,000	-
		November-18	5.60%	-	-
		August-19	5.60%	-	-
		June-20	5.60%	-	-
		November-20	5.60%	-	-
				330,000,000	

Assume set % project approved every two years
(16.4%;18%;19.6%;21.8%;24%)

Cash Flow Estimate	2009 Project	2007 Project	2011 Bldg
2009 Project	330,000,000		
2013 Bldg			
2015 Bldg			
1st Year	11,880,000	10,824,000	13,068,000
2nd Year	32,670,000	29,766,000	35,937,000
3rd Year	14,850,000	13,530,000	16,335,000
Authorization per year	59,400,000	54,120,000	65,340,000
Total Authorization	330,000,000		
2013 Bldg			
2015 Bldg			
1st Year	14,388,000	15,840,000	
2nd Year	39,567,000	43,560,000	
3rd Year	17,985,000	19,800,000	
Authorization per year	71,940,000	79,200,000	

Debt Service Payments

Fiscal Year	Total Debt Service Requirement	Net Debt Service Transfer	Premium (if interest rate less than 5%	Annual Transfer Required after Premium	Biennial DS Requirement	Debt Service Appropriation	Excess/ (Shortage) Annual DS	Biennial Excess/ (Shortage)
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	1,227,847.50	1,227,847.50	(198,440)	1,029,408	-	1,300,000	270,593	-
2009	6,076,587.21	5,840,939.71	(108,240)	5,732,700	6,762,107	5,900,000	167,300	437,893
2010	8,329,324.44	6,775,517.58	-	6,775,518	-	11,900,000	5,124,482	-
2011	13,946,714.10	11,922,180.88	-	11,922,181	18,697,698	12,700,000	777,819	5,902,302
2012	16,255,814.64	12,689,604.13	-	12,689,604	-	18,200,000	5,510,396	-
2013	22,220,404.83	18,173,582.38	-	18,173,582	30,863,187	18,900,000	726,418	6,236,813
2014	24,547,825.98	18,876,710.08	-	18,876,710	-	24,800,000	5,923,290	-
2015	30,900,955.66	24,772,247.91	-	24,772,248	43,648,958	25,400,000	627,752	6,551,042
2016	33,249,693.09	25,403,943.54	-	25,403,944	-	31,600,000	6,196,056	-
2017	39,839,836.03	31,561,524.09	-	31,561,524	56,965,468	30,300,000	(1,261,524)	4,934,532
2018	40,313,339.41	30,253,923.01	-	30,253,923	-	30,300,000	46,077	-
2019	39,376,993.70	29,290,530.78	-	29,290,531	59,544,454	30,300,000	1,009,469	1,055,546
2020	38,044,843.38	28,259,181.09	-	28,259,181	-	30,300,000	2,040,819	-
2021	36,753,497.28	27,397,506.54	-	27,397,507	55,656,688	30,300,000	2,902,493	4,943,312
2022	35,455,550.76	26,531,237.84	-	26,531,238	-	30,300,000	3,768,762	-
2023	34,148,462.36	25,658,415.13	-	25,658,415	52,189,653	30,300,000	4,641,585	8,410,347
2024	32,829,908.44	24,777,735.40	-	24,777,735	-	30,300,000	5,522,265	-
2025	31,497,366.04	23,887,315.72	-	23,887,316	48,665,051	30,300,000	6,412,684	11,934,949
2026	30,149,365.13	22,986,535.21	-	22,986,535	-	30,300,000	7,313,465	-
2027	28,784,557.24	22,074,210.88	-	22,074,211	45,060,746	30,300,000	8,225,789	15,539,254
2028	26,377,337.18	20,125,484.16	-	20,125,484	-	30,300,000	10,174,516	-
2029	23,434,041.16	18,175,136.68	-	18,175,137	38,300,621	30,300,000	12,124,863	22,299,379
2030	20,511,331.57	15,665,271.15	-	15,665,271	-	30,300,000	14,634,729	-
2031	17,564,821.55	13,756,164.16	-	13,756,164	29,421,435	30,300,000	16,543,836	31,178,565
2032	14,712,345.00	11,238,939.83	-	11,238,940	-	30,300,000	19,061,060	-
2033	11,842,174.33	9,387,016.55	-	9,387,017	20,625,956	30,300,000	20,912,983	39,974,044
2034	9,080,440.50	6,869,145.70	-	6,869,146	-	30,300,000	23,430,854	-
2035	6,303,429.00	5,085,975.81	-	5,085,976	11,955,122	30,300,000	25,214,024	48,644,878
2036	3,648,410.39	2,571,100.13	-	2,571,100	-	30,300,000	27,728,900	-
2037	1,048,905.00	936,952.50	-	936,953	3,508,053	30,300,000	29,363,048	57,091,947
2038	84,954.38	-	-	-	-	-	-	-
2039	0.00	0.00	-	-	-	-	-	-
2040	0.00	0.00	-	-	-	-	-	-
32		522,171,876.05	(306,680)	521,865,196	521,865,196			
Total Interest		192,171,876.05		191,865,196	31,561,524	Maximum		
Total Principal		330,000,000		330,000,000	16,308,287	32 Year Average		
		192,171,876						

FN Coord
Signature:
PETER
SAUSEN
Date:
05/04/06
Phone: 296-
8372

**EBO
Comment
S**

I have reviewed this Fiscal Note for accuracy and content.

EBO
Signature:
PEGGY
LEXAU
Date:
05/04/06
Phone: 296-
6237

1.1 A bill for an act
1.2 relating to economic development; establishing the Minnesota Biomedical
1.3 Sciences Research Facilities Authority and the biomedical sciences research
1.4 project funding program; providing for the University of Minnesota to apply
1.5 for facility program funds; authorizing sale of state bonds to fund program;
1.6 proposing coding for new law in Minnesota Statutes, chapter 116J.

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

1.8 Section 1. **[116J.886] PURPOSE.**

1.9 Sections 1 to 6 provide a framework for a biomedical science research funding
1.10 program for the purposes of which are to further the investment in biomedical sciences
1.11 research facilities in the state which will benefit the state's economy, advance the
1.12 biomedical technology industry, benefit human health, and facilitate research collaboration
1.13 between the University of Minnesota and other private and public institutions in the state.

1.14 Sec. 2. **[116J.887] DEFINITIONS.**

1.15 Subdivision 1. **Definitions.** Notwithstanding section 116J.03, for the purposes of
1.16 sections 116J.886 to 116J.8892, the terms in this section have the meaning given them.

1.17 Subd. 2. **Authority.** "Authority" means the Minnesota Biomedical Sciences
1.18 Research Facilities Authority.

1.19 Subd. 3. **Biomedical research science facility.** "Biomedical research science
1.20 facility" means a facility located in the state to be used as research facilities and
1.21 laboratories for biomedical science and biomedical technology.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of finance.

2.1 Subd. 5. Costs. "Costs" of a project means the sum of all obligations paid, or
2.2 to be paid, or incurred which are reasonably required for the design, construction, and
2.3 completion of the project, including, but not limited to:

2.4 (1) site acquisition;

2.5 (2) soil and environmental testing, surveys, estimates, plans and specifications,
2.6 supervision of construction, and other engineering and architectural services;

2.7 (3) payment under construction contracts and for payment and performance bonds;

2.8 and

2.9 (4) purchase and installation of furniture, fixtures, and equipment.

2.10 Subd. 6. Program. "Program" means the program authorized by section 5.

2.11 Subd. 7. Project. "Project" means the acquisition, construction, improvement,
2.12 expansion, repair, or rehabilitation of all or any part of any structure, facility, or equipment
2.13 necessary for a biomedical research science facility.

2.14 **Sec. 3. [116J.888] MINNESOTA BIOMEDICAL SCIENCES RESEARCH**
2.15 **AUTHORITY.**

2.16 Subdivision 1. Membership. The Minnesota Biomedical Sciences Research
2.17 Facilities Authority consists of the commissioner of employment and economic
2.18 development, one member of the senate appointed by the majority leader of the senate,
2.19 one member of the senate appointed by the minority leader of the senate, one member of
2.20 the house of representatives appointed by the speaker of the house of representatives, one
2.21 member of the house of representatives appointed by the minority leader of the house of
2.22 representatives, and four members appointed by the governor who are not members of the
2.23 senate or house of representatives or officers or employees of any agency in the executive
2.24 branch. The legislative members serve at the pleasure of the appointing authority and
2.25 are nonvoting members. The members of the authority, other than the commissioner of
2.26 employment and economic development, shall be appointed for staggered terms of four
2.27 years. The initial members of the authority appointed by the governor shall be appointed
2.28 for a term of one, two, three, and four years, respectively, as specified by the governor.

2.29 Subd. 2. Chair; other officers. The commissioner of employment and economic
2.30 development shall serve as the chair and chief executive officer of the authority. The
2.31 authority may elect other officers as necessary from its members.

2.32 Subd. 3. Authority actions. A majority of the authority, excluding vacancies,
2.33 constitutes a quorum to conduct its business, to exercise its powers, and for all other
2.34 purposes.

3.1 Subd. 4. Meeting by telephone or other means. (a) If compliance with Minnesota
3.2 Statutes, section 13D.02, is impractical, the authority may conduct a meeting of its
3.3 members by telephone or other electronic means so long as the following conditions
3.4 are met:

3.5 (1) all members of the authority participating in the meeting, wherever their physical
3.6 location, can hear one another and can hear all discussion and testimony;

3.7 (2) members of the public present at the regular meeting location of the authority can
3.8 hear clearly all discussion and testimony and all votes of members of the authority and, if
3.9 needed, receive those services required by Minnesota Statutes, sections 15.44 and 15.441;

3.10 (3) at least one member of the authority is physically present at the regular meeting
3.11 location; and

3.12 (4) all votes are conducted by roll call, so each member's vote on each issue can be
3.13 identified and recorded.

3.14 (b) Each member of the authority participating in a meeting by telephone or other
3.15 electronic means is considered present at the meeting for purposes of determining a
3.16 quorum and participating in all proceedings.

3.17 (c) If telephone or other electronic means is used to conduct a meeting, the authority,
3.18 to the extent practical, shall allow a person to monitor the meeting electronically from a
3.19 remote location. The authority may require the person making such a connection to pay for
3.20 documented marginal costs that the authority incurs as a result of the additional connection.

3.21 (d) If telephone or other electronic means is used to conduct a regular, special, or
3.22 emergency meeting, the authority shall provide notice of the regular meeting location,
3.23 of the fact that some members may participate by telephone or other electronic means,
3.24 and of the provisions of paragraph (c). The timing and method of providing notice is
3.25 governed by Minnesota Statutes, section 13D.04.

3.26 Subd. 5. Administrative services. The commissioner shall provide administrative
3.27 services to the authority and establish an annual budget for the authority. The reasonable
3.28 costs of administrative services are payable as provided in section 6.

3.29 Subd. 6. Executive director. The commissioner may employ, with the concurrence
3.30 of the authority, an executive director. The director shall perform duties that the authority
3.31 may require in carrying out its responsibilities.

3.32 Subd. 7. Personal liability. Members and officers of the authority are not liable
3.33 personally for any debt or obligation of the authority.

3.34 Subd. 8. In general. The authority has all the powers necessary and convenient
3.35 to carry out its duties under this chapter.

4.1 **Sec. 4. [116J.889] POWERS; DUTIES.**

4.2 Subdivision 1. **Bylaws; rules.** The authority shall adopt bylaws for its organization
4.3 and internal management. The commissioner may adopt rules governing the authority's
4.4 operations, properties, and facilities.

4.5 Subd. 2. **Power to sue; enter contracts.** The authority may sue and be sued. The
4.6 authority may make and enter into contracts, leases, and agreements necessary to perform
4.7 its duties and exercise its powers.

4.8 Subd. 3. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
4.9 grants, loans, or other property from the United States, the state, private sources, or
4.10 any other source for any of its purposes. Money received by the authority under this
4.11 subdivision must be deposited in the biomedical sciences research facilities program fund
4.12 established in section 5.

4.13 Subd. 4. **Contract for services.** The authority may retain or contract for the
4.14 services of accountants, financial advisors, and other consultants or agents needed to
4.15 perform its duties and exercise its powers.

4.16 **Sec. 5. [116J.8891] BIOMEDICAL SCIENCE RESEARCH FACILITIES**
4.17 **FUNDING PROGRAM.**

4.18 Subdivision 1. **Program established.** The authority will establish a biomedical
4.19 science research facilities funding program to provide grants to the Board of Regents
4.20 of the University of Minnesota for 90 percent of the costs of projects approved under
4.21 subdivision 4.

4.22 Subd. 2. **Establishment of program fund.** The biomedical science research
4.23 facilities program fund is established as a special and dedicated fund to be held and
4.24 invested separately from all other funds of the state. All proceeds of state bonds authorized
4.25 and issued for the purposes of the biomedical science research facilities program fund
4.26 and any other money from any source which may be credited to the biomedical science
4.27 research facilities program fund pursuant to law or pursuant to the terms of any grants,
4.28 contributions, or contracts are appropriated and shall remain available for the purposes of
4.29 the biomedical science research facilities program fund until those purposes have been
4.30 fully accomplished. The biomedical science research facilities program fund may be used
4.31 only for making grants for projects pursuant to the program.

4.32 Subd. 3. **Grant applications.** Applications for grants for a project are to be made
4.33 by the Board of Regents of the University of Minnesota to the authority. To be eligible for
4.34 a grant under the program a project must meet the following criteria:

5.1 (1) the University of Minnesota, either acting on its own or in collaboration with
5.2 another private or public institution, must pay ten percent of the costs of the project and
5.3 the University of Minnesota must be responsible for the ongoing facilities maintenance
5.4 and operations of the biomedical science research facility resulting from the project;

5.5 (2) if the application is for a project in which the University of Minnesota proposes
5.6 to work in collaboration with another private or public institution, such other institution
5.7 must be one that generates at least \$75,000,000 annually in competitive federal funding
5.8 from the National Institute of Health, National Science Foundation, or similar agency; and

5.9 (3) the biomedical science research facility resulting from the project will be owned
5.10 by the Board of Regents of the University of Minnesota.

5.11 Subd. 4. Grant approvals. The authority shall determine for each project for which
5.12 an application is submitted whether it appears in the authority's judgment to conform to
5.13 the purposes and policies stated in section 1 and meets the criteria stated in subdivision
5.14 3. Upon determination by the authority that a project conforms to the purposes and
5.15 policies stated in section 1 and meets the criteria stated in subdivision 3, it may approve
5.16 a grant under the program for the project in an amount equal to 90 percent of the costs
5.17 of the project.

5.18 Subd. 5. Disbursements. Disbursement of grants approved by the authority under
5.19 the program must be made for eligible project costs as incurred according to the project
5.20 grant agreement and applicable state laws governing the payment.

5.21 Sec. 6. [116J.8892] AUTHORIZATION OF BONDS AND ESTABLISHMENT
5.22 OF BOND FUND.

5.23 Subdivision 1. Issuance of bonds. To provide money in the biomedical science
5.24 research facilities program fund for the purpose of the program for which the biomedical
5.25 science research facilities program fund is appropriated and dedicated under the provisions
5.26 of sections 1 to 5, the commissioner shall sell and issue bonds of the state in the aggregate
5.27 amount of \$330,000,000 in the manner, upon the terms, and with the effect prescribed by
5.28 Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution,
5.29 article XI, sections 4 to 7. Before the issuance of any series of bonds the authority shall
5.30 determine that the proceeds of the series of bonds to be issued will be needed to make
5.31 disbursements of grants approved by the authority under the program.

5.32 Subd. 2. Establishment of bond fund. The biomedical science research facilities
5.33 bond fund is hereby established as a special and dedicated fund to be held and invested
5.34 separately from all other funds of the state. The biomedical science research facilities
5.35 bond fund may be used only for paying the principal of, premium, if any, and interest on

6.1 bonds issued pursuant to subdivision 1. Funds sufficient to pay the principal of, premium,
 6.2 if any, and interest of bonds issued authorized pursuant to subdivision 1 are appropriated
 6.3 from the biomedical science research facilities bond fund to the commissioner.

6.4 Subd. 3. Transfer. There is transferred from the general fund to the biomedical
 6.5 science research facilities bond fund on October 1 of the years set forth below, the
 6.6 percentage set forth for each date of the total net nondedicated general fund revenues
 6.7 for the fiscal year, prior to each October 1:

6.8 <u>Percentage of Net Nondedicated General</u>	6.9 <u>Fund Revenues</u>	<u>Date (October 1)</u>
6.10 <u>.03 percent</u>		<u>2007 and 2008</u>
6.11 <u>.06 percent</u>		<u>2009 and 2010</u>
6.12 <u>.08 percent</u>		<u>2011 and 2012</u>
6.13 <u>.11 percent</u>		<u>2013 and 2014</u>
6.14 <u>.13 percent</u>		<u>2015 and thereafter</u>

6.15 All amounts in the biomedical science research facilities bond fund not required to pay the
 6.16 principal of, premium, if any, and interest on bonds issued pursuant to subdivision 1 in any
 6.17 fiscal year or required to pay the authority's administrative costs shall be transferred by the
 6.18 commissioner to the general fund by June 30 of each fiscal year.

1.1 Senator moves to amend S.F. No. 3044 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[116J.886] PURPOSE.**

1.4 Sections 2 to 6 provide a framework for a biomedical science research funding
1.5 program for the purposes of which are to further the investment in biomedical sciences
1.6 research facilities in the state which will benefit the state's economy, advance the
1.7 biomedical technology industry, benefit human health, and facilitate research collaboration
1.8 between the University of Minnesota and other private and public institutions in the state.

1.9 Sec. 2. **[116J.887] DEFINITIONS.**

1.10 Subdivision 1. Definitions. Notwithstanding section 116J.03, for the purposes of
1.11 sections 116J.886 to 116J.8892, the terms in this section have the meanings given them.

1.12 Subd. 2. Authority. "Authority" means the Minnesota Biomedical Sciences
1.13 Research Facilities Authority.

1.14 Subd. 3. Biomedical research science facility. "Biomedical research science
1.15 facility" means a facility located in the state to be used as research facilities and
1.16 laboratories for biomedical science and biomedical technology.

1.17 Subd. 4. Commissioner. "Commissioner" means the commissioner of finance.

1.18 Subd. 5. Costs. "Costs" of a project means the sum of all obligations paid, or
1.19 to be paid, or incurred which are reasonably required for the design, construction, and
1.20 completion of the project, including, but not limited to:

1.21 (1) site acquisition;

1.22 (2) soil and environmental testing, surveys, estimates, plans and specifications,
1.23 supervision of construction, and other engineering and architectural services;

1.24 (3) payment under construction contracts and for payment and performance bonds;

1.25 and

1.26 (4) purchase and installation of furniture, fixtures, and equipment.

1.27 Subd. 6. Program. "Program" means the program authorized by section 5.

1.28 Subd. 7. Project. "Project" means the acquisition, construction, improvement,
1.29 expansion, repair, or rehabilitation of all or any part of any structure, facility, infrastructure,
1.30 or equipment necessary for a biomedical research science facility.

31 Sec. 3. **[116J.888] MINNESOTA BIOMEDICAL SCIENCES RESEARCH**
1.32 **AUTHORITY.**

1.33 Subdivision 1. Membership. The Minnesota Biomedical Sciences Research
1.34 Facilities Authority consists of the commissioner of employment and economic

2.1 development, one current and one former member of the senate appointed by the majority
2.2 leader of the senate, one current and one former member of the senate appointed by
2.3 the minority leader of the senate, one current and one former member of the house of
2.4 representatives appointed by the speaker of the house of representatives, one current and
2.5 one former member of the house of representatives appointed by the minority leader of
2.6 the house of representatives, and four members appointed by the governor who are not
2.7 members of the senate or house of representatives or officers or employees of any agency
2.8 in the executive branch. The current legislative members serve at the pleasure of the
2.9 appointing authority and are nonvoting members. The members of the authority, other
2.10 than the commissioner of employment and economic development, shall be appointed
2.11 for staggered terms of four years. The initial members of the authority appointed by the
2.12 governor shall be appointed for a term of one, two, three, and four years, respectively, as
2.13 specified by the governor. Members of the authority are public officials for purposes of
2.14 chapter 10A.

2.15 Subd. 2. Authority actions. A majority of the authority, excluding vacancies,
2.16 constitutes a quorum to conduct its business, to exercise its powers, and for all other
2.17 purposes.

2.18 Subd. 3. Meeting by telephone or other means. (a) If compliance with section
2.19 13D.02 is impractical, the authority may conduct a meeting of its members by telephone
2.20 or other electronic means so long as the following conditions are met:

2.21 (1) all members of the authority participating in the meeting, wherever their physical
2.22 location, can hear one another and can hear all discussion and testimony;

2.23 (2) members of the public present at the regular meeting location of the authority
2.24 can hear clearly all discussion and testimony and all votes of members of the authority
2.25 and, if needed, receive those services required by sections 15.44 and 15.441;

2.26 (3) at least one member of the authority is physically present at the regular meeting
2.27 location; and

2.28 (4) all votes are conducted by roll call, so each member's vote on each issue can be
2.29 identified and recorded.

2.30 (b) Each member of the authority participating in a meeting by telephone or other
2.31 electronic means is considered present at the meeting for purposes of determining a
2.32 quorum and participating in all proceedings.

2.33 (c) If telephone or other electronic means is used to conduct a meeting, the authority,
2.34 to the extent practical, shall allow a person to monitor the meeting electronically from a
2.35 remote location. The authority may require the person making such a connection to pay for
2.36 documented marginal costs that the authority incurs as a result of the additional connection.

3.1 (d) If telephone or other electronic means is used to conduct a regular, special, or
3.2 emergency meeting, the authority shall provide notice of the regular meeting location,
3.3 of the fact that some members may participate by telephone or other electronic means,
3.4 and of the provisions of paragraph (c). The timing and method of providing notice
3.5 is governed by section 13D.04.

3.6 Subd. 4. **Administrative services.** The commissioner shall provide administrative
3.7 services to the authority and establish an annual budget for the authority. The reasonable
3.8 costs of administrative services are payable as provided in section 6.

3.9 Subd. 5. **Executive director.** The commissioner may employ, with the concurrence
3.10 of the authority, an executive director. The director shall perform duties that the authority
3.11 may require in carrying out its responsibilities.

3.12 Subd. 6. **Personal liability.** Members and officers of the authority are not liable
3.13 personally for any debt or obligation of the authority.

3.14 Subd. 7. **In general.** The authority has all the powers necessary and convenient
3.15 to carry out its duties under this chapter.

3.16 **Sec. 4. [116J.889] POWERS; DUTIES.**

3.17 Subdivision 1. **Bylaws; rules.** The authority shall adopt bylaws for its organization
3.18 and internal management. The commissioner may adopt rules governing the authority's
3.19 operations, properties, and facilities.

3.20 Subd. 2. **Power to sue; enter contracts.** The authority may sue and be sued. The
3.21 authority may make and enter into contracts, leases, and agreements necessary to perform
3.22 its duties and exercise its powers.

3.23 Subd. 3. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
3.24 grants, loans, or other property from the United States, the state, private sources, or
3.25 any other source for any of its purposes. Money received by the authority under this
3.26 subdivision must be deposited in the biomedical sciences research facilities program fund
3.27 established in section 5.

3.28 Subd. 4. **Contract for services.** The authority may retain or contract for the
3.29 services of accountants, financial advisors, and other consultants or agents needed to
3.30 perform its duties and exercise its powers.

3.31 Subd. 5. **Report.** The authority must report to the legislature by July 1 of each
3.32 odd-numbered year on implementation of projects since the last report and on plans for
3.33 the upcoming year.

4.1 Sec. 5. [116J.8891] BIOMEDICAL SCIENCE RESEARCH FACILITIES
4.2 FUNDING PROGRAM.

4.3 Subdivision 1. Program established. The authority will establish a biomedical
4.4 science research facilities funding program to provide grants to the Board of Regents
4.5 of the University of Minnesota for 90 percent of the costs of projects approved under
4.6 subdivision 4.

4.7 Subd. 2. Establishment of program fund. The biomedical science research
4.8 facilities program fund is established as a special and dedicated fund to be held and
4.9 invested separately from all other funds of the state. All proceeds of state bonds authorized
4.10 and issued for the purposes of the biomedical science research facilities program fund
4.11 and any other money from any source which may be credited to the biomedical science
4.12 research facilities program fund pursuant to law or pursuant to the terms of any grants,
4.13 contributions, or contracts are appropriated and shall remain available for the purposes of
4.14 the biomedical science research facilities program fund until those purposes have been
4.15 fully accomplished. The biomedical science research facilities program fund may be used
4.16 only for making grants for projects pursuant to the program.

4.17 Subd. 3. Grant applications. Applications for grants for a project are to be made
4.18 by the Board of Regents of the University of Minnesota to the authority. To be eligible for
4.19 a grant under the program a project must meet the following criteria:

4.20 (1) the University of Minnesota, either acting on its own or in collaboration with
4.21 another private or public institution, must pay ten percent of the costs of the project and
4.22 the University of Minnesota must be responsible for the ongoing facilities maintenance
4.23 and operations of the biomedical science research facility resulting from the project;

4.24 (2) if the application is for a project in which the University of Minnesota proposes
4.25 to work in collaboration with another private or public institution, such other institution
4.26 must be one that generates at least \$75,000,000 annually in competitive federal funding
4.27 from the National Institute of Health, National Science Foundation, or similar agency;

4.28 (3) the biomedical science research facility resulting from the project will be owned
4.29 by the Board of Regents of the University of Minnesota; and

4.30 (4) at a minimum the application must include the following information:

4.31 (i) a resolution of the governing body that the required match is available and
4.32 committed;

4.33 (ii) a detailed estimate, along with necessary supporting evidence, of the total cost
4.34 of the project;

4.35 (iii) an assessment of the potential to attract new public and private research grant
4.36 awards resulting from the project;

5.1 (iv) a detailed facility operating financial analysis projecting the annual expected
5.2 revenues and costs associated with the project;

5.3 (v) a timeline indicating the major milestones of the project and their anticipated
5.4 completion dates; and

5.5 (vi) an assessment of the likelihood of public benefits from the project including
5.6 benefitting public health and enhancement of employment opportunities within the state,
5.7 stimulation of economic growth, and the potential for advancing the development of
5.8 commercially successful and affordable products, processes, or services.

5.9 The factors listed are not in priority order and the authority may weigh each factor,
5.10 depending upon the facts and circumstances, as the authority considers appropriate.

5.11 Subd. 4. Grant approvals. The authority shall determine for each project for which
5.12 an application is submitted whether it appears in the authority’s judgment to conform to
5.13 the purposes and policies stated in section 1 and meets the criteria stated in subdivision 3.
5.14 Upon determination by the authority that a project conforms to the purposes and policies
5.15 stated in section 1 and meets the criteria stated in subdivision 3, it may approve a grant
5.16 under the program for the project in an amount equal to 90 percent of the costs of the
5.17 project. The authority may approve total grants up to the percentage of the amount of bond
5.18 proceeds authorized in section 116J.8892, subdivision 1, for the fiscal year ending June 30
5.19 as set forth opposite such date.

<u>Percent of Bond Proceeds</u>	<u>Fiscal Year</u>
5.20 <u>16.4%</u>	5.21 <u>2008</u>
5.22 <u>34.4%</u>	5.23 <u>2010</u>
5.24 <u>54.2%</u>	5.25 <u>2012</u>
5.26 <u>76.0%</u>	5.27 <u>2014</u>
5.28 <u>100.0%</u>	5.29 <u>2016</u>

5.26 Subd. 5. Disbursements. Disbursement of grants approved by the authority under
5.27 the program must be made for eligible project costs as incurred according to the project
5.28 grant agreement and applicable state laws governing the payment.

5.29 **Sec. 6. [116J.8892] AUTHORIZATION OF BONDS AND ESTABLISHMENT**
5.30 **OF BOND FUND.**

5.31 Subdivision 1. Issuance of bonds. To provide money in the biomedical science
5.32 research facilities program fund for the purpose of the program for which the biomedical
5.33 science research facilities program fund is appropriated and dedicated under the provisions
5.34 of sections 1 to 5, the commissioner shall sell and issue bonds of the state in the aggregate
5.35 amount of \$330,000,000 in the manner, upon the terms, and with the effect prescribed
5.36 by sections 16A.631 to 16A.675 and by the Minnesota Constitution, article XI, sections

6.1 4 to 7. Before the issuance of any series of bonds the authority shall determine that the
 6.2 proceeds of the series of bonds to be issued will be needed to make disbursements of
 6.3 grants approved by the authority under the program. The provisions of section 16A.642
 6.4 do not apply to this section.

6.5 Subd. 2. Establishment of bond fund. The biomedical science research facilities
 6.6 bond fund is hereby established as a special and dedicated fund to be held and invested
 6.7 separately from all other funds of the state. The biomedical science research facilities
 6.8 bond fund may be used only for paying the principal of, premium, if any, and interest on
 6.9 bonds issued pursuant to subdivision 1. Funds sufficient to pay the principal of, premium,
 6.10 if any, and interest of bonds issued authorized pursuant to subdivision 1 are appropriated
 6.11 from the biomedical science research facilities bond fund to the commissioner.

6.12 Subd. 3. Transfer. The commissioner shall annually deposit in the biomedical
 6.13 science research facilities bond fund on October 1 of the years set forth below the amount
 6.14 set forth opposite such date from the annual tobacco settlement payments received by the
 6.15 state of Minnesota pursuant to the May 8, 1998, settlement agreement and stipulation.

<u>Amount Payable From Tobacco</u>	<u>Settlement Payment</u>	<u>October 1</u>
6.16	<u>\$1,300,000</u>	<u>2007</u>
6.17	<u>\$5,900,000</u>	<u>2008</u>
6.18	<u>\$11,900,000</u>	<u>2009</u>
6.19	<u>\$12,700,000</u>	<u>2010</u>
6.20	<u>\$18,200,000</u>	<u>2011</u>
6.21	<u>\$18,900,000</u>	<u>2012</u>
6.22	<u>\$24,800,000</u>	<u>2013</u>
6.23	<u>\$25,400,000</u>	<u>2014</u>
6.24	<u>\$31,600,000</u>	<u>2015</u>
6.25	<u>\$30,300,000</u>	<u>2016 and thereafter</u>
6.26		
6.27		

6.28 All amounts in the biomedical science research facilities bond fund not required to
 6.29 pay the principal of, premium, if any, and interest on bonds issued pursuant to subdivision
 6.30 1 in any fiscal year or required to pay the authority's administrative costs shall be
 6.31 transferred by the commissioner to the general fund by June 30 of such fiscal year.

6.32 "

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.3 **S.F. No. 3044:** A bill for an act relating to economic development; establishing the
1.4 Minnesota Biomedical Sciences Research Facilities Authority and the biomedical sciences
1.5 research project funding program; providing for the University of Minnesota to apply for
1.6 facility program funds; authorizing sale of state bonds to fund program; proposing coding
for new law in Minnesota Statutes, chapter 116J.

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

1.8 Delete everything after the enacting clause and insert:

1.9 "Section 1. **[116J.886] PURPOSE.**

1.10 Sections 2 to 6 provide a framework for a biomedical science research funding
1.11 program for the purposes of which are to further the investment in biomedical science
1.12 research facilities in the state which will benefit the state's economy, advance the
1.13 biomedical technology industry, benefit human health, and facilitate research collaboration
1.14 between the University of Minnesota and other private and public institutions in the state.

1.15 Sec. 2. **[116J.887] DEFINITIONS.**

1.16 Subdivision 1. Definitions. Notwithstanding section 116J.03, for the purposes of
1.17 sections 116J.886 to 116J.8892, the terms in this section have the meanings given them.

1.18 Subd. 2. Authority. "Authority" means the Minnesota Biomedical Science
1.19 Research Facilities Authority.

1.20 Subd. 3. Biomedical science research facility. "Biomedical science research
1.21 facility" means a facility located in the state to be used as research facilities and
1.22 laboratories for biomedical science and biomedical technology.

1.23 Subd. 4. Commissioner. "Commissioner" means the commissioner of finance.

1.24 Subd. 5. Costs. "Costs" of a project means the sum of all obligations paid, or
1.25 to be paid, or incurred which are reasonably required for the design, construction, and
1.26 completion of the project, including, but not limited to:

1.27 (1) site acquisition;

1.28 (2) soil and environmental testing, surveys, estimates, plans and specifications,
1.29 supervision of construction, and other engineering and architectural services;

1.30 (3) payment under construction contracts and for payment and performance bonds;

1.31 and

1.32 (4) purchase and installation of furniture, fixtures, and equipment.

1.33 Subd. 6. Program. "Program" means the program authorized by section 5.

1.34 Subd. 7. Project. "Project" means the acquisition, construction, improvement,
1.35 expansion, repair, or rehabilitation of all or any part of any structure, facility, infrastructure,
1.36 or equipment necessary for a biomedical science research facility.

2.1 Sec. 3. [116J.888] MINNESOTA BIOMEDICAL SCIENCE RESEARCH
2.2 FACILITIES AUTHORITY.

2.3 Subdivision 1. Membership. The Minnesota Biomedical Science Research
2.4 Facilities Authority consists of the commissioner of employment and economic
2.5 development, one current and one former member of the senate appointed by the majority
2.6 leader of the senate, one current and one former member of the senate appointed by
2.7 the minority leader of the senate, one current and one former member of the house of
2.8 representatives appointed by the speaker of the house of representatives, one current and
2.9 one former member of the house of representatives appointed by the minority leader of the
2.10 house of representatives, and four members appointed by the governor with the advice
2.11 and consent of the senate who are not members of the senate or house of representatives
2.12 or officers or employees of any agency in the executive branch. The current legislative
2.13 members serve at the pleasure of the appointing authority and are nonvoting members.
2.14 The members of the authority, other than the commissioner of employment and economic
2.15 development, shall be appointed for staggered terms of four years. The initial members of
2.16 the authority appointed by the governor shall be appointed for a term of one, two, three,
2.17 and four years, respectively, as specified by the governor. Members of the authority are
2.18 public officials for purposes of chapter 10A.

2.19 Subd. 2. Authority actions. A majority of the authority, excluding vacancies,
2.20 constitutes a quorum to conduct its business, to exercise its powers, and for all other
2.21 purposes.

2.22 Subd. 3. Meeting by telephone or other means. (a) If compliance with section
2.23 13D.02 is impractical, the authority may conduct a meeting of its members by telephone
2.24 or other electronic means so long as the following conditions are met:

2.25 (1) all members of the authority participating in the meeting, wherever their physical
2.26 location, can hear one another and can hear all discussion and testimony;

2.27 (2) members of the public present at the regular meeting location of the authority
2.28 can hear clearly all discussion and testimony and all votes of members of the authority
2.29 and, if needed, receive those services required by sections 15.44 and 15.441;

2.30 (3) at least one member of the authority is physically present at the regular meeting
2.31 location; and

2.32 (4) all votes are conducted by roll call, so each member's vote on each issue can be
2.33 identified and recorded.

2.34 (b) Each member of the authority participating in a meeting by telephone or other
2.35 electronic means is considered present at the meeting for purposes of determining a
2.36 quorum and participating in all proceedings.

3.1 (c) If telephone or other electronic means is used to conduct a meeting, the authority,
3.2 to the extent practical, shall allow a person to monitor the meeting electronically from a
3.3 remote location. The authority may require the person making such a connection to pay for
3.4 documented marginal costs that the authority incurs as a result of the additional connection.

3.5 (d) If telephone or other electronic means is used to conduct a regular, special, or
3.6 emergency meeting, the authority shall provide notice of the regular meeting location,
3.7 of the fact that some members may participate by telephone or other electronic means,
3.8 and of the provisions of paragraph (c). The timing and method of providing notice
3.9 is governed by section 13D.04.

3.10 Subd. 4. **Administrative services.** The commissioner shall provide administrative
3.11 services to the authority and establish an annual budget for the authority. The reasonable
3.12 costs of administrative services are payable as provided in section 6.

3.13 Subd. 5. **Executive director.** The commissioner may employ, with the concurrence
3.14 of the authority, an executive director. The director shall perform duties that the authority
3.15 may require in carrying out its responsibilities.

3.16 Subd. 6. **Personal liability.** Members and officers of the authority are not liable
3.17 personally for any debt or obligation of the authority.

3.18 Subd. 7. **In general.** The authority has all the powers necessary and convenient
3.19 to carry out its duties under this chapter.

3.20 **Sec. 4. [116J.889] POWERS; DUTIES.**

3.21 Subdivision 1. **Bylaws; rules.** The authority shall adopt bylaws for its organization
3.22 and internal management. The commissioner may adopt rules governing the authority's
3.23 operations, properties, and facilities.

3.24 Subd. 2. **Power to sue; enter contracts.** The authority may sue and be sued. The
3.25 authority may make and enter into contracts, leases, and agreements necessary to perform
3.26 its duties and exercise its powers.

3.27 Subd. 3. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
3.28 grants, loans, or other property from the United States, the state, private sources, or
3.29 any other source for any of its purposes. Money received by the authority under this
3.30 subdivision must be deposited in the biomedical science research facilities program fund
3.31 established in section 5.

3.32 Subd. 4. **Contract for services.** The authority may retain or contract for the
3.33 services of accountants, financial advisors, and other consultants or agents needed to
3.34 perform its duties and exercise its powers.

4.1 Subd. 5. Report. The authority must report to the legislature by July 1 of each
4.2 odd-numbered year on implementation of projects since the last report and on plans for
4.3 the upcoming year.

4.4 **Sec. 5. [116J.8891] BIOMEDICAL SCIENCE RESEARCH FACILITIES**
4.5 **FUNDING PROGRAM.**

4.6 Subdivision 1. Program established. The authority will establish a biomedical
4.7 science research facilities funding program to provide grants to the Board of Regents
4.8 of the University of Minnesota for 90 percent of the costs of projects approved under
4.9 subdivision 4.

4.10 Subd. 2. Establishment of program fund. The biomedical science research
4.11 facilities program fund is established as a special and dedicated fund to be held and
4.12 invested separately from all other funds of the state. All proceeds of state bonds authorized
4.13 and issued for the purposes of the biomedical science research facilities program fund
4.14 and any other money from any source which may be credited to the biomedical science
4.15 research facilities program fund pursuant to law or pursuant to the terms of any grants,
4.16 contributions, or contracts are appropriated and shall remain available for the purposes of
4.17 the biomedical science research facilities program fund until those purposes have been
4.18 fully accomplished. The biomedical science research facilities program fund may be used
4.19 only for making grants for projects pursuant to the program.

4.20 Subd. 3. Grant applications. Applications for grants for a project are to be made
4.21 by the Board of Regents of the University of Minnesota to the authority. To be eligible for
4.22 a grant under the program a project must meet the following criteria:

4.23 (1) the University of Minnesota, either acting on its own or in collaboration with
4.24 another private or public institution, must pay ten percent of the costs of the project and
4.25 the University of Minnesota must be responsible for the ongoing facilities maintenance
4.26 and operations of the biomedical science research facility resulting from the project;

4.27 (2) if the application is for a project in which the University of Minnesota proposes
4.28 to work in collaboration with another private or public institution, such other institution
4.29 must be one that generates at least \$75,000,000 annually in competitive federal funding
4.30 from the National Institute of Health, National Science Foundation, or similar agency;

4.31 (3) the biomedical science research facility resulting from the project will be owned
4.32 by the Board of Regents of the University of Minnesota; and

3 (4) at a minimum the application must include the following information:

4.34 (i) a resolution of the governing body that the required match is available and
4.35 committed;

5.1 (ii) a detailed estimate, along with necessary supporting evidence, of the total cost
5.2 of the project;

5.3 (iii) an assessment of the potential to attract new public and private research grant
5.4 awards resulting from the project;

5.5 (iv) a detailed facility operating financial analysis projecting the annual expected
5.6 revenues and costs associated with the project;

5.7 (v) a timeline indicating the major milestones of the project and their anticipated
5.8 completion dates; and

5.9 (vi) an assessment of the likelihood of public benefits from the project including
5.10 benefitting public health and enhancement of employment opportunities within the state,
5.11 stimulation of economic growth, and the potential for advancing the development of
5.12 commercially successful and affordable products, processes, or services.

5.13 The factors listed are not in priority order and the authority may weigh each factor,
5.14 depending upon the facts and circumstances, as the authority considers appropriate.

5.15 Subd. 4. **Grant approvals.** The authority shall determine for each project for which
5.16 an application is submitted whether it appears in the authority’s judgment to conform to
5.17 the purposes and policies stated in section 1 and meets the criteria stated in subdivision 3.
5.18 Upon determination by the authority that a project conforms to the purposes and policies
5.19 stated in section 1 and meets the criteria stated in subdivision 3, it may approve a grant
5.20 under the program for the project in an amount equal to 90 percent of the costs of the
5.21 project. The authority may approve total grants up to the percentage of the amount of bond
5.22 proceeds authorized in section 116J.8892, subdivision 1, for the fiscal year ending June 30
5.23 as set forth opposite such date.

	<u>Percent of Bond Proceeds</u>	<u>Fiscal Year</u>
5.25	<u>16.4%</u>	<u>2008</u>
5.26	<u>34.4%</u>	<u>2010</u>
5.27	<u>54.2%</u>	<u>2012</u>
5.28	<u>76.0%</u>	<u>2014</u>
5.29	<u>100.0%</u>	<u>2016</u>

5.30 Subd. 5. **Disbursements.** Disbursement of grants approved by the authority under
5.31 the program must be made for eligible project costs as incurred according to the project
5.32 grant agreement and applicable state laws governing the payment.

5.33 Sec. 6. **[116J.8892] AUTHORIZATION OF BONDS AND ESTABLISHMENT**
5.34 **OF BOND FUND.**

5.35 Subdivision 1. **Issuance of bonds.** To provide money in the biomedical science
5.36 research facilities program fund for the purpose of the program for which the biomedical

6.1 science research facilities program fund is appropriated and dedicated under the provisions
 6.2 of sections 1 to 5, the commissioner shall sell and issue bonds of the state in the aggregate
 6.3 amount of \$330,000,000 in the manner, upon the terms, and with the effect prescribed
 6.4 by sections 16A.631 to 16A.675 and by the Minnesota Constitution, article XI, sections
 6.5 4 to 7. Before the issuance of any series of bonds the authority shall determine that the
 6.6 proceeds of the series of bonds to be issued will be needed to make disbursements of
 6.7 grants approved by the authority under the program. The provisions of section 16A.642
 6.8 do not apply to this section.

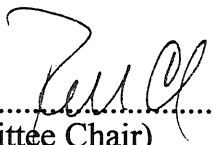
6.9 Subd. 2. Establishment of bond fund. The biomedical science research facilities
 6.10 bond fund is hereby established as a special and dedicated fund to be held and invested
 6.11 separately from all other funds of the state. The biomedical science research facilities
 6.12 bond fund may be used only for paying the principal of, premium, if any, and interest on
 13 bonds issued pursuant to subdivision 1. Funds sufficient to pay the principal of, premium,
 6.14 if any, and interest of bonds issued authorized pursuant to subdivision 1 are appropriated
 6.15 from the biomedical science research facilities bond fund to the commissioner.

6.16 Subd. 3. Transfer. The commissioner shall annually transfer from the general fund
 6.17 to the biomedical science research facilities bond fund on October 1 of each year the
 6.18 amount necessary to pay the debt service required under subdivision 2. The amounts to be
 6.19 transferred are appropriated to the commissioner from the general fund.

6.20 All amounts in the biomedical science research facilities bond fund not required to
 6.21 pay the principal of, premium, if any, and interest on bonds issued pursuant to subdivision
 6.22 1 in any fiscal year or required to pay the authority's administrative costs shall be
 23 transferred by the commissioner to the general fund by June 30 of such fiscal year."

6.24 Amend the title accordingly

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

6.26 
 6.27
 (Committee Chair)

6.28 May 4, 2006 5-4-06
 6.29 (Date of Committee recommendation)