

**Senators Stumpf; Johnson, D.E.; Sparks; Clark and Bonoff introduced—  
S.F. No. 3770: Referred to the Committee on Finance.**

**A bill for an act**

relating to education; providing for kindergarten through grade 12 education including general education, education excellence, special education, facilities, accounting and technology, nutrition and libraries, and state agencies; providing early childhood and family and kindergarten through grade 12 education forecast adjustments; making technical and conforming amendments; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2004, sections 120A.20, subdivision 1; 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023; 120B.024; 121A.035; 121A.15, subdivision 10; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31, subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44; 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.53, subdivision 5; 123B.57, subdivision 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90, subdivision 2; 123B.91, by adding a subdivision; 124D.02, subdivisions 2, 4; 124D.095, subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9; 124D.61; 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.62, subdivision 1; 125A.63, subdivision 4; 125A.65, subdivisions 3, 4, 6, 8, 10; 125A.69, subdivision 3; 125A.75, subdivision 1, by adding a subdivision; 126C.05, subdivision 1; 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41, subdivision 2; 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 181.101; 299F.30; 626.556, subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131, subdivision 2; 122A.414, subdivisions 2b, 3; 122A.415, subdivisions 1, 3; 123B.04, subdivision 2; 123B.54; 123B.76, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivision 4; 124D.111, subdivision 1; 124D.68, subdivision 2; 125A.11, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 13a, 24, 31, 34; 126C.43, subdivision 2; 127A.45, subdivision 10; 626.556, subdivisions 2, 3; Laws 2005, First Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7, 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10, 13; article 3, section 18, subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5, section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7, section 20, subdivisions 2, 3, 4; article 8, section 8, subdivisions 2, 3, 5; article 9, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121A; 122A; repealing Minnesota Statutes 2004, sections 120A.20, subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

2.2 **ARTICLE 1**

2.3 **GENERAL EDUCATION**

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

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

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

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

2.26 Sec. 2. Minnesota Statutes 2005 Supplement, section 122A.415, subdivision 1, is  
2.27 amended to read:

2.28 Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district,  
2.29 school site, or charter school that meets the conditions of section 122A.414 and submits an  
2.30 application approved by the commissioner is eligible for alternative teacher compensation  
2.31 revenue.

2.32 (b) For school district and intermediate school district applications, the commissioner  
2.33 must consider only those applications to participate that are submitted jointly by a

3.1 district and the exclusive representative of the teachers. The application must contain an  
3.2 alternative teacher professional pay system agreement that:

3.3 (1) implements an alternative teacher professional pay system consistent with  
3.4 section 122A.414; and

3.5 (2) is negotiated and adopted according to the Public Employment Labor Relations  
3.6 Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a  
3.7 district may enter into a contract for a term of two or four years.

3.8 Alternative teacher compensation revenue for a qualifying school district or site in  
3.9 which the school board and the exclusive representative of the teachers agree to place  
3.10 teachers in the district or at the site on the alternative teacher professional pay system  
3.11 equals \$260 times the ratio of the formula allowance for the current fiscal year to the  
3.12 formula allowance for fiscal year 2007 times the number of pupils enrolled at the district  
3.13 or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue  
3.14 for a qualifying intermediate school district must be calculated under section 126C.10,  
3.15 subdivision 34, paragraphs (a) and (b).

3.16 (c) For a newly combined or consolidated district, the revenue shall be computed  
3.17 using the sum of pupils enrolled on October 1 of the previous year in the districts entering  
3.18 into the combination or consolidation. The commissioner may adjust the revenue  
3.19 computed for a site using prior year data to reflect changes attributable to school closings,  
3.20 school openings, or grade level reconfigurations between the prior year and the current  
3.21 year.

3.22 (d) The revenue is available only to school districts, intermediate school districts,  
3.23 school sites, and charter schools that fully implement an alternative teacher professional  
3.24 pay system by October 1 of the current school year.

3.25 (e) The revenue must be maintained in a reserve account within the general fund.

3.26 Sec. 3. Minnesota Statutes 2005 Supplement, section 122A.415, subdivision 3, is  
3.27 amended to read:

3.28 Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, school sites,  
3.29 or charter schools with approved applications must receive alternative compensation  
3.30 revenue for each school year that the district, intermediate school district, school site,  
3.31 or charter school implements an alternative teacher professional pay system under this  
3.32 subdivision and section 122A.414. For fiscal year 2007 and later, a qualifying district,  
3.33 intermediate school district, school site, or charter school that received alternative teacher  
3.34 compensation aid for the previous fiscal year must receive at least an amount of alternative  
3.35 teacher compensation revenue equal to the lesser of the amount it received for the previous

4.1 fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if  
4.2 the district, intermediate school district, school site, or charter school submits a timely  
4.3 application and the commissioner determines that the district, intermediate school district,  
4.4 school site, or charter school continues to implement an alternative teacher professional  
4.5 pay system, consistent with its application under this section.

4.6 (b) The commissioner shall approve applications that comply with subdivision 1,  
4.7 and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter  
4.8 school, in the order in which they are received, select applicants that qualify for this  
4.9 program, notify school districts, intermediate school districts, school sites, and charter  
4.10 schools about the program, develop and disseminate application materials, and carry out  
4.11 other activities needed to implement this section.

4.12 (c) For applications approved under this section before August 1 of the fiscal year for  
4.13 which the aid is paid, the portion of the state total basic alternative teacher compensation  
4.14 aid entitlement allocated to charter schools must not exceed \$522,000 for fiscal year  
4.15 2006 and \$3,374,000 for fiscal year 2007. For fiscal year 2008 and later, the portion of  
4.16 the state total basic alternative teacher compensation aid entitlement allocated to charter  
4.17 schools must not exceed the product of \$3,374,000 times the ratio of the state total charter  
4.18 school enrollment for the previous fiscal year to the state total charter school enrollment  
4.19 for the second previous year fiscal year 2006 times the ratio of the formula allowance for  
4.20 the current fiscal year to the formula allowance for fiscal year 2007. Additional basic  
4.21 alternative teacher compensation aid may be approved for charter schools after August 1,  
4.22 not to exceed the charter school limit for the following fiscal year, if the basic alternative  
4.23 teacher compensation aid entitlement for school districts and intermediate school districts  
4.24 based on applications approved by August 1 does not expend the remaining amount under  
4.25 the limit.

4.26 Sec. 4. Minnesota Statutes 2004, section 123A.06, subdivision 2, is amended to read:

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



5.1 124D.02, subdivision 2, or those pupils who are eligible to receive special education  
 5.2 services under sections 125A.03 to 125A.24, and 125A.65.

5.3 Sec. 5. Minnesota Statutes 2005 Supplement, section 123B.76, subdivision 3, is  
 5.4 amended to read:

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

5.7 (b) Each district shall maintain separate accounts to identify general fund  
 5.8 expenditures for each building. All expenditures for regular instruction, secondary  
 5.9 vocational instruction, and school administration must be reported to the department  
 5.10 separately for each building. All expenditures for special education instruction,  
 5.11 instructional support services, and pupil support services provided within a specific  
 5.12 building must be reported to the department separately for each building. Salary  
 5.13 expenditures reported by building must reflect actual salaries for staff at the building and  
 5.14 must not be based on districtwide averages. All other general fund expenditures may be  
 5.15 reported by building or on a districtwide basis.

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

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

5.22 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision  
 5.23 4;

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

5.26 (4) alternative teacher compensation revenue shall be allocated according to section  
 5.27 122A.415, subdivision 1;

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

5.30 ~~(5)~~ (6) first grade preparedness aid shall be allocated according to section 124D.081;

5.31 ~~(6)~~ (7) state and federal special education aid and Title I aid shall be allocated in  
 5.32 proportion to district expenditures for these programs by building; and

5.33 ~~(7)~~ (8) other general fund revenues shall be allocated on a uniform per pupil basis,  
 5.34 except that the department may allocate other revenues attributable to specific buildings  
 5.35 directly to those buildings.

6.1 Sec. 6. Minnesota Statutes 2004, section 124D.02, subdivision 2, is amended to read:

6.2 Subd. 2. **Secondary school programs.** The board may permit a person who is over  
6.3 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a  
6.4 class or program at a secondary school if there is space available. In determining if there is  
6.5 space available, ~~full-time public school students, eligible for free enrollment under section~~  
6.6 120A.20, subdivision 1, and shared-time students shall be given priority over students  
6.7 seeking enrollment pursuant to this subdivision, and students returning to complete a  
6.8 regular course of study shall be given priority over ~~part-time other~~ students seeking  
6.9 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

6.10 (1) residency in the school district;

6.11 (2) United States citizenship; or

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

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

6.15 Sec. 7. Minnesota Statutes 2004, section 124D.02, subdivision 4, is amended to read:

6.16 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections  
6.17 120A.20 and 123B.37, a board may charge a ~~part-time student~~ enrolled pursuant to  
6.18 subdivision 2 a reasonable fee for a class or program.

6.19 Sec. 8. Minnesota Statutes 2005 Supplement, section 124D.68, subdivision 2, is  
6.20 amended to read:

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

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

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

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

6.29 (3) is pregnant or is a parent;

6.30 (4) has been assessed as chemically dependent;

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

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

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

- 7.1 (8) has experienced mental health problems;
- 7.2 (9) has experienced homelessness sometime within six months before requesting a
- 7.3 transfer to an eligible program;
- 7.4 (10) speaks English as a second language or has limited English proficiency; or
- 7.5 (11) has withdrawn from school or has been chronically truant; ~~or,~~
- 7.6 ~~(b) any person who is at least 21 years of age and who:~~
- 7.7 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~
- 7.8 ~~at age 5;~~
- 7.9 ~~(2) has not completed the requirements for a high school diploma; and~~
- 7.10 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~
- 7.11 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~
- 7.12 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~
- 7.13 ~~the displaced homemaker program or any programs under the federal Jobs Training~~
- 7.14 ~~Partnership Act or its successor.~~

7.15 Sec. 9. Minnesota Statutes 2004, section 124D.68, subdivision 3, is amended to read:

7.16 Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2

7.17 may enroll in area learning centers under sections 123A.05 to 123A.08.

7.18 (b) A pupil who is eligible according to subdivision 2 and who is between the ages

7.19 of 16 and 21 may enroll in postsecondary courses under section 124D.09.

7.20 (c) A pupil who is eligible under subdivision 2, may enroll in any public elementary

7.21 or secondary education program. ~~However, a person who is eligible according to~~

7.22 ~~subdivision 2, clause (b), may enroll only if the school board has adopted a resolution~~

7.23 ~~approving the enrollment.~~

7.24 (d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic,

7.25 nonsectarian school that has contracted with the serving school district to provide

7.26 educational services.

7.27 (e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic

7.28 education programs approved under section 124D.52 and operated under the community

7.29 education program contained in section 124D.19.

7.30 Sec. 10. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

7.31 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the

7.32 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph

7.33 (c), in average daily membership enrolled in the district of residence, in another district

7.34 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;

8.1 in a charter school under section 124D.10; or for whom the resident district pays tuition  
 8.2 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,  
 8.3 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be  
 8.4 counted according to this subdivision.

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

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

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

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

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

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

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

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

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

8.25 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions  
 8.26 7 and 8.

8.27 (a) "High school" means a public secondary school, except a charter school under  
 8.28 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If  
 8.29 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~  
 8.30 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest  
 8.31 school, the commissioner must designate one school in the district as a high school for the  
 8.32 purposes of this section.

8.33 (b) "Secondary average daily membership" means, for a district that has only one  
 8.34 high school, the average daily membership of pupils served in grades 7 through 12. For a  
 8.35 district that has more than one high school, "secondary average daily membership" for

9.1 each high school means the product of the average daily membership of pupils served in  
 9.2 grades 7 through 12 in the high school, times the ratio of six to the number of grades  
 9.3 in the high school.

9.4 (c) "Attendance area" means the total surface area of the district, in square miles,  
 9.5 divided by the number of high schools in the district. For a district that does not operate  
 9.6 a high school and is less than 19 miles from the nearest operating high school, the  
 9.7 attendance area equals zero.

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

- 9.12 (1) the square root of one-half of the attendance area; and  
 9.13 (2) the distance from the border of the district to the nearest high school.

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

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

9.20 (g) "Elementary average daily membership" means, for a district that has only  
 9.21 one elementary school, the average daily membership of pupils served in kindergarten  
 9.22 through grade 6. For a district that has more than one elementary school, "average daily  
 9.23 membership" for each school means the average daily membership of pupils served in  
 9.24 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades  
 9.25 in the elementary school.

9.26 Sec. 12. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 13a,  
 9.27 is amended to read:

9.28 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal  
 9.29 year 2007 and later, a district may levy an amount not more than the product of its  
 9.30 operating capital revenue for the fiscal year times the lesser of one or the ratio of its  
 9.31 adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital  
 9.32 equalizing factor. The operating capital equalizing factor equals \$22,222 for fiscal year  
 9.33 2006, ~~and \$10,700 for fiscal year 2007, \$22,222 for fiscal years 2008 and 2009, and~~  
 9.34 \$10,700 for fiscal years 2010 and later.

10.1 **EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008**  
 10.2 **and later.**

10.3 Sec. 13. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 31,  
 10.4 is amended to read:

10.5 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the  
 10.6 greater of zero or the product of the ratio of the number of adjusted marginal cost pupil  
 10.7 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002  
 10.8 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference  
 10.9 between: (1) the lesser of the district's general education revenue per adjusted marginal  
 10.10 cost pupil unit for fiscal year 2003 or the amount of general education revenue the district  
 10.11 would have received per adjusted marginal cost pupil unit for fiscal year 2004 according  
 10.12 to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year  
 10.13 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil  
 10.14 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

10.15 (b) A district's transition revenue for fiscal year 2006 and later equals the sum of  
 10.16 ~~(1) the product of the district's transition allowance times the district's adjusted marginal~~  
 10.17 ~~cost pupil units plus (2) the amount of referendum revenue under section 126C.17 and~~  
 10.18 ~~general education revenue, excluding transition revenue, for fiscal year 2004 attributable~~  
 10.19 ~~to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten~~  
 10.20 ~~program implemented by the district before July 1, 2003, and reported as kindergarten~~  
 10.21 ~~pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of~~  
 10.22 ~~compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to~~  
 10.23 ~~pupils four years of age on September 1, 2003, enrolled in a prekindergarten program~~  
 10.24 ~~implemented by the district before July 1, 2003, and reported as kindergarten pupils~~  
 10.25 ~~under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04~~ the district's  
 10.26 transition for prekindergarten revenue under subdivision 31a.

10.27 **EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007**  
 10.28 **and later.**

10.29 Sec. 14. Minnesota Statutes 2004, section 126C.10, is amended by adding a  
 10.30 subdivision to read:

10.31 **Subd. 31a. Transition for prekindergarten revenue. For fiscal year 2007 and**  
 10.32 **later, a school district's transition for prekindergarten revenue equals the sum of (1) the**  
 10.33 **amount of referendum revenue under section 126C.17 and general education revenue,**  
 10.34 **excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years**

11.1 of age on September 1, 2003, enrolled in a prekindergarten program implemented by the  
11.2 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,  
11.3 subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education  
11.4 revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of  
11.5 age on September 1, 2003, enrolled in a prekindergarten program implemented by the  
11.6 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,  
11.7 subdivision 1, for fiscal year 2004 multiplied by .04.

11.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007  
11.9 and later.

11.10 Sec. 15. Minnesota Statutes 2004, section 126C.10, is amended by adding a  
11.11 subdivision to read:

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

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

11.17 Sec. 16. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 34,  
11.18 is amended to read:

11.19 Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal year 2006,  
20 the basic alternative teacher compensation aid for a school district or an intermediate  
11.21 school district with a plan approved under section 122A.414, subdivision 2b, equals the  
11.22 alternative teacher compensation revenue under section 122A.415, subdivision 1. The  
11.23 basic alternative teacher compensation aid for a charter school with an approved plan  
11.24 under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled  
11.25 in the school on October 1 of the previous school year, or on October 1 of the current  
11.26 fiscal year for a charter school in the first year of operation.

11.27 (b) For fiscal year 2007 ~~and later~~, the basic alternative teacher compensation aid  
11.28 for a school district with a plan approved under section 122A.414, subdivision 2b, equals  
11.29 73.1 percent of the alternative teacher compensation revenue under section 122A.415,  
30 subdivision 1. The basic alternative teacher compensation aid for an intermediate school  
11.31 district or charter school with a plan approved under section 122A.414, subdivisions 2a  
11.32 and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled  
11.33 in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal

12.1 year for a charter school in the first year of operation, times the ratio of the sum of the  
 12.2 alternative teacher compensation aid and alternative teacher compensation levy for all  
 12.3 participating school districts to the maximum alternative teacher compensation revenue  
 12.4 for those districts under section 122A.415, subdivision 1.

12.5 (c) For fiscal year 2008 and later, the basic alternative teacher compensation aid for  
 12.6 a school district with a plan approved under section 122A.414, subdivision 2b, equals the  
 12.7 alternative teacher compensation revenue under section 122A.415, subdivision 1, minus  
 12.8 \$69.94 times the number of pupils enrolled at participating sites on October 1 of the  
 12.9 previous fiscal year. The basic alternative teacher compensation aid for an intermediate  
 12.10 school district or charter school with a plan approved under section 122A.414, subdivisions  
 12.11 2a and 2b, if the recipient is a charter school, equals \$260 times the ratio of the formula  
 12.12 allowance for the current fiscal year to the formula allowance for fiscal year 2007 times  
 12.13 the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on  
 12.14 October 1 of the current fiscal year for a charter school in the first year of operation, times  
 12.15 the ratio of the sum of the alternative teacher compensation aid and alternative teacher  
 12.16 compensation levy for all participating school districts to the maximum alternative teacher  
 12.17 compensation revenue for those districts under section 122A.415, subdivision 1.

12.18 (d) Notwithstanding paragraphs (a) and, (b), and (c) and section 122A.415,  
 12.19 subdivision 1, the state total basic alternative teacher compensation aid entitlement  
 12.20 must not exceed \$19,329,000 for fiscal year 2006 and, \$75,636,000 for fiscal year 2007  
 12.21 and later, and, for fiscal year 2008 and later, \$75,636,000 times the ratio of the formula  
 12.22 allowance for the current fiscal year to the formula allowance for fiscal year 2007. The  
 12.23 commissioner must limit the amount of alternative teacher compensation aid approved  
 12.24 under ~~section~~ sections 122A.415 and 122A.416 so as not to exceed these limits.

12.25 Sec. 17. Minnesota Statutes 2005 Supplement, section 126C.43, subdivision 2, is  
 12.26 amended to read:

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

12.32 (b) Districts with a balance remaining in their reserve for reemployment as of June  
 12.33 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each  
 12.34 year a levy reduction must be made to return these funds to taxpayers. The amount of



13.1 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for  
 13.2 reemployment, or (2) the amount of the district's current levy under paragraph (a).

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

13.4 Sec. 18. Minnesota Statutes 2004, section 126C.44, is amended to read:

13.5 **126C.44 SAFE SCHOOLS LEVY.**

13.6 Each district may make a levy on all taxable property located within the district for  
 13.7 the purposes specified in this section. The maximum amount which may be levied for all  
 13.8 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal  
 13.9 cost pupil units for the school year. The proceeds of the levy must be reserved and used  
 13.10 for directly funding the following purposes or for reimbursing the cities and counties who  
 13.11 contract with the district for the following purposes: (1) to pay the costs incurred for the  
 13.12 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in  
 13.13 services in the district's schools; (2) to pay the costs for a drug abuse prevention program  
 13.14 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)  
 13.15 to pay the costs for a gang resistance education training curriculum in the district's schools;  
 13.16 (4) to pay the costs for security in the district's schools and on school property; or (5) to  
 13.17 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence  
 13.18 prevention measures taken by the school district. For expenditures under clause (1), the  
 13.19 district must initially attempt to contract for services to be provided by peace officers or  
 13.20 sheriffs with the police department of each city or the sheriff's department of the county  
 13.21 within the district containing the school receiving the services. If a local police department  
 13.22 or a county sheriff's department does not wish to provide the necessary services, the  
 13.23 district may contract for these services with any other police or sheriff's department  
 13.24 located entirely or partially within the school district's boundaries. ~~The levy authorized~~  
 13.25 ~~under this section is not included in determining the school district's levy limitations.~~

13.26 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

13.27 Sec. 19. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,  
 13.28 is amended to read:

13.29 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general  
 13.30 fund payments for a district nonoperating fund must be made at the current year aid  
 13.31 payment percentage of the estimated entitlement during the fiscal year of the entitlement.  
 13.32 This amount shall be paid in 12 equal monthly installments. The amount of the actual  
 13.33 entitlement, after adjustment for actual data, minus the payments made during the fiscal

14.1 year of the entitlement must be paid prior to October 31 of the following school year. The  
 14.2 commissioner may make advance payments of debt service equalization aid and state-paid  
 14.3 tax credits for a district's debt service fund earlier than would occur under the preceding  
 14.4 schedule if the district submits evidence showing a serious cash flow problem in the fund.  
 14.5 The commissioner may make earlier payments during the year and, if necessary, increase  
 14.6 the percent of the entitlement paid to reduce the cash flow problem.

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

14.8 Sec. 20. Laws 2005, First Special Session chapter 5, article 1, section 47, is amended  
 14.9 to read:

14.10 **Sec. 47. ALTERNATIVE TEACHER COMPENSATION REVENUE**  
 14.11 **GUARANTEE.**

14.12 Notwithstanding Minnesota Statutes, sections 122A.415, subdivision 1, and  
 14.13 126C.10, subdivision 34, paragraphs (a) and (b), a school district that received alternative  
 14.14 teacher compensation aid for fiscal year 2005, but does not qualify for alternative  
 14.15 teacher compensation revenue for all sites in the district for fiscal year 2006 ~~or~~, 2007,  
 14.16 2008, or 2009, shall receive additional basic alternative teacher compensation aid for  
 14.17 that fiscal year equal to the lesser of the amount of alternative teacher compensation  
 14.18 aid it received for fiscal year 2005 or the amount it would have received for that fiscal  
 14.19 year under Minnesota Statutes 2004, section 122A.415, subdivision 1, for teachers at  
 14.20 sites not qualifying for alternative teacher compensation revenue for that fiscal year, if  
 14.21 the district submits a timely application and the commissioner determines that the district  
 14.22 continues to implement an alternative teacher compensation system, consistent with its  
 14.23 application under Minnesota Statutes 2004, section 122A.415, for fiscal year 2005. The  
 14.24 additional basic alternative teacher compensation aid under this section must not be used  
 14.25 in calculating the alternative teacher compensation levy under Minnesota Statutes, section  
 14.26 126C.10, subdivision 35. This section applies only to fiscal years 2006 ~~and 2007~~ through  
 14.27 2009 and does not apply to later fiscal years.

14.28 **Sec. 21. ALTERNATIVE TEACHER COMPENSATION REVENUE FOR**  
 14.29 **SPECIAL SCHOOL DISTRICT NO. 6, SOUTH ST. PAUL.**

14.30 Notwithstanding Minnesota Statutes, sections 122A.413, 122A.414, 122A.415,  
 14.31 and 126C.10, Special School District No. 6, South St. Paul, shall be eligible for  
 14.32 alternative teacher compensation revenue under Minnesota Statutes, section 122A.415,  
 14.33 for the elementary and middle years international baccalaureate pilot program. The  
 14.34 revenue generated from the alternative teacher compensation program must be used

15.1 for preinstructional startup costs, including staff, training, curriculum materials, and  
15.2 preparation costs.

15.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2007  
15.4 through 2011.

15.5 **Sec. 22. EDUCATION PROPERTY TAX RELIEF.**

15.6 (a) An education property tax relief account is established in the general fund. \$.....  
15.7 is appropriated in fiscal year 2006 from the tax relief account in the general fund to the  
15.8 education property tax relief account.

15.9 (b) The amounts credited to the property tax relief account shall be credited to the  
15.10 debt service equalization program under Minnesota Statutes, section 123B.53, and the  
15.11 general education program under Minnesota Statutes, section 126C.10, in fiscal years  
15.12 2008 and 2009 to pay for the debt service equalization and operating capital equalizing  
15.13 factor increases for fiscal years 2008 and 2009 according to Minnesota Statutes, sections  
15.14 123B.53, subdivision 5, and 126C.10, subdivision 13a.

15.15 (c) Notwithstanding Minnesota Statutes, section 126C.10, subdivision 13a, in  
15.16 preparing the expenditure calculations for the February 2007 forecast, the commissioner  
15.17 of education shall adjust the equalizing factors for operating capital revenue for fiscal  
15.18 years 2008 and 2009 to spend the balance in the education property tax relief account  
15.19 credited in paragraph (a). This onetime adjustment must create a single equalizing factor  
15.20 for fiscal years 2008 and 2009 that spreads the education property tax relief account  
15.21 funds between both fiscal years.

15.22 **Sec. 23. ONETIME SUPPLEMENTAL AID.**

15.23 (a) For fiscal year 2007 only, a school district's onetime supplemental aid is equal  
15.24 to \$44 times its adjusted marginal cost pupil units. For fiscal year 2007 only, a charter  
15.25 school's onetime supplemental aid is equal to \$17 times its adjusted marginal cost pupil  
15.26 units.

15.27 (b) A district that receives revenue under Minnesota Statutes, section 126C.10,  
15.28 subdivision 31a, must reserve its onetime supplemental aid according to Minnesota  
15.29 Statutes, section 126C.10, subdivision 31b.

15.30 (c) A school district or charter school that does not receive revenue under Minnesota  
15.31 Statutes, section 126C.10, subdivision 31a, may use its onetime supplemental aid to  
15.32 reduce class sizes in kindergarten through grade 6, provide all-day kindergarten, reduce its  
15.33 statutory operating debt, pay for heating and fuel costs, pay for technology costs, provide

16.1 prekindergarten programs serving students who turn age four by September 1 and who will  
 16.2 enter kindergarten the following year, or provide limited English proficiency programs.

16.3 (d) If a district that is required to reserve its onetime supplemental aid under  
 16.4 paragraph (b) adopts a school board resolution to reallocate its funds, the district may use  
 16.5 its onetime supplemental aid according to paragraph (c). A district that adopts a board  
 16.6 resolution to reallocate the onetime supplemental aid reserve under paragraph (b) must  
 16.7 notify the commissioner of education.

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

16.9 **Sec. 24. APPROPRIATION.**

16.10 Subdivision 1. **Department of Education.** The sum indicated in this section is  
 16.11 appropriated from the general fund to the Department of Education for the fiscal years  
 16.12 designated.

16.13 Subd. 2. **Onetime supplemental aid.** For onetime supplemental aid according  
 16.14 to section 23:

16.15 § 41,047,000 ..... 2007

16.16 **Sec. 25. REPEALER.**

16.17 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

16.18 **ARTICLE 2**

16.19 **EDUCATION EXCELLENCE**

16.20 **Section 1.** Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to  
 16.21 read:

16.22 **Subd. 3. Parent defined; residency determined.** (a) In this section and sections  
 16.23 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal  
 16.24 custody of a child.

16.25 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,  
 16.26 or other person having legal custody of a child under age 18. For an unmarried pupil age  
 16.27 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,  
 16.28 in which case it means the guardian or conservator.

16.29 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of  
 16.30 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and

17.1 who is placed in a center for care and treatment, shall be the school district in which the  
 17.2 pupil's biological or adoptive parent or designated guardian resides.

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

17.5 (e) If a district reasonably believes that a student does not meet the residency  
 17.6 requirements of the school district in which the student is attending school, the student  
 17.7 may be removed from the school only after the district sends the student's parents written  
 17.8 notice of the district's belief, including the facts upon which the belief is based, and an  
 17.9 opportunity to provide documentary evidence of residency in person to the superintendent  
 17.10 or designee, or, at the option of the parents, by sending the documentary evidence to the  
 17.11 superintendent, or a designee, who will then make a determination as to the residency  
 17.12 status of the student.

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

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

17.16 (1) language arts;

17.17 (2) mathematics;

17.18 (3) science;

17.19 (4) social studies, including history, geography, economics, and government and  
 17.20 citizenship;

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

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

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

17.30 For purposes of applicable federal law, the academic standards for language arts,  
 17.31 mathematics, and science apply to all public school students, except the very few students  
 17.32 with extreme cognitive or physical impairments for whom an individualized education  
 17.33 plan team has determined that the required academic standards are inappropriate.

17.34 An individualized education plan team that makes this determination must establish  
 17.35 alternative standards.

18.1 A school district, no later than the 2007-2008 school year, must adopt graduation  
18.2 requirements that meet or exceed state graduation requirements established in law or  
18.3 rule. A school district that incorporates these state graduation requirements before the  
18.4 2007-2008 school year must provide students who enter the 9th grade in or before  
18.5 the 2003-2004 school year the opportunity to earn a diploma based on existing locally  
18.6 established graduation requirements in effect when the students entered the 9th grade.  
18.7 District efforts to develop, implement, or improve instruction or curriculum as a result  
18.8 of the provisions of this section must be consistent with sections 120B.10, 120B.11,  
18.9 and 120B.20.

18.10 At a minimum, school districts must maintain the same physical education and  
18.11 health education requirements for students in kindergarten through grade 8 adopted for the  
18.12 2005-2006 school year through the 2008-2009 school year. Before a revision of the local  
18.13 health and physical education standards, a school district must consult the grade-specific  
18.14 benchmarks developed by the Department of Education's health and physical education  
18.15 quality teaching network for the six national physical education standards and the seven  
18.16 national health standards.

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

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

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

18.28 (1) is participating in a course of study, including an advanced placement or  
18.29 international baccalaureate course or program; a learning opportunity outside the  
18.30 curriculum of the district, area learning center, or charter school; or an approved  
18.31 preparatory program for employment or postsecondary education that is equally or more  
18.32 rigorous than the corresponding state or local academic standard required by the district,  
18.33 area learning center, or charter school;

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

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

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

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

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

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

19.18 **120B.023 BENCHMARKS.**

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

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

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

19.33 (d) The commissioner must develop and implement a system for reviewing ~~on~~  
 19.34 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and

20.1 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent  
20.2 with subdivision 2.

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

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

20.12 (b) The commissioner in the 2006-2007 school year must revise and align the state's  
20.13 academic standards and high school graduation requirements in mathematics to require  
20.14 that students satisfactorily complete the revised mathematics standards, beginning in the  
20.15 2010-2011 school year. Under the revised standards:

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

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

20.20 The commissioner also must ensure that the statewide mathematics assessments  
20.21 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011  
20.22 school year are aligned with the state academic standards in mathematics. The statewide  
20.23 11th grade mathematics test administered to students under clause (2) beginning in  
20.24 the 2013-2014 school year must include algebra II test items that are aligned with  
20.25 corresponding state academic standards in mathematics. The commissioner must  
20.26 implement a review of the academic standards and related benchmarks in mathematics  
20.27 beginning in the 2015-2016 school year.

20.28 (c) The commissioner in the 2007-2008 school year must revise and align the state's  
20.29 academic standards and high school graduation requirements in the arts to require that  
20.30 students satisfactorily complete the revised arts standards beginning in the 2010-2011  
20.31 school year. The commissioner must implement a review of the academic standards and  
20.32 related benchmarks in arts beginning in the 2016-2017 school year.

20.33 (d) The commissioner in the 2008-2009 school year must revise and align the state's  
20.34 academic standards and high school graduation requirements in science to require that  
20.35 students satisfactorily complete the revised science standards, beginning in the 2011-2012  
20.36 school year. Under the revised standards, students scheduled to graduate in the 2014-2015



21.1 school year or later must satisfactorily complete a chemistry or physics credit. The  
 21.2 commissioner must implement a review of the academic standards and related benchmarks  
 21.3 in science beginning in the 2017-2018 school year.

21.4 (e) The commissioner in the 2009-2010 school year must revise and align the state's  
 21.5 academic standards and high school graduation requirements in language arts to require  
 21.6 that students satisfactorily complete the revised language arts standards beginning in the  
 21.7 2012-2013 school year. The commissioner must implement a review of the academic  
 21.8 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

21.9 (f) The commissioner in the 2010-2011 school year must revise and align the state's  
 21.10 academic standards and high school graduation requirements in social studies to require  
 21.11 that students satisfactorily complete the revised social studies standards beginning in the  
 21.12 2013-2014 school year. The commissioner must implement a review of the academic  
 21.13 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

21.14 (g) School districts and charter schools must revise and align local academic  
 21.15 standards and high school graduation requirements in health, physical education, world  
 21.16 languages, and career and technical education to require students to complete the revised  
 21.17 standards beginning in a school year determined by the school district or charter school.  
 21.18 School districts and charter schools must formally establish a periodic review cycle for  
 21.19 the academic standards and related benchmarks in health, physical education, world  
 21.20 languages, and career and technical education.

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

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

21.23 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**  
 21.24 **STUDENT TRANSFERS.**

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

21.27 (1) four credits of language arts;

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

21.32 (3) three credits of science, including at least one credit in biology and for the  
 21.33 2011-2012 school year and later, one credit in chemistry or physics;

22.1 (4) three and one-half credits of social studies, encompassing at least United  
 22.2 States history, geography, government and citizenship, world history, and economics or  
 22.3 three credits of social studies encompassing at least United States history, geography,  
 22.4 government and citizenship, and world history, and one-half credit of economics taught in  
 22.5 a school's social studies, agriculture education, or business department;

22.6 (5) one credit in the arts; and

22.7 (6) a minimum of seven elective course credits.

22.8 (b) Students beginning 9th grade in the 2006-2007 school year and later must  
 22.9 complete the following course credits for graduation in addition to those specified in  
 22.10 paragraph (a), clauses (1) to (5):

22.11 (1) one-half credit in physical education and one-half credit in health education; and

22.12 (2) a minimum of six elective course credits instead of the seven elective course  
 22.13 credits specified in paragraph (a), clause (6).

22.14 (c) A course credit is equivalent to a student successfully completing an academic  
 22.15 year of study or a student mastering the applicable subject matter, as determined by the  
 22.16 local school district.

22.17 (d) An agriculture science course may fulfill a science credit requirement under  
 22.18 this section.

22.19 (e) A district, area learning center, and charter school must establish processes by  
 22.20 which to transfer as completed:

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

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

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

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

22.28 Subd. 2. **Reimbursement for examination fees.** The state may reimburse  
 22.29 college-level examination program (CLEP) fees for a Minnesota public or nonpublic  
 22.30 high school student who has successfully completed one or more college-level courses  
 22.31 in high school ~~and earned a satisfactory score on one or more CLEP examinations in the~~  
 22.32 subject matter of each examination in the following subjects: composition and literature,  
 22.33 mathematics and science, social sciences and history, foreign languages, and business and  
 22.34 humanities. The state may reimburse each ~~successful~~ student for up to six examination  
 22.35 fees. The commissioner shall establish application procedures and a process and schedule

23.1 for fee reimbursements. The commissioner must give priority to reimburse the CLEP  
 23.2 examination fees of students of low-income families.

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

23.4 **Subdivision 1. School safety advisory council.** A school safety advisory council  
 23.5 is established under section 15.059. The advisory council is composed of 12 members  
 23.6 representing law enforcement agencies, mental health services, substance abuse services,  
 23.7 faith communities, school administrators, students, and school athletic departments and  
 23.8 extracurricular organizations. The members of the council shall be appointed by the  
 23.9 commissioner and must be from geographically diverse regions of the state.

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

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

- 23.20 (1) establish a clearinghouse for information and materials concerning school safety;  
 23.21 (2) provide safe school assessments;  
 23.22 (3) provide training and technical assistance customized to individual school needs  
 23.23 for school staff, students, and parents;  
 23.24 (4) provide services to enhance school climate;  
 23.25 (5) coordinate school efforts with the broader community; and  
 23.26 (6) evaluate and report on the implementation and effectiveness of the services  
 23.27 provided by the center.

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

23.29 **121A.035 CRISIS MANAGEMENT POLICY.**

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

24.1 Subd. 2. School district and charter school policy. ~~By July 1, 2000,~~ A school  
 24.2 board and a charter school must adopt a ~~district~~ crisis management policy to address  
 24.3 potential violent crisis situations in the district or charter school. The policy must be  
 24.4 developed ~~in consultation~~ cooperatively with administrators, teachers, employees,  
 24.5 students, parents, community members, law enforcement agencies, other emergency  
 24.6 management officials, county attorney offices, social service agencies, emergency medical  
 24.7 responders, and any other appropriate individuals or organizations. The policy must  
 24.8 include at least five school lock-down drills, five school fire drills consistent with section  
 24.9 299F.30, and one tornado drill.

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

24.12 Sec. 9. [121A.231] COMPREHENSIVE FAMILY LIFE AND SEXUALITY  
 24.13 EDUCATION PROGRAMS.

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

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

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

24.18 (3) contributes to healthy relationships;

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

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

24.24 (6) promotes individual responsibility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26.1 (3) technical assistance to promote and coordinate community, parent, and youth  
26.2 forums in communities identified as having high needs for comprehensive family life  
26.3 and sexuality education;

26.4 (4) technical assistance for issue management and policy development training for  
26.5 school boards, superintendents, principals, and administrators across the state; and

26.6 (5) funding for grants to school-based comprehensive family life and sexuality  
26.7 education programs to promote innovation and to recognize outstanding performance and  
26.8 promote replication of demonstrably effective strategies.

26.9 (b) Technical assistance provided by the department to school districts or regional  
26.10 training sites may:

26.11 (1) promote instruction and use of materials that are age appropriate;

26.12 (2) provide information that is medically accurate and objective;

26.13 (3) provide instruction and promote use of materials that are respectful of marriage  
26.14 and commitments in relationships;

26.15 (4) provide instruction and promote use of materials that are appropriate for use  
26.16 with pupils and family experiences based on race, gender, sexual orientation, ethnic  
26.17 and cultural background, and appropriately accommodate alternative learning based on  
26.18 language or disability;

26.19 (5) provide instruction and promote use of materials that encourage pupils to  
26.20 communicate with their parents or guardians about human sexuality;

26.21 (6) provide instruction and promote use of age-appropriate materials that teach  
26.22 abstinence from sexual intercourse as the only certain way to prevent unintended  
26.23 pregnancy or sexually transmitted infections, including HIV, and provide information  
26.24 about the role and value of abstinence while also providing medically accurate information  
26.25 on other methods of preventing and reducing risk for unintended pregnancy and sexually  
26.26 transmitted infections;

26.27 (7) provide instruction and promote use of age-appropriate materials that are  
26.28 medically accurate in explaining transmission modes, risks, symptoms, and treatments for  
26.29 sexually transmitted infections, including HIV;

26.30 (8) provide instruction and promote use of age-appropriate materials that address  
26.31 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted  
26.32 infections, including HIV, in an age-appropriate manner;

26.33 (9) provide instruction and promote use of age-appropriate materials that provide  
26.34 information about the effectiveness and safety of all FDA-approved methods for  
26.35 preventing and reducing risk for unintended pregnancy and sexually transmitted  
26.36 infections, including HIV;

- 27.1           (10) provide instruction and promote use of age-appropriate materials that provide  
2           instruction in skills for making and implementing responsible decisions about sexuality;  
27.3           (11) provide instruction and promote use of age-appropriate materials that provide  
27.4           instruction in skills for making and implementing responsible decisions about finding and  
27.5           using health services; and  
27.6           (12) provide instruction and promote use of age-appropriate materials that do not  
27.7           teach or promote religious doctrine nor reflect or promote bias against any person on the  
27.8           basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

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

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

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

27.18           (c) The board must adopt rules to approve teacher preparation programs. The board,  
27.19 upon the request of a postsecondary student preparing for teacher licensure or a licensed  
27.20 graduate of a teacher preparation program, shall assist in resolving a dispute between the  
27.21 person and a postsecondary institution providing a teacher preparation program when the  
22           dispute involves an institution's recommendation for licensure affecting the person or the  
27.23 person's credentials. At the board's discretion, assistance may include the application  
27.24 of chapter 14.

27.25           (d) The board must provide the leadership and shall adopt rules for the redesign of  
27.26 teacher education programs to implement a research based, results-oriented curriculum that  
27.27 focuses on the skills teachers need in order to be effective. The board shall implement new  
27.28 systems of teacher preparation program evaluation to assure program effectiveness based  
27.29 on proficiency of graduates in demonstrating attainment of program outcomes. The board  
27.30 must require that persons enrolled in a teacher preparation program receive instruction  
27.31 in historical and cultural competencies related to Minnesota American Indian tribes and  
27.32 communities and their contributions to Minnesota, consistent with sections 124D.71 to  
27.33 124D.82. The competencies related to Minnesota American Indian tribes and communities  
27.34 must include, among other components, standards for instructional practices most effective  
27.35 for successfully teaching elementary and secondary American Indian students.

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

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

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

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

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

28.14 (j) The board must grant life licenses to those who qualify according to requirements  
28.15 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and  
28.16 214.10. The board must not establish any expiration date for application for life licenses.

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

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

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

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



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

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

29.8           Sec. 11. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

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

29.12          (b) The board must require a person to successfully complete an examination of  
29.13          skills in reading, writing, and mathematics before being granted an initial teaching license  
29.14          to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special  
29.15          education programs. The board must require colleges and universities offering a board  
29.16          approved teacher preparation program to provide remedial assistance that includes a  
29.17          formal diagnostic component to persons enrolled in their institution who did not achieve a  
29.18          qualifying score on the skills examination, including those for whom English is a second  
29.19          language. The colleges and universities must provide assistance in the specific academic  
29.20          areas of deficiency in which the person did not achieve a qualifying score. School  
29.21          districts must provide similar, appropriate, and timely remedial assistance that includes a  
29.22          formal diagnostic component and mentoring to those persons employed by the district  
29.23          who completed their teacher education program outside the state of Minnesota, received  
29.24          a one-year license to teach in Minnesota and did not achieve a qualifying score on the  
29.25          skills examination, including those persons for whom English is a second language. The  
29.26          Board of Teaching shall report annually to the education committees of the legislature  
29.27          on the total number of teacher candidates during the most recent school year taking the  
29.28          skills examination, the number who achieve a qualifying score on the examination, the  
29.29          number who do not achieve a qualifying score on the examination, the distribution of all  
29.30          candidates' scores, the number of candidates who have taken the examination at least once  
29.31          before, and the number of candidates who have taken the examination at least once before  
29.32          and achieve a qualifying score.

29.33          (c) A person who has completed an approved teacher preparation program and  
29.34          obtained a one-year license to teach, but has not successfully completed the skills

30.1 examination, may renew the one-year license for two additional one-year periods. Each  
30.2 renewal of the one-year license is contingent upon the licensee:

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

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

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

30.11 (e) All colleges and universities approved by the board of teaching to prepare persons  
30.12 for teacher licensure must include in their teacher preparation programs a common core  
30.13 of teaching knowledge and skills to be acquired by all persons recommended for teacher  
30.14 licensure. This common core shall meet the standards developed by the interstate new  
30.15 teacher assessment and support consortium in its 1992 "model standards for beginning  
30.16 teacher licensing and development," and must include technology and information  
30.17 literacy standards that are consistent with recommendations from media specialists and  
30.18 the department's Educator Licensing and Teacher Quality Division. The board must  
30.19 develop and implement a system for reviewing on a seven-year cycle all standards of  
30.20 effective practice for teachers beginning in the 2007-2008 school year. Amendments to  
30.21 standards adopted under this paragraph are covered by chapter 14. The board of teaching  
30.22 shall report annually to the education committees of the legislature on the performance  
30.23 of teacher candidates on common core assessments of knowledge and skills under this  
30.24 paragraph during the most recent school year.

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

30.26 Sec. 12. Minnesota Statutes 2004, section 122A.31, subdivision 1, is amended to read:

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

30.28 (a) Except as provided under subdivision 1a and in addition to any other requirements  
30.29 that a school district establishes, any person employed to provide American sign  
30.30 language/English interpreting or sign transliterating services on a full-time or part-time  
30.31 basis for a school district after July 1, 2000, must:

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

31.1 (2) satisfactorily complete an interpreter/transliterators training program affiliated  
31.2 with an accredited educational institution.

31.3 (b) New graduates of an interpreter/transliterators program affiliated with an  
31.4 accredited education institution shall be granted a two-year provisional certificate by  
31.5 the commissioner. During the two-year provisional period, the interpreter/transliterators  
31.6 must develop and implement an education plan in collaboration with a mentor under  
31.7 paragraph (c).

31.8 (c) A mentor of a provisionally certified interpreter/transliterators must be an  
31.9 interpreter/transliterators who has either NAD level IV or V certification or RID  
31.10 certified interpreter and certified transliterators certification and have at least three  
31.11 years interpreting/transliterating experience in any educational setting. The mentor, in  
31.12 collaboration with the provisionally certified interpreter/transliterators, shall develop and  
31.13 implement an education plan designed to meet the requirements of paragraph (a), clause  
31.14 (1), and include a weekly on-site mentoring process.

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

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

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

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

31.26 As a condition of receiving the extension, the person must comply with a plan  
31.27 and the accompanying time line for meeting the requirements of this subdivision. A  
31.28 committee composed of the director of the Minnesota Resource Center Serving Deaf and  
31.29 Hard-of-Hearing, or the director's designee, a representative of the Minnesota Association  
31.30 of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf,  
31.31 and other appropriate persons selected by the commissioner must develop the plan and  
31.32 time line for the person receiving the extension.

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

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

32.3 Sec. 13. Minnesota Statutes 2004, section 122A.31, is amended by adding a  
32.4 subdivision to read:

32.5 Subd. 1a. **Qualified deaf and hard-of-hearing interpreters/transliterators.** In  
32.6 addition to employing a qualified interpreter/transliterator under subdivision 1, a school  
32.7 district or charter school also may employ as an interpreter/transliterator a person who is  
32.8 deaf or hard of hearing and holds a current reverse skills certificate (RSC) or a certified  
32.9 deaf interpreter (CDI) certificate awarded by the Registry of Interpreters for the Deaf  
32.10 (RID). The qualified deaf or hard-of-hearing person must be able to interpret between  
32.11 American sign language and English-based sign language or transliterate between spoken  
32.12 English and a signed code for English. The district or charter school may employ a  
32.13 qualified person under this subdivision for a broad range of interpreting or transliterating  
32.14 assignments.

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

32.17 Sec. 14. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 2b,  
32.18 is amended to read:

32.19 **Subd. 2b. Approval process.** (a) Consistent with the requirements of this section  
32.20 and sections 122A.413 and 122A.415, the department must prepare and transmit to  
32.21 interested school districts, intermediate school districts, school sites, and charter schools  
32.22 a standard form for applying to participate in the alternative teacher professional pay  
32.23 system. An interested school district, intermediate school district, school site, or charter  
32.24 school must submit to the commissioner a completed application executed by the district  
32.25 superintendent and the exclusive bargaining representative of the teachers if the applicant  
32.26 is a school district, intermediate school district, or school site, or executed by the charter  
32.27 school board of directors if the applicant is a charter school. The application must include  
32.28 the proposed alternative teacher professional pay system agreement under subdivision  
32.29 2. The department must convene a review committee that at least includes teachers and  
32.30 administrators within 30 days of receiving a completed application to recommend to  
32.31 the commissioner whether to approve or disapprove the application. The commissioner  
32.32 must approve applications on a first-come, first-served basis. The applicant's alternative  
32.33 teacher professional pay system agreement must be legally binding on the applicant  
32.34 and the collective bargaining representative before the applicant receives alternative

33.1 compensation revenue. The commissioner must approve or disapprove an application  
 33.2 based solely on the explicit requirements under subdivisions 2 and 2a and may not impose  
 33.3 any other conditions for approval.

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

33.11 Sec. 15. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 3,  
 33.12 is amended to read:

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

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

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

33.28 Sec. 16. **[122A.416] ALTERNATIVE TEACHER COMPENSATION REVENUE**  
 33.29 **FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT**  
 33.30 **INTEGRATION COLLABORATIVES.**

33.31 Notwithstanding sections 122A.413, 122A.414, 122A.415, and 126C.10,  
 33.32 multidistrict integration collaboratives and the Perpich Center for Arts Education are  
 33.33 eligible to receive alternative teacher compensation revenue as if they were intermediate  
 33.34 school districts. To qualify for alternative teacher compensation revenue, a multidistrict

34.1 integration collaborative or the Perpich Center for Arts Education must meet all of the  
34.2 requirements of sections 122A.413, 122A.414, and 122A.415 that apply to intermediate  
34.3 school districts, must report its enrollment as of October 1 of each year to the department,  
34.4 and must annually report its expenditures for the alternative teacher professional pay  
34.5 system consistent with the uniform financial accounting and reporting standards to the  
34.6 department by November 30 of each year.

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

34.8 Sec. 17. Minnesota Statutes 2004, section 123B.77, is amended by adding a  
34.9 subdivision to read:

34.10 Subd. 1a. **School district consolidated financial statement.** The commissioner,  
34.11 in consultation with the advisory committee on financial management, accounting, and  
34.12 reporting, shall develop and maintain a school district consolidated financial statement  
34.13 format that converts uniform financial accounting and reporting standards data under  
34.14 subdivision 1 into a more understandable format.

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

34.16 Sec. 18. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

34.17 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the  
34.18 calendar year of the submission of the unaudited financial data, the district must provide to  
34.19 the commissioner audited financial data for the preceding fiscal year. The audit must be  
34.20 conducted in compliance with generally accepted governmental auditing standards, the  
34.21 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office  
34.22 of the State Auditor. An audited financial statement prepared in a form which will allow  
34.23 comparison with and correction of material differences in the unaudited financial data  
34.24 shall be submitted to the commissioner and the state auditor by December 31. The audited  
34.25 financial statement must also provide a statement of assurance pertaining to uniform  
34.26 financial accounting and reporting standards compliance and a copy of the management  
34.27 letter submitted to the district by the school district's auditor.

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

34.32 **EFFECTIVE DATE.** This section is effective for financial statements prepared in  
34.33 2006 and later.

35.1 Sec. 19. Minnesota Statutes 2004, section 123B.90, subdivision 2, is amended to read:

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

- 35.5 (1) transportation by school bus is a privilege and not a right;  
35.6 (2) district policies for student conduct and school bus safety;  
35.7 (3) appropriate conduct while on the school bus;  
35.8 (4) the danger zones surrounding a school bus;  
35.9 (5) procedures for safely boarding and leaving a school bus;  
35.10 (6) procedures for safe street or road crossing; and  
35.11 (7) school bus evacuation.

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

35.16 (c) Students enrolled in kindergarten through grade 6 who are transported by school  
35.17 bus and are enrolled during the first or second week of school must receive the school bus  
35.18 safety training competencies by the end of the third week of school. Students enrolled in  
35.19 grades 7 through 10 who are transported by school bus and are enrolled during the first or  
35.20 second week of school and have not previously received school bus safety training must  
35.21 receive the training or receive bus safety instructional materials by the end of the sixth  
35.22 week of school. ~~Students taking driver's training instructional classes and other students in~~  
35.23 ~~grades 9 and grade 9 or 10~~ must receive training in the laws and proper procedures when  
35.24 operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten  
35.25 through grade 10 who enroll in a school after the second week of school and are  
35.26 transported by school bus and have not received training in their previous school district  
35.27 shall undergo school bus safety training or receive bus safety instructional materials  
35.28 within four weeks of the first day of attendance. Upon request of the superintendent  
35.29 of schools, the school transportation safety director in each district must certify to the  
35.30 superintendent ~~of schools annually~~ that all students transported by school bus within  
35.31 the district have received the school bus safety training according to this section. Upon  
35.32 request of the superintendent of the school district where the nonpublic school is located,  
35.33 the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to  
35.34 the school transportation safety director of the district in which the school is located that  
35.35 the school's students transported by school bus at public expense have received training  
35.36 according to this section.

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

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

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

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

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

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

36.16 Sec. 20. Minnesota Statutes 2004, section 123B.91, is amended by adding a  
 36.17 subdivision to read:

36.18 **Subd. 1a. Compliance by nonpublic and charter school students.** A nonpublic or  
 36.19 charter school student transported by a public school district shall comply with student bus  
 36.20 conduct and student bus discipline policies of the transporting public school district.

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

36.22 Sec. 21. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is  
 36.23 amended to read:

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

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

36.28 (1) the sum of:

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

36.31 (ii) an amount equal to one year's depreciation on the district's school bus fleet  
 36.32 and mobile units computed on a straight line basis at the rate of 15 percent per year for



37.1 districts operating a program under section 124D.128 for grades 1 to 12 for all students in  
 2 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

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

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

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

37.11 (1) Regular transportation is:

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

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

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

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

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

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

37.34 (2) Excess transportation is:

37.35 (i) transportation to and from school during the regular school year for resident  
 37.36 secondary pupils residing at least one mile but less than two miles from the public or

38.1 nonpublic school they attend, and transportation to and from school for resident pupils  
38.2 residing less than one mile from school who are transported because of extraordinary  
38.3 traffic, drug, or crime hazards; and

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

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

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

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

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

38.22 (iii) necessary transportation for resident pupils with disabilities required by sections  
38.23 125A.12, and 125A.26 to 125A.48;

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

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

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

38.35 (vii) services described in clauses (i) to (vi), when provided for pupils with  
38.36 disabilities in conjunction with a summer instructional program that relates to the pupil's

39.1 individual education plan or in conjunction with a learning year program established  
 2 under section 124D.128.

39.3 For purposes of computing special education base revenue under section 125A.76,  
 39.4 subdivision 2, the cost of providing transportation for children with disabilities includes  
 39.5 (A) the additional cost of transporting a homeless student from a temporary nonshelter  
 39.6 home in another district to the school of origin, or a formerly homeless student from a  
 39.7 permanent home in another district to the school of origin but only through the end of the  
 39.8 academic year; and (B) depreciation on district-owned school buses purchased after July 1,  
 39.9 2005, and used primarily for transportation of pupils with disabilities, calculated according  
 39.10 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled  
 39.11 transportation category must be excluded in calculating the actual expenditure per pupil  
 39.12 transported in the regular and excess transportation categories according to paragraph (a).

13 (5) "Nonpublic nonregular transportation" is:

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

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

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

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

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

39.27 Sec. 22. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is  
 39.28 amended to read:

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

39.31 (b) Salaries and fringe benefits of district employees whose primary duties are  
 2 other than transportation, including central office administrators and staff, building  
 39.33 administrators and staff, teachers, social workers, school nurses, and instructional aides,  
 39.34 must not be included in a district's transportation expenditures, except that a district may  
 39.35 include salaries and benefits according to paragraph (c) for (1) an employee designated

40.1 as the district transportation director, (2) an employee providing direct support to the  
 40.2 transportation director, or (3) an employee providing direct transportation services such as  
 40.3 a bus driver or bus aide.

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

40.9 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,  
 40.10 leased buses, student board and lodging, crossing guards, and aides on buses, must  
 40.11 be allocated among transportation categories based on cost-per-mile, cost-per-student,  
 40.12 cost-per-hour, or cost-per-route, regardless of whether the transportation services are  
 40.13 provided on district-owned or contractor-owned school buses. Expenditures for school  
 40.14 bus driver salaries and fringe benefits may either be directly charged to the appropriate  
 40.15 transportation category or may be allocated among transportation categories based  
 40.16 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures  
 40.17 by private contractors or individuals who provide transportation exclusively in one  
 40.18 transportation category must be charged directly to the appropriate transportation category.  
 40.19 Transportation services provided by contractor-owned school bus companies incorporated  
 40.20 under different names but owned by the same individual or group of individuals must be  
 40.21 treated as the same company for cost allocation purposes.

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

40.23 Sec. 23. Minnesota Statutes 2004, section 124D.095, subdivision 3, is amended to read:

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

40.32 (b) An on-line learning student must notify the enrolling district at least ~~30~~ 45  
 40.33 days before taking an on-line learning course or program ~~if the enrolling district is not~~  
 40.34 ~~providing the on-line learning.~~ An on-line learning provider must notify the commissioner

41.1 that it is delivering on-line learning and report the number of on-line learning students it is  
41.2 accepting and the on-line learning courses and programs it is delivering.

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

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

41.9 Sec. 24. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4,  
41.10 is amended to read:

41.11 Subd. 4. **Online learning parameters.** (a) An online learning student must receive  
41.12 academic credit for completing the requirements of an online learning course or program.  
41.13 Secondary credits granted to an online learning student must be counted toward the  
41.14 graduation and credit requirements of the enrolling district. The enrolling district must  
41.15 apply the same graduation requirements to all students, including online learning students,  
41.16 and must continue to provide nonacademic services to online learning students. If a  
41.17 student completes an online learning course or program that meets or exceeds a graduation  
41.18 standard or grade progression requirement at the enrolling district, that standard or  
41.19 requirement is met. The enrolling district must use the same criteria for accepting online  
41.20 learning credits or courses as it does for accepting credits or courses for transfer students  
41.21 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher  
41.22 contact time of an online learning student in proportion to the number of online learning  
41.23 courses the student takes from an online learning provider that is not the enrolling district.

41.24 (b) An online learning student may:

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

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

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

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

41.34 ~~(d)~~ (c) An online learning student has the same access to the computer hardware  
41.35 and education software available in a school as all other students in the enrolling district.

42.1 An online learning provider must assist an online learning student whose family qualifies  
 42.2 for the education tax credit under section 290.0674 to acquire computer hardware and  
 42.3 educational software for online learning purposes.

42.4 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.  
 42.5 Such online learning does not generate online learning funds under this section. An  
 42.6 enrolling district that offers online learning only to its enrolled students is not subject  
 42.7 to the reporting requirements or review criteria under subdivision 7. A teacher with a  
 42.8 Minnesota license must assemble and deliver instruction to enrolled students receiving  
 42.9 online learning from an enrolling district. The delivery of instruction occurs when the  
 42.10 student interacts with the computer or the teacher and receives ongoing assistance and  
 42.11 assessment of learning. The instruction may include curriculum developed by persons  
 42.12 other than a teacher with a Minnesota license.

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

42.21 Sec. 25. Minnesota Statutes 2004, section 124D.096, is amended to read:

42.22 **124D.096 ON-LINE LEARNING AID.**

42.23 (a) The on-line learning aid for an on-line learning provider equals the product  
 42.24 of the adjusted on-line learning average daily membership for students under section  
 42.25 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under  
 42.26 section 126C.05, subdivision 1, times the formula allowance.

42.27 (b) Notwithstanding section 127A.45, the department must pay each on-line learning  
 42.28 provider ~~80 percent of the current year aid payment percentage multiplied by the amount~~  
 42.29 in paragraph (a) within 45 days of receiving final enrollment and course completion  
 42.30 information each quarter or semester. ~~A final payment equal to 20 percent of the amount in~~  
 42.31 ~~paragraph (a)~~ The final adjustment payment must be the amount of the actual entitlement,  
 42.32 after adjustment for actual data, minus the payments made during the fiscal year of the  
 42.33 entitlement. This payment must be made on September 30 of the next fiscal year.

42.34 Sec. 26. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

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

43.7 (b) If a charter school elects to provide transportation for pupils, the transportation  
43.8 must be provided by the charter school within the district in which the charter school is  
43.9 located. The state must pay transportation aid to the charter school according to section  
43.10 124D.11, subdivision 2.

43.11 For pupils who reside outside the district in which the charter school is located, the  
43.12 charter school is not required to provide or pay for transportation between the pupil's  
43.13 residence and the border of the district in which the charter school is located. A parent  
43.14 may be reimbursed by the charter school for costs of transportation from the pupil's  
43.15 residence to the border of the district in which the charter school is located if the pupil is  
43.16 from a family whose income is at or below the poverty level, as determined by the federal  
43.17 government. The reimbursement may not exceed the pupil's actual cost of transportation  
43.18 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for  
43.19 more than 250 miles per week.

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

43.22 (c) If a charter school does not elect to provide transportation, transportation for  
23 pupils enrolled at the school must be provided by the district in which the school is  
43.24 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a  
43.25 pupil residing in the same district in which the charter school is located. Transportation  
43.26 may be provided by the district in which the school is located, according to sections  
43.27 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different  
43.28 district. If the district provides the transportation, the scheduling of routes, manner and  
43.29 method of transportation, control and discipline of the pupils, and any other matter relating  
43.30 to the transportation of pupils under this paragraph shall be within the sole discretion,  
43.31 control, and management of the district.

43.32 Sec. 27. Minnesota Statutes 2004, section 124D.11, subdivision 9, is amended to read:

43.33 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,  
43.34 subdivision 3, aid payments for the current fiscal year to a charter school not in its first  
43.35 year of operation shall be of an equal amount on each of the 23 payment dates. A charter

44.1 school in its first year of operation shall receive, on its first payment date, ten percent of its  
 44.2 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter  
 44.3 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage  
 44.4 multiplied by the cumulative amount guaranteed.

44.5 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the  
 44.6 end of a school year, ~~80 percent of~~ the current year aid payment percentage multiplied by  
 44.7 the amount due for the school year may be paid to the school after audit of prior fiscal year  
 44.8 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at  
 44.9 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary  
 44.10 final payments may be made after audit of pupil counts, monitoring of special education  
 44.11 expenditures, and documentation of lease expenditures for the final year of operation.  
 44.12 Final payment may be made upon receipt of audited financial statements under section  
 44.13 123B.77, subdivision 3.

44.14 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent  
 44.15 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day  
 44.16 of student attendance for that school year.

44.17 (d) In order to receive state aid payments under this subdivision, a charter school in  
 44.18 its first three years of operation must submit a school calendar in the form and manner  
 44.19 requested by the department and a quarterly report to the Department of Education. The  
 44.20 report must list each student by grade, show the student's start and end dates, if any,  
 44.21 with the charter school, and for any student participating in a learning year program,  
 44.22 the report must list the hours and times of learning year activities. The report must be  
 44.23 submitted not more than two weeks after the end of the calendar quarter to the department.  
 44.24 The department must develop a Web-based reporting form for charter schools to use  
 44.25 when submitting enrollment reports. A charter school in its fourth and subsequent year of  
 44.26 operation must submit a school calendar and enrollment information to the department in  
 44.27 the form and manner requested by the department.

44.28 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter  
 44.29 school and satisfaction of creditors, cash and investment balances remaining shall be  
 44.30 returned to the state.

44.31 Sec. 28. Minnesota Statutes 2004, section 124D.61, is amended to read:

44.32 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

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



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

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

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

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

45.15 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical  
 45.16 education, permit pupils of limited English proficiency shall be permitted to participate  
 45.17 fully and on an equal basis with their contemporaries in public school classes provided  
 45.18 for these subjects. To the extent possible, the district must assure to pupils enrolled in a  
 45.19 program for limited English proficient students an equal and meaningful opportunity to  
 45.20 participate fully with other pupils in all extracurricular activities.

45.21 Sec. 29. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

45.22 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,  
 45.23 blindness, visual disability, speech or language impairment, physical handicap, other  
 45.24 health impairment, mental handicap, emotional/behavioral disorder, specific learning  
 45.25 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and  
 45.26 needs special instruction and services, as determined by the standards of the commissioner,  
 45.27 is a child with a disability. In addition, every child under age three, and at local district  
 45.28 discretion from age three to age seven, who needs special instruction and services, as  
 45.29 determined by the standards of the commissioner, because the child has a substantial delay  
 45.30 or has an identifiable physical or mental condition known to hinder normal development is  
 45.31 a child with a disability.

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

45.33 Sec. 30. Minnesota Statutes 2004, section 125A.75, is amended by adding a  
 45.34 subdivision to read:

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

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

46.8 Sec. 31. Minnesota Statutes 2004, section 169.01, subdivision 6, is amended to read:

46.9 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils  
 46.10 to or from a school defined in section 120A.22, or to or from school-related activities, by  
 46.11 the school or a school district, or by someone under an agreement with the school or a  
 46.12 school district. A school bus does not include a motor vehicle transporting children to or  
 46.13 from school for which parents or guardians receive direct compensation from a school  
 46.14 district, a motor coach operating under charter carrier authority, a transit bus providing  
 46.15 services as defined in section 174.22, subdivision 7, a multifunction school activity bus  
 46.16 as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying  
 46.17 as a type III vehicle under paragraph (5), when the vehicle is properly registered and  
 46.18 insured and being driven by an employee or agent of a school district for nonscheduled  
 46.19 or nonregular transportation. A school bus may be type A, type B, type C, or type D, or  
 46.20 type III as follows:

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

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

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

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

47.1 (5) Type III school buses and type III Head Start buses are restricted to passenger  
 47.2 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating  
 47.3 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of  
 47.4 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value  
 47.5 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school  
 47.6 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type  
 47.7 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a  
 47.8 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must  
 47.9 have been originally manufactured to comply with the passenger safety standards.

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

47.11 Sec. 32. Minnesota Statutes 2004, section 169.447, subdivision 2, is amended to read:

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

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

47.17 Sec. 33. Minnesota Statutes 2004, section 169.4501, subdivision 1, is amended to read:

47.18 Subdivision 1. **National standards adopted.** Except as provided in sections  
 47.19 169.4502 and 169.4503, the construction, design, equipment, and color of types A,  
 47.20 B, C, and D school buses used for the transportation of school children shall meet the  
 47.21 requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005  
 47.22 edition of the "National School Transportation Specifications and Procedures" adopted  
 47.23 by the National ~~Conference~~ Congress on School Transportation. Except as provided  
 47.24 in section 169.4504, the construction, design, and equipment of types A, B, C, and D  
 47.25 school buses used for the transportation of students with disabilities also shall meet the  
 47.26 requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National  
 47.27 School Transportation Specifications and Procedures. The "bus chassis standards," "bus  
 47.28 body standards," and "specially equipped school bus standards" sections of the ~~2000~~  
 47.29 2005 edition of the "National School Transportation Specifications and Procedures" are  
 47.30 incorporated by reference in this chapter.

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

47.32 Sec. 34. Minnesota Statutes 2004, section 169.4501, subdivision 2, is amended to read:

48.1 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections  
48.2 169.4502 and 169.4503, govern the construction, design, equipment, and color of school  
48.3 buses used for the transportation of school children, when owned or leased and operated  
48.4 by a school or privately owned or leased and operated under a contract with a school.  
48.5 Each school, its officers and employees, and each person employed under the contract is  
48.6 subject to these standards.

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

48.10 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,  
48.11 2006, must conform to the Minnesota standards in effect on the date the vehicle was  
48.12 manufactured except as specifically provided for in law.

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

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

48.18 Sec. 35. Minnesota Statutes 2004, section 169.4502, subdivision 5, is amended to read:

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

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

48.29 (c) All batteries shall be mounted according to chassis manufacturers'  
48.30 recommendations.

48.31 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least  
48.32 550 cold cranking amperes may be installed in the engine compartment only if used in  
48.33 combination with a generator or alternator of at least ~~120~~ 130 amperes.

48.34 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be  
48.35 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used

49.1 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not  
 2 apply to those buses with wheelchair lifts or diesel engines.

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

49.4 Sec. 36. Minnesota Statutes 2004, section 169.4503, subdivision 20, is amended to  
 49.5 read:

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

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

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

49.11 Sec. 37. Minnesota Statutes 2004, section 171.321, subdivision 4, is amended to read:

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

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

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

49.19 (2) understand student behavior, including issues relating to students with  
 .20 disabilities;

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

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

49.25 (5) handle emergency situations; and

49.26 (6) safely load and unload students.

49.27 (c) The commissioner of public safety shall develop a comprehensive model  
 49.28 school bus driver training program and model assessments for school bus driver training  
 49.29 competencies, which are not subject to chapter 14. A school district, nonpublic school, or  
 30 private contractor may use alternative assessments for bus driver training competencies  
 49.31 with the approval of the commissioner of public safety. After completion of bus driver  
 49.32 training competencies, a driver may receive at least eight hours of school bus in-service  
 49.33 training any year as an alternative to being assessed for bus driver competencies. The

50.1 employer shall keep the assessment and a record of the in-service training for the current  
50.2 period available for inspection by representatives of the commissioner.

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

50.4 Sec. 38. Minnesota Statutes 2004, section 171.321, subdivision 5, is amended to read:

50.5 Subd. 5. **Annual evaluation and license verification.** (a) A school district,  
50.6 nonpublic school, or private contractor shall provide in-service training ~~annually~~ by June  
50.7 30 of each year to each school bus driver.

50.8 (b) A school district, nonpublic school, or private contractor shall ~~annually~~ by June  
50.9 30 of each year verify the validity of the driver's license of each employee who regularly  
50.10 transports students for the district in a type A school bus, a type B school bus, a type C  
50.11 school bus, or type D school bus, or regularly transports students for the district in a type  
50.12 III vehicle with the National Driver Register or with the Department of Public Safety.

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

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

50.18 Sec. 39. Minnesota Statutes 2004, section 299F.30, is amended to read:

50.19 **299F.30 FIRE DRILL IN SCHOOL; DOORS AND EXITS.**

50.20 Subdivision 1. **Duties of fire marshal.** Consistent with this section and section  
50.21 121A.035, it shall be the duty of the state fire marshal, deputies and assistants, to require  
50.22 public and private schools and educational institutions to have ~~at least nine~~ fire drills  
50.23 each school year and to keep all doors and exits unlocked from the inside of the building  
50.24 during school hours. The fire marshal must require nonpublic schools and educational  
50.25 institutions not subject to section 121A.035 to have at least one fire drill each month  
50.26 during the school year.

50.27 Subd. 2. **Fire drill.** Each superintendent, principal or other person in charge of a  
50.28 public or private school, educational institution, children's home or orphanage housing 20  
50.29 or more students or other persons, shall instruct and train such students or other persons to  
50.30 quickly and expeditiously quit the premises in case of fire or other emergency by means of  
50.31 drills or rapid dismissals ~~at least once each month~~ while such school, institution, home or  
50.32 orphanage is in operation. Records of such drills shall be posted so that such records are

51.1 available for review by the state fire marshal at all times and shall include the drill date  
 2 and the time required to evacuate the building.

51.3 Subd. 3. **School doors and exits.** Consistent with this section and section  
 51.4 121A.035, each superintendent, principal or other person in charge of a public or private  
 51.5 school, educational institution, children's home or orphanage shall keep all doors and exits  
 51.6 of such school, institution, home or orphanage unlocked so that persons can leave by such  
 51.7 doors or exits at any time during the hours of normal operation.

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

51.10 Sec. 40. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 3, is  
 51.11 amended to read:

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

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

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

51.26 The police department or the county sheriff, upon receiving a report, shall  
 51.27 immediately notify the local welfare agency or agency responsible for assessing or  
 51.28 investigating the report, orally and in writing. The local welfare agency, or agency  
 51.29 responsible for assessing or investigating the report, upon receiving a report, shall  
 51.30 immediately notify the local police department or the county sheriff orally and in writing.  
 51.31 The county sheriff and the head of every local welfare agency, agency responsible for  
 2 assessing or investigating reports, and police department shall each designate a person  
 51.33 within their agency, department, or office who is responsible for ensuring that the  
 51.34 notification duties of this paragraph and paragraph (b) are carried out. Nothing in this  
 51.35 subdivision shall be construed to require more than one report from any institution, facility,

52.1 school, or agency. If the agency receiving a report determines that it is not responsible for  
52.2 assessing or investigating the report, the agency shall immediately notify the agency it  
52.3 determines is responsible for assessing or investigating the report under this section.

52.4 (b) Any person may voluntarily report to the local welfare agency, agency  
52.5 responsible for assessing or investigating the report, police department, or the county  
52.6 sheriff if the person knows, has reason to believe, or suspects a child is being or has been  
52.7 neglected or subjected to physical or sexual abuse. The police department or the county  
52.8 sheriff, upon receiving a report, shall immediately notify the local welfare agency or  
52.9 agency responsible for assessing or investigating the report, orally and in writing. The  
52.10 local welfare agency or agency responsible for assessing or investigating the report, upon  
52.11 receiving a report, shall immediately notify the local police department or the county  
52.12 sheriff orally and in writing.

52.13 (c) A person mandated to report physical or sexual child abuse or neglect occurring  
52.14 within a ~~licensed facility~~ or a school as defined under subdivision 3b, shall report the  
52.15 information to the agency responsible for licensing the facility under sections 144.50 to  
52.16 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; ~~or a nonlicensed personal care~~  
52.17 ~~provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625,~~  
52.18 ~~subdivision 19,~~ or to the agency responsible for assessing or investigating the report, if the  
52.19 facility is not licensed. A health or corrections agency receiving a report may request the  
52.20 local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A  
52.21 board or other entity whose licensees perform work within a school facility, upon receiving  
52.22 a complaint of alleged maltreatment, shall provide information about the circumstances of  
52.23 the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4,  
52.24 applies to data received by the commissioner of education from a licensing entity.

52.25 (d) Any person mandated to report shall receive a summary of the disposition of  
52.26 any report made by that reporter, including whether the case has been opened for child  
52.27 protection or other services, or if a referral has been made to a community organization,  
52.28 unless release would be detrimental to the best interests of the child. Any person who is  
52.29 not mandated to report shall, upon request to the local welfare agency, receive a concise  
52.30 summary of the disposition of any report made by that reporter, unless release would be  
52.31 detrimental to the best interests of the child.

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

52.34 Sec. 41. Minnesota Statutes 2004, section 626.556, subdivision 3b, is amended to read:



53.1 Subd. 3b. ~~Agency~~ Department of Education responsible for assessing or  
 53.2 investigating reports of maltreatment. The Department of Education is the agency  
 53.3 responsible for assessing or investigating allegations of child maltreatment in schools  
 53.4 as defined in sections ~~120A.05, subdivisions 9, 11, and 13;~~ 120A.05, subdivisions 9,  
 53.5 11, 13, and 17, and 124D.10, unless the alleged maltreatment occurred in a program or  
 53.6 facility licensed by the commissioner of human services. "School" includes a school-age  
 53.7 care program, Head Start program, early childhood family education program, school  
 53.8 district-administered day treatment facility, or other program licensed or administered  
 53.9 by the commissioner of education that provides services for minors and is located in  
 53.10 or operated by a school.

53.11 Sec. 42. Minnesota Statutes 2004, section 626.556, subdivision 3c, is amended to read:

53.12 Subd. 3c. ~~Agency~~ Local welfare agency, Department of Human Services,  
 53.13 or Department of Health responsible for assessing or investigating reports of  
 53.14 maltreatment. ~~The following agencies are the administrative agencies responsible for~~  
 53.15 ~~assessing or investigating reports of alleged child maltreatment in facilities made under~~  
 53.16 ~~this section:~~

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

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

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

53.24 ~~(2)~~ (b) The Department of Human Services is the agency responsible for assessing  
 53.25 or investigating allegations of maltreatment in facilities licensed under chapters 245A and  
 53.26 245B, except for child foster care and family child care, ~~and.~~

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

53.30 Sec. 43. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
 53.31 13, is amended to read:

53.32  
 53.33 Subd. 13. **Examination fees; teacher training and support programs.** (a) For  
 53.34 students' advanced placement and international baccalaureate examination fees under

54.1 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs  
 54.2 for teachers and other interested educators under Minnesota Statutes, section 120B.13,  
 54.3 subdivision 1:

54.4           \$ 4,500,000   .....   2006

54.5           \$ 4,500,000   .....   2007

54.6           (b) The advanced placement program shall receive 75 percent of the appropriation  
 54.7 each year and the international baccalaureate program shall receive 25 percent of the  
 54.8 appropriation each year. The department, in consultation with representatives of the  
 54.9 advanced placement and international baccalaureate programs selected by the Advanced  
 54.10 Placement Advisory Council and IBMN, respectively, shall determine the amounts of  
 54.11 the expenditures each year for examination fees and training and support programs for  
 54.12 each program.

54.13           (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least  
 54.14 \$500,000 each year is for teachers to attend subject matter summer training programs  
 54.15 and follow-up support workshops approved by the advanced placement or international  
 54.16 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~  
 54.17 ~~advanced placement or international baccalaureate summer training program or workshop~~  
 54.18 ~~shall be the same. The commissioner shall determine the payment process and the amount~~  
 54.19 ~~of the subsidy. Teachers shall apply for teacher training scholarships to prepare for~~  
 54.20 ~~teaching in the advanced placement or international baccalaureate program. Any reserved~~  
 54.21 ~~funding not expended for teacher training may be used for exam fees and other support~~  
 54.22 ~~programs for each program.~~

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

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

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

54.29           Sec. 44. **RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**  
 54.30 **"BLIND" AND "BLINDNESS."**

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

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

55.2 Sec. 45. PILOT PROGRAM TO FACILITATE YOUNG CHILDREN'S SECOND  
55.3 LANGUAGE LEARNING AND STRONGER LITERACY AND VERBAL SKILLS.

55.4 (a) A pilot program for fiscal year 2007 is established to allow school districts to  
55.5 use child-relevant American sign language to encourage children in kindergarten through  
55.6 grade 3 to learn a second language and develop stronger literacy and verbal skills and  
55.7 better classroom attention. School districts that have (1) child care centers or Head Start  
55.8 classrooms, (2) English language learners, foreign language classrooms, or language  
55.9 immersion programs, (3) resident families with internationally adopted children, or (4)  
55.10 classrooms in which children with special needs are served may apply to the education  
55.11 commissioner, in the form and manner the commissioner determines, for a pilot program  
55.12 grant. School districts that receive a grant under this section must use the grant to train  
55.13 education staff who work with children in kindergarten through grade 3, including at least  
55.14 classroom teachers, teachers' assistants, ESL teachers, and special education teachers to  
55.15 use 600 child-relevant signs in sign language to help hearing students acquire vocabulary  
55.16 quickly and easily, become better problem solvers, creative thinkers and communicators  
55.17 and better prepared academically, and to use effective strategies to incorporate sign  
55.18 language into classroom instruction.

55.19 (b) The commissioner may award grants to qualified school districts on a first-come  
55.20 first-served basis to allow training for 1,000 education staff under this section.

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

55.25 Sec. 46. CHINESE LANGUAGE PROGRAMS; CURRICULUM  
55.26 DEVELOPMENT PROJECT.

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

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

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

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

56.9 (c) Project participants must:

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

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

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

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

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

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

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

56.29 Sec. 47. 2006 SCHOOL ACCOUNTABILITY REPORT.

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

57.1 Sec. 48. NORTHWESTERN ONLINE COLLEGE IN THE HIGH SCHOOL  
57.2 PROGRAM.

57.3 For fiscal year 2007 only, the Northwestern Online College in the High School  
57.4 program is eligible for \$50,000 for professional development and to develop Web-based  
57.5 technology.

57.6 Sec. 49. APPROPRIATION.

57.7 Subdivision 1. Department of Education. The sums indicated in this section are  
57.8 appropriated from the general fund to the Department of Education for the fiscal years  
57.9 designated.

57.10 Subd. 2. Northwestern Online College in the High School program. For  
57.11 Northwestern Online College in the High School program:

57.12 \$ 50,000 ..... 2007

57.13 Subd. 3. Chinese language. For the Chinese language curriculum project:

57.14 \$ 250,000 ..... 2007

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

57.21 This is a onetime appropriation.

57.22 Subd. 4. Child-relevant American sign language. For a contract with a qualified  
57.23 provider to train education staff to use child-relevant American sign language to facilitate  
57.24 young children's development of second language learning and stronger literacy and  
57.25 verbal skills:

57.26 \$ 225,000 ..... 2007

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

57.30 Subd. 5. Scholars of distinction. For the scholars of distinction program:



59.1 instruction and services and transportation for nonpublic school pupils must be reported  
59.2 separately. All other general fund expenditures may be reported by building or on a  
59.3 districtwide basis.

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

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

59.10 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision  
59.11 4;

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

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

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

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

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

59.22 (d) The amount of state and federal special education aid for nonpublic school pupils  
59.23 receiving special education instruction and services and transportation and the number  
59.24 of nonpublic school pupils with a disability assessed and receiving special education  
59.25 instruction and services and transportation from school districts must be shown in a  
59.26 separate category.

59.27 **EFFECTIVE DATE. This section is effective for fiscal year 2006 and later.**

59.28 Sec. 2. Minnesota Statutes 2005 Supplement, section 125A.11, subdivision 1, is  
59.29 amended to read:

59.30 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,  
59.31 when a school district provides instruction and services outside the district of residence,  
59.32 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The  
59.33 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition  
59.34 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum  
59.35 of (1) the actual cost of providing special instruction and services to the child including

60.1 a proportionate amount for special transportation and unreimbursed building lease and  
60.2 debt service costs for facilities used primarily for special education, plus (2) the amount  
60.3 of general education revenue and referendum aid attributable to the pupil, minus (3) the  
60.4 amount of special education aid for children with a disability received on behalf of that  
60.5 child, minus (4) if the pupil receives special instruction and services outside the regular  
60.6 classroom for more than 60 percent of the school day, the amount of general education  
60.7 revenue and referendum aid, excluding portions attributable to district and school  
60.8 administration, district support services, operations and maintenance, capital expenditures,  
60.9 and pupil transportation, attributable to that pupil for the portion of time the pupil receives  
60.10 special instruction in and services outside of the regular classroom. If the boards involved  
60.11 do not agree upon the tuition rate, either board may apply to the commissioner to fix the  
60.12 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or  
60.13 request a written statement from each board, giving each board at least ten days' notice,  
60.14 and after the hearing or review of the written statements the commissioner must make an  
60.15 order fixing the tuition rate, which is binding on both school districts. General education  
60.16 revenue and referendum aid attributable to a pupil must be calculated using the resident  
60.17 district's average general education and referendum revenue per adjusted pupil unit.

60.18 (b) For fiscal year 2007 and later, when a school district provides special instruction  
60.19 and services for a pupil with a disability as defined in section 125A.02 outside the district  
60.20 of residence, excluding a pupil for whom an adjustment to special education aid is  
60.21 calculated according to section 127A.47, subdivision 7, paragraph (e), special education  
60.22 aid paid to the resident district must be reduced by an amount equal to (1) the actual  
60.23 cost of providing special instruction and services to the pupil, including a proportionate  
60.24 amount for special transportation and unreimbursed building lease and debt service costs  
60.25 for facilities used primarily for special education, plus (2) the amount of general education  
60.26 revenue and referendum aid attributable to that pupil, minus (3) the amount of special  
60.27 education aid for children with a disability received on behalf of that child, minus (4) if the  
60.28 pupil receives special instruction and services outside the regular classroom for more than  
60.29 60 percent of the school day, the amount of general education revenue and referendum  
60.30 aid, excluding portions attributable to district and school administration, district support  
60.31 services, operations and maintenance, capital expenditures, and pupil transportation,  
60.32 attributable to that pupil for the portion of time the pupil receives special instruction in  
60.33 and services outside of the regular classroom. General education revenue and referendum  
60.34 aid attributable to a pupil must be calculated using the resident district's average general  
60.35 education revenue and referendum aid per adjusted pupil unit. Special education aid  
60.36 paid to the district or cooperative providing special instruction and services for the pupil



61.1 must be increased by the amount of the reduction in the aid paid to the resident district.  
61.2 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision  
61.3 7, shall be recognized and reported as revenues and expenditures on the resident school  
61.4 district's books of account under sections 123B.75 and 123B.76. If the resident district's  
61.5 special education aid is insufficient to make the full adjustment, the remaining adjustment  
61.6 shall be made to other state aid due to the district.

61.7 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,  
61.8 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students  
61.9 receive special education and related services, an intermediate district, ~~or a special~~  
61.10 education cooperative, or a school district that served as the applicant agency for a group  
61.11 of school districts for federal special education aids for fiscal year 2006 may apply to the  
61.12 commissioner for authority to charge the resident district an additional amount to recover  
61.13 any remaining unreimbursed costs of serving pupils with a disability. The application must  
61.14 include a description of the costs and the calculations used to determine the unreimbursed  
61.15 portion to be charged to the resident district. Amounts approved by the commissioner  
61.16 under this paragraph must be included in the tuition billings or aid adjustments under  
61.17 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

61.18 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs  
61.19 (d) and (e), "general education revenue and referendum aid" means the sum of the general  
61.20 education revenue according to section 126C.10, subdivision 1, excluding alternative  
61.21 teacher compensation revenue, plus the referendum aid according to section 126C.17,  
61.22 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)  
61.23 to (c).

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

61.25 Sec. 3. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

61.26 Subdivision 1. **Approval of education programs.** The commissioner shall  
61.27 approve education programs for placement of children and youth in ~~care and treatment~~  
61.28 residential facilities including detention centers, before being licensed by the Department  
61.29 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~  
61.30 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~  
61.31 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and  
61.32 federal education laws including the Individuals with Disabilities Education Act (IDEA).  
61.33 This section applies only to placements in facilities licensed by the Department of Human  
61.34 Services or the Department of Corrections.

62.1 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

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

62.5 (b) For education programs operated by the Department of Corrections, the  
62.6 providing district shall be the Department of Corrections. For students remanded to the  
62.7 commissioner of corrections, the providing and resident district shall be the Department  
62.8 of Corrections.

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

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

62.14 Subd. 5. **Education programs for students placed in residential facilities ~~for~~**  
62.15 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility  
62.16 approved under this section that has an on-site education program, the providing district,  
62.17 upon notice from the care and treatment facility, must contact the resident district within  
62.18 one business day to determine if a student has been identified as having a disability, and  
62.19 to request at least the student's transcript, and for students with disabilities, the most  
62.20 recent individualized education plan (IEP) and evaluation report, and to determine if the  
62.21 student has been identified as a student with a disability. The resident district must send a  
62.22 facsimile copy to the providing district within two business days of receiving the request.

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

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

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

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

62.32 (ii) the resident district;

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

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

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

63.1 (vi) when appropriate, the student.

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

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

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

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

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

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

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

63.22 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

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

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

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

63.32 Sec. 9. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

64.1 Subd. 10. ~~Students unable to attend school but not placed in care and treatment~~  
 64.2 ~~facilities covered under this section.~~ Students who are absent from, or predicted to  
 64.3 be absent from, school for 15 consecutive or intermittent days, and placed at home or  
 64.4 in facilities not licensed by the Departments of Corrections or Human Services are not  
 64.5 students placed for care and treatment entitled to regular and special education services  
 64.6 consistent with applicable law and rule. These students include students with and without  
 64.7 disabilities who are home due to accident or illness, in a hospital or other medical facility,  
 64.8 or in a day treatment center. ~~These students are entitled to education services through~~  
 64.9 ~~their district of residence.~~

64.10 Sec. 10. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

64.11 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~  
 64.12 commissioner shall establish an advisory committee for each resource center. The  
 64.13 advisory committees shall develop recommendations regarding the resource centers and  
 64.14 submit an annual report to the commissioner on the form and in the manner prescribed by  
 64.15 the commissioner.

64.16 Sec. 11. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

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

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

64.22 Sec. 12. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is  
 64.23 amended to read:

64.24 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this  
 64.25 subdivision apply.

64.26 (a) "Unreimbursed special education cost" means the sum of the following:

64.27 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and  
 64.28 transportation services eligible for revenue under section 125A.76; plus

64.29 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and  
 64.30 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

64.31 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under  
 64.32 section 125A.76; minus

65.1 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services  
 2 eligible for revenue under section 125A.76, subdivision 2.

65.3 (b) "General revenue" means the sum of the general education revenue according to  
 65.4 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~  
 65.5 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying  
 65.6 referendum revenue specified in paragraph (e) minus transportation sparsity revenue  
 65.7 minus total operating capital revenue.

65.8 (c) "Average daily membership" has the meaning given it in section 126C.05.

65.9 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal  
 65.10 year 2004 and later.

65.11 (e) "Total qualifying referendum revenue" means two-thirds of the district's total  
 65.12 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs  
 13 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal  
 65.14 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

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

65.16 **Sec. 13. SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

65.17 (a) If, on the basis of a forecast of general fund revenues and expenditures under  
 65.18 Minnesota Statutes, section 16A.103; expenditures for special education aid under  
 65.19 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota  
 65.20 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,  
 65.21 section 124A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,  
 65.22 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,  
 65.23 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section  
 65.24 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an  
 65.25 enacted budget, the forecast excess from these programs, up to an amount sufficient to  
 65.26 meet federal special education maintenance of effort, is added to the state total special  
 65.27 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

65.28 (b) If, on the basis of a forecast of general fund revenues and expenditures under  
 65.29 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are  
 65.30 projected to be greater than previously forecast for an enacted budget, and an addition to  
 65.31 state total special education aid has been made under paragraph (a), the state total special  
 2 education aid must be reduced by the lesser of the amount of the expenditure increase or  
 65.33 the amount previously added to state total special education aid, and this amount must be  
 65.34 taken from the programs that were forecast to have a forecast excess.

66.1 (c) For the purpose of this section, "previously forecast for an enacted budget" means  
 66.2 the allocation of funding for these programs in the most recent forecast of general fund  
 66.3 revenues and expenditures or the act appropriating money for these programs, whichever  
 66.4 occurred most recently. It does not include planning estimates for a future biennium.

66.5 **Sec. 14. INTERMEDIATE DISTRICT SPECIAL EDUCATION TUITION**  
 66.6 **BILLING FOR FISCAL YEARS 2006 AND 2007.**

66.7 (a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph  
 66.8 (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006, an intermediate  
 66.9 district is not subject to the uniform special education tuition billing calculations, but may  
 66.10 instead continue to bill the resident school districts for the actual unreimbursed costs of  
 66.11 servicing pupils with a disability as determined by the intermediate district.

66.12 (b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph  
 66.13 (c), for fiscal year 2007 only, an intermediate district may apply to the commissioner of  
 66.14 education for a waiver from the uniform special education tuition calculations and aid  
 66.15 adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and  
 66.16 127A.47, subdivision 7, paragraph (e). The commissioner must grant the waiver within 30  
 66.17 days of receiving the following information from the intermediate district:

66.18 (1) a detailed description of the intermediate district's methodology for calculating  
 66.19 special education tuition for fiscal years 2006 and 2007, as required by the intermediate  
 66.20 district to recover the full cost of servicing pupils with a disability;

66.21 (2) sufficient data to determine the total amount of special education tuition actually  
 66.22 charged for each student with a disability, as required by the intermediate district to  
 66.23 recover the full cost of servicing pupils with a disability in fiscal year 2006; and

66.24 (3) sufficient data to determine the amount that would have been charged for each  
 66.25 student for fiscal year 2006 using the uniform tuition billing methodology according  
 66.26 to Minnesota Statutes, section 125A.11, subdivision 1, or 127A.47, subdivision 7, as  
 66.27 applicable.

66.28 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 66.29 for fiscal year 2006.

66.30 **Sec. 15. SPECIAL EDUCATION STUDY.**

66.31 (a) The commissioner of education must contract with an independent consultant that  
 66.32 has extensive experience working with various states on special education finance systems  
 66.33 to evaluate Minnesota's special education funding structure and make recommendations

67.1 to improve its effectiveness. The recommendations must be in conformance with Public  
 2 Law 108-446, section 612(a) (5) (B) (i).

67.3 (b) The consultant must:

67.4 (1) conduct an in-depth analysis of the current special education finance system  
 67.5 in Minnesota;

67.6 (2) convene a task force in Minnesota consisting of superintendents, special  
 67.7 education directors, representatives from special education advocacy organizations,  
 67.8 and parents of children receiving special education services to help formulate  
 67.9 recommendations for improvement; and

67.10 (3) prepare a report to be submitted to the Department of Education and the  
 67.11 legislature.

67.12 (c) In addition to the requirements in paragraph (b), the consultant must analyze  
 67.13 and report on the effectiveness of the current special education program in educating  
 67.14 Minnesota students. The consultant must use a statistical analysis to help explain  
 67.15 differences in spending across school districts while controlling for student performance.

67.16 (d) The commissioner must report on the findings on the contract to the legislative  
 67.17 committees having jurisdiction over kindergarten through grade 12 finance before  
 67.18 December 15, 2007.

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

67.20 **Sec. 16. APPROPRIATION.**

67.21 Subdivision 1. Department of Education. The sum indicated in this section is  
 67.22 appropriated from the general fund to the Department of Education for the fiscal year  
 67.23 designated.

67.24 Subd. 2. Special education study contract. For a contract to examine Minnesota's  
 67.25 special education funding structure under section 15:

67.26 § 250,000        .....        2007

67.27 **Sec. 17. DEPARTMENT OF EDUCATION RULES.**

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

67.30 **Sec. 18. REPEALER.**

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

68.3 **ARTICLE 4**

68.4 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

68.5 Section 1. Minnesota Statutes 2004, section 123A.44, is amended to read:

68.6 **123A.44 CITATION.**

68.7 Sections 123A.441 to 123A.446 may be cited as the "Cooperative ~~Secondary~~  
 68.8 Facilities Grant Act."

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

68.10 Sec. 2. Minnesota Statutes 2004, section 123A.441, is amended to read:

68.11 **123A.441 POLICY AND PURPOSE.**

68.12 Because of the rates of decline in school-aged population, population shifts and  
 68.13 economic changes that the state has experienced in recent years and anticipates in future  
 68.14 years, and because in some instances local districts have not, and will not be able to  
 68.15 provide the required construction funds through local property taxes, the purpose of the  
 68.16 cooperative ~~secondary~~ facilities grant program is to provide an incentive to encourage  
 68.17 cooperation in making available to all ~~secondary~~ students those educational programs,  
 68.18 services and facilities that are most efficiently and effectively provided by a cooperative  
 68.19 effort of ~~several~~ school districts. The policy and purpose of sections 123A.442 to  
 68.20 123A.446 is to use the credit of the state, to a limited degree, to provide grants to  
 68.21 cooperating groups of districts to improve and expand the educational opportunities and  
 68.22 facilities available to their ~~secondary~~ students.

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

68.24 Sec. 3. Minnesota Statutes 2004, section 123A.442, is amended to read:

68.25 **123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.**

68.26 Subdivision 1. **Approval by commissioner.** To the extent money is available, the  
 68.27 commissioner may approve projects from applications submitted under section 123A.443.  
 68.28 The grant money must be used only to acquire, construct, remodel or improve the building  
 68.29 or site of a cooperative ~~secondary~~ facility under contracts to be entered into within 15  
 68.30 months after the date on which each grant is awarded.



69.1 Subd. 2. **Cooperation and combination.** Districts that have not already  
 2 consolidated and receive a cooperative ~~secondary~~ facilities grant ~~after May 1, 1991~~, shall:

69.3 (1) submit a consolidation plan as set forth in ~~under~~ section ~~123A.36~~ 123A.48 for  
 69.4 approval by the ~~State Board of Education before December 31, 1999~~, or Department of  
 69.5 Education ~~after December 30, 1999~~; and

69.6 (2) hold a referendum on the question of ~~combination~~ consolidation no later than  
 69.7 four years after a grant is awarded under subdivision 1.

69.8 The districts are eligible for ~~cooperation and combination~~ consolidation revenue  
 69.9 under section ~~123A.39, subdivision 3~~ 123A.485.

69.10 Subd. 3. **Consolidated districts.** A school district that has consolidated with  
 69.11 another school district since July 1, 1980, is eligible for a cooperative facilities grant.

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

69.13 Sec. 4. Minnesota Statutes 2004, section 123A.443, is amended to read:

69.14 **123A.443 GRANT APPLICATION PROCESS.**

69.15 Subdivision 1. **Qualification.** Any group of districts or a consolidated district  
 69.16 that meets the criteria required under subdivision 2 may apply for an incentive grant for  
 69.17 construction of a new ~~secondary~~ facility or for remodeling and improving an existing  
 69.18 ~~secondary~~ facility. A grant for new construction must not exceed the lesser of \$5,000,000  
 69.19 \$10,000,000 or 75 percent of the approved construction costs of a cooperative ~~secondary~~  
 69.20 education facility. A grant for remodeling and improving an existing facility must not  
 69.21 exceed ~~\$200,000~~ \$1,000,000.

69.22 Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district  
 69.23 that submits an application for a grant must submit a proposal to the commissioner for  
 69.24 review and comment under section 123B.71. The commissioner shall prepare a review  
 69.25 and comment on the proposed facility by July 1 of an odd-numbered year, regardless  
 69.26 of the amount of the capital expenditure required to acquire, construct, remodel, or  
 69.27 improve the ~~secondary~~ facility. The commissioner shall not approve an application for an  
 69.28 incentive grant for any ~~secondary~~ facility unless the facility receives a favorable review  
 69.29 and comment under section 123B.71 and the following criteria are met:

69.30 (1) the applicant is a consolidated district or a minimum of two or more districts;  
 69.31 ~~with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils;~~  
 2 enter that have entered into a joint powers agreement;

69.33 (2) for a group of districts, a joint powers board representing all participating  
 69.34 districts is established under section 471.59 to govern the cooperative ~~secondary~~ facility;

70.1 ~~(3) the planned secondary facility will result in the joint powers district meeting the~~  
70.2 ~~requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;~~

70.3 ~~(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be~~  
70.4 ~~served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;~~

70.5 ~~(5) (3) for a group of districts, no more than one superintendent is employed by the~~  
70.6 ~~joint powers board as a result of the cooperative secondary facility agreement;~~

70.7 ~~(6) (4) a statement of need is submitted, that may include reasons why the current~~  
70.8 ~~secondary facilities are inadequate, unsafe or inaccessible to the handicapped disabled;~~

70.9 ~~(7) (5) an educational plan is prepared, that includes input from both community and~~  
70.10 ~~professional staff;~~

70.11 ~~(8) (6) for a group of districts, a combined seniority list for all participating districts~~  
70.12 ~~is developed by the joint powers board;~~

70.13 ~~(9) (7) for a group of districts, an education program is developed that provides for~~  
70.14 ~~more learning opportunities and course offerings, including the offering of advanced~~  
70.15 ~~placement courses, for students than is currently available in any single member district;~~

70.16 ~~(10) (8) a plan is developed for providing instruction of any resident students in~~  
70.17 ~~other districts when distance to the secondary education facility makes attendance at the~~  
70.18 ~~facility unreasonably difficult or impractical; and~~

70.19 ~~(11) (9) for a secondary facility, the joint powers board established under clause (2)~~  
70.20 ~~discusses with technical colleges located in the area how vocational education space in~~  
70.21 ~~the cooperative secondary facility could be jointly used for secondary and postsecondary~~  
70.22 ~~purposes.~~

70.23 (b) To the extent possible, the joint powers board is encouraged to provide for  
70.24 severance pay or for early retirement incentives under section 122A.48, for any teacher  
70.25 or administrator, as defined under section 122A.40, subdivision 1, who is placed on  
70.26 unrequested leave as a result of the cooperative secondary facility agreement.

70.27 (c) For the purpose of paragraph (a), clause ~~(8) (6)~~, each district must be considered  
70.28 to have started school each year on the same date.

70.29 (d) The districts may develop a plan that provides for the location of social service,  
70.30 health, and other programs serving pupils and community residents within the cooperative  
70.31 secondary facility. The commissioner shall consider this plan when preparing a review  
70.32 and comment on the proposed facility.

70.33 (e) The districts must schedule and conduct a meeting on library services. The  
70.34 school districts, in cooperation with the regional public library system and its appropriate  
70.35 member libraries, must discuss the possibility of including jointly operated library services  
70.36 at the cooperative secondary facility.

71.1 (f) The board of a district that has reorganized under section 123A.37 or 123A.48  
2 and that is applying for a grant for remodeling or improving an existing facility may act in  
71.3 the place of a joint powers board to meet the criteria of this subdivision.

71.4 Subd. 3. **Reorganizing districts.** A district that is a member of a joint powers  
71.5 board established under subdivision 2 and that is planning to reorganize under section  
71.6 123A.45, 123A.46, or 123A.48 must notify the joint powers board one year in advance of  
71.7 the effective date of the reorganization. Notwithstanding section 471.59 or any other law  
71.8 to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or  
71.9 123A.48 may appoint representatives to the joint powers board who will serve on the joint  
71.10 powers board for two years after the effective date of the reorganization if authorized in  
71.11 the agreement establishing the joint powers board to govern the cooperative ~~secondary~~  
71.12 facility. These representatives shall have the same powers as representatives of any other  
71.13 school district under the joint powers agreement.

71.14 Subd. 4. **District procedures.** A joint powers board of a ~~secondary~~ district  
71.15 established under subdivision 2 or a school board of a reorganized district that intends  
71.16 to apply for a grant must adopt a resolution stating the proposed costs of the project,  
71.17 the purpose for which the costs are to be incurred, and an estimate of the dates when  
71.18 the facilities for which the grant is requested will be contracted for and completed.  
71.19 Applications for the state grants must be accompanied by (a) a copy of the resolution, (b)  
71.20 a certificate by the clerk and treasurer of the joint powers board showing the current  
71.21 outstanding indebtedness of each member district, and (c) a certificate by the county  
71.22 auditor of each county in which a portion of the joint powers district lies showing the  
23 information in the auditor's official records that is required to be used in computing the  
71.24 debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's  
71.25 certificate must show, as to each outstanding bond issue of each member district, the  
71.26 amount originally issued, the purpose for which issued, the date of issue, the amount  
71.27 remaining unpaid as of the date of the resolution, and the interest rates and due dates  
71.28 and amounts of principal thereon. Applications and necessary data must be in the  
71.29 form prescribed by the commissioner ~~and the rules of the State Board of Education~~  
71.30 ~~before December 31, 1999, and after December 30, 1999, in the form prescribed by the~~  
71.31 ~~commissioner.~~ Applications must be received by the commissioner by September 1 of an  
71.32 odd-numbered year. When an application is received, the commissioner shall obtain from  
71.33 the commissioner of revenue, and from the Public Utilities Commission when required,  
71.34 the information in their official records that is required to be used in computing the debt  
71.35 limit of the joint powers district under section 475.53, subdivision 4.

72.1 Subd. 5. **Award of grants.** By November 1 of the odd-numbered year, the  
72.2 commissioner shall examine and consider all applications for grants, and if any district is  
72.3 found not qualified, the commissioner shall promptly notify that board.

72.4 A grant award is subject to verification by the district as specified in subdivision  
72.5 8. A grant award for a new facility must not be made until the site of the ~~secondary~~  
72.6 facility has been determined. A grant award to remodel or improve an existing facility  
72.7 must not be made until the districts have reorganized. If the total amount of the approved  
72.8 applications exceeds the amount that is or can be made available, the commissioner  
72.9 shall allot the available amount equally between the approved applicant districts. The  
72.10 commissioner shall promptly certify to each qualified district the amount, if any, of the  
72.11 grant awarded to it.

72.12 Subd. 6. **Collocation grant.** A group of districts that receives a grant for a new  
72.13 facility under subdivision 4 is also eligible to receive an additional grant in the amount of  
72.14 \$1,000,000. To receive the additional grant, the group of districts must develop a plan  
72.15 under subdivision 2, paragraph (d), that provides for the location of a significant number  
72.16 of noneducational student and community service programs within the cooperative  
72.17 ~~secondary~~ facility.

72.18 Subd. 7. **Referendum; bond issue.** Within 180 days after being awarded a grant  
72.19 for a new facility under subdivision 5, the joint powers board must submit the question  
72.20 of authorizing the borrowing of funds for the ~~secondary~~ facility to the voters of the joint  
72.21 powers district at a special election, which may be held in conjunction with the annual  
72.22 election of the school board members of the member districts. The question submitted  
72.23 must state the total amount of funding needed from all sources. A majority of those voting  
72.24 in the affirmative on the question is sufficient to authorize the joint powers board to accept  
72.25 the grant and to issue the bonds on public sale ~~in accordance with~~ according to chapter  
72.26 475. The clerk of the joint powers board must certify the vote of the bond election to the  
72.27 commissioner. If the question is approved by the voters, the commissioner shall notify the  
72.28 approved applicant districts that the grant amount certified under subdivision 5 is available  
72.29 and appropriated for payment under this subdivision. If a majority of those voting on the  
72.30 question do not vote in the affirmative, the grant must be canceled.

72.31 Subd. 8. **Contract.** Each grant must be evidenced by a contract between the board  
72.32 and the state acting through the commissioner. The contract obligates the state to pay to  
72.33 the board an amount computed according to subdivision 5, and according to a schedule,  
72.34 and terms and conditions acceptable to the commissioner of finance.

72.35 Subd. 9. **Consolidation.** A group of districts that operates a cooperative ~~secondary~~  
72.36 facility that was acquired, constructed, remodeled, or improved under this section and

73.1 implements consolidation proceedings according to section 123A.48; may propose a  
 73.2 temporary school board structure in the petition or resolution required under section  
 73.3 123A.48, subdivision 2. The districts may propose the number of existing school board  
 73.4 members of each district to become members of the board of the consolidated district  
 73.5 and a method to gradually reduce the membership to six or seven. The proposal must  
 73.6 be approved, disapproved, or modified by the ~~state board of education~~ commissioner.  
 73.7 The election requirements of section 123A.48, subdivision 20, do not apply to a  
 73.8 proposal approved by the state board. Elections conducted after the effective date of the  
 73.9 consolidation are subject to the Minnesota Election Law.

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

73.11 Sec. 5. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

73.12 Subdivision 1. **Budgets.** ~~By October 1,~~ Every board must publish revenue and  
 73.13 expenditure budgets for the current year and the actual revenues, expenditures, fund  
 73.14 balances for the prior year and projected fund balances for the current year in a form  
 73.15 prescribed by the commissioner within one week of the acceptance of the final audit by  
 73.16 the board, or November 30, whichever is earlier. The forms prescribed must be designed  
 73.17 so that year to year comparisons of revenue, expenditures and fund balances can be made.  
 73.18 These budgets, reports of revenue, expenditures and fund balances must be published in  
 73.19 a qualified newspaper of general circulation in the district or on the district's official  
 73.20 Web site. If published on the district's official Web site, the district must also publish an  
 73.21 announcement in a qualified newspaper of general circulation in the district that includes  
 73.22 the Internet address where the information has been posted.

73.23 Sec. 6. Minnesota Statutes 2004, section 123B.53, subdivision 5, is amended to read:

73.24 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a  
 73.25 district equals the sum of the first tier equalized debt service levy and the second tier  
 73.26 equalized debt service levy.

73.27 (b) A district's first tier equalized debt service levy equals the district's first tier debt  
 73.28 service equalization revenue times the lesser of one or the ratio of:

73.29 (1) the quotient derived by dividing the adjusted net tax capacity of the district for  
 73.30 the year before the year the levy is certified by the adjusted pupil units in the district for  
 1 the school year ending in the year prior to the year the levy is certified; to

73.32 (2) ~~\$3,200~~ \$5,000 in fiscal years 2008 and 2009, and \$3,200 in fiscal year 2010  
 73.33 and later.

74.1 (c) A district's second tier equalized debt service levy equals the district's second  
74.2 tier debt service equalization revenue times the lesser of one or the ratio of:

74.3 (1) the quotient derived by dividing the adjusted net tax capacity of the district for  
74.4 the year before the year the levy is certified by the adjusted pupil units in the district for  
74.5 the school year ending in the year prior to the year the levy is certified; to

74.6 (2) \$8,000.

74.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

74.8 Sec. 7. Minnesota Statutes 2005 Supplement, section 123B.54, is amended to read:

74.9 **123B.54 DEBT SERVICE APPROPRIATION.**

74.10 (a) ~~\$21,624,000~~ \$22,701,000 in fiscal year 2008 and ~~\$20,403,000~~ \$22,269,000 in  
74.11 fiscal year 2009 and later are appropriated from the general fund to the commissioner of  
74.12 education for payment of debt service equalization aid under section 123B.53.

74.13 (b) The appropriations in paragraph (a) must be reduced by the amount of any  
74.14 money specifically appropriated for the same purpose in any year from any state fund.

74.15 Sec. 8. Minnesota Statutes 2004, section 123B.57, subdivision 6, is amended to read:

74.16 Subd. 6. **Uses of health and safety revenue.** (a) Health and safety revenue may  
74.17 be used only for approved expenditures necessary to correct fire and life safety hazards,  
74.18 or for the removal or encapsulation of asbestos from school buildings or property  
74.19 owned or being acquired by the district, asbestos-related repairs, cleanup and disposal  
74.20 of polychlorinated biphenyls found in school buildings or property owned or being  
74.21 acquired by the district, or the cleanup, removal, disposal, and repairs related to storing  
74.22 heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel,  
74.23 as defined in section 296A.01, Minnesota occupational safety and health administration  
74.24 regulated facility and equipment hazards, indoor air quality mold abatement, upgrades  
74.25 or replacement of mechanical ventilation systems to meet American Society of Heating,  
74.26 Refrigerating and Air Conditioning Engineers standards and State Mechanical Code,  
74.27 Department of Health Food Code and swimming pool hazards excluding depth correction,  
74.28 and health, safety, and environmental management. Testing and calibration activities are  
74.29 permitted for existing mechanical ventilation systems at intervals no less than every five  
74.30 years. Health and safety revenue must not be used to finance a lease purchase agreement,  
74.31 installment purchase agreement, or other deferred payments agreement. Health and safety  
74.32 revenue must not be used for the construction of new facilities or the purchase of portable  
74.33 classrooms, for interest or other financing expenses, or for energy efficiency projects

75.1 under section 123B.65. The revenue may not be used for a building or property or part  
 75.2 of a building or property used for postsecondary instruction or administration or for a  
 75.3 purpose unrelated to elementary and secondary education.

75.4 (b) Notwithstanding paragraph (a), health and safety revenue must not be used for  
 75.5 replacement of building materials or facilities including roof, walls, windows, internal  
 75.6 fixtures and flooring, nonhealth and safety costs associated with demolition of facilities,  
 75.7 structural repair or replacement of facilities due to unsafe conditions, violence prevention  
 75.8 and facility security, ergonomics, building and heating, ventilating and air conditioning  
 75.9 supplies, maintenance, and cleaning, testing, and calibration activities. All assessments,  
 75.10 investigations, inventories, and support equipment not leading to the engineering or  
 75.11 construction of a project shall be included in the health, safety, and environmental  
 75.12 management costs in subdivision 8, paragraph (a).

75.13 Sec. 9. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

75.14 Subd. 2. **Errors in distribution.** On determining that the amount of state aid  
 75.15 distributed to a school district is in error, the commissioner is authorized to adjust the  
 75.16 amount of aid consistent with this subdivision. On determining that the amount of aid is  
 75.17 in excess of the school district's entitlement, the commissioner is authorized to recover  
 75.18 the amount of the excess by any appropriate means. Notwithstanding the fiscal years  
 75.19 designated by the appropriation, the excess may be recovered by reducing future aid  
 75.20 payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not  
 75.21 of the same type as that overpaid, the district must adjust all necessary financial accounts  
 75.22 to properly reflect all revenues earned in accordance with the uniform financial accounting  
 75.23 and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the  
 75.24 fiscal years designated by the appropriation, on determining that the amount of an aid paid  
 75.25 is less than the school district's entitlement, the commissioner is authorized to increase  
 75.26 such aid from the current appropriation. If the aid program has been discontinued and has  
 75.27 no appropriation, the appropriation for general education shall be used for recovery or  
 75.28 payment of the aid decrease or increase. Any excess of aid recovery over aid payment  
 75.29 shall be canceled to the state general fund.

75.30 Sec. 10. Minnesota Statutes 2004, section 181.101, is amended to read:

75.31 **181.101 WAGES; HOW OFTEN PAID.**

75.32 Every employer must pay all wages earned by an employee at least once every 31  
 75.33 days on a regular pay day designated in advance by the employer regardless of whether  
 75.34 the employee requests payment at longer intervals. Unless paid earlier, the wages earned

76.1 during the first half of the first 31-day pay period become due on the first regular payday  
 76.2 following the first day of work. If wages earned are not paid, the commissioner of labor  
 76.3 and industry or the commissioner's representative may demand payment on behalf of an  
 76.4 employee. If payment is not made within ten days of demand, the commissioner may  
 76.5 charge and collect the wages earned and a penalty in the amount of the employee's average  
 76.6 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15  
 76.7 days in all, for each day beyond the ten-day limit following the demand. Money collected  
 76.8 by the commissioner must be paid to the employee concerned. This section does not  
 76.9 prevent an employee from prosecuting a claim for wages. This section does not prevent  
 76.10 a school district ~~or~~ other public school entity, or other school, as defined under section  
 76.11 120A.22, from paying any wages earned by its employees during a school year on regular  
 76.12 pay days in the manner provided by an applicable contract or collective bargaining  
 76.13 agreement, or a personnel policy adopted by the governing board. For purposes of this  
 76.14 section, "employee" includes a person who performs agricultural labor as defined in  
 76.15 section 181.85, subdivision 2. For purposes of this section, wages are earned on the  
 76.16 day an employee works.

76.17 Sec. 11. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
 76.18 3, is amended to read:

76.19 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota  
 76.20 Statutes, section 123B.53, subdivision 6:

76.21	<del>25,654,000</del>		
76.22	\$ <u>27,194,000</u>	.....	2006
76.23	<del>24,134,000</del>		
76.24	\$ <u>18,410,000</u>	.....	2007

76.25 The 2006 appropriation includes ~~\$4,654,000~~ \$4,653,000 for 2005 and ~~\$21,000,000~~  
 76.26 \$22,541,000 for 2006.

76.27 The 2007 appropriation includes ~~\$3,911,000~~ \$2,504,000 for 2006 and ~~\$20,223,000~~  
 76.28 \$15,906,000 for 2007.

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

76.30 Sec. 12. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
 76.31 6, is amended to read:



77.1 Subd. 6. **Emergency aid, Red Lake.** For Independent School District No. 38, Red  
 77.2 Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High  
 77.3 School as a result of the March 21, 2005, school shooting:

77.4 ~~50,000~~  
 77.5 \$ 524,000 ..... 2006

77.6 The school district must submit ~~proposed expenditures for these funds for review~~  
 77.7 ~~and comment approval under Minnesota Statutes, section 123B.71~~ actual expenditure  
 77.8 information to support this appropriation to the Department of Education, before the  
 77.9 commissioner releases the funds to the district. ~~The district must report the amount of its~~  
 77.10 ~~unreimbursed costs to the commissioner.~~

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

77.12 Sec. 13. **HEALTH AND SAFETY REVENUE USES; BELLE PLAINE.**

77.13 Notwithstanding Minnesota Statutes, sections 123B.57 and 123B.59, upon approval  
 77.14 of the commissioner of education, Independent School District No. 716, Belle Plaine, may  
 77.15 use up to \$125,000 of its health and safety revenue raised through an alternative facilities  
 77.16 bond for other qualifying health and safety projects.

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

77.18 Sec. 14. **CONSOLIDATED FINANCIAL STATEMENT IMPLEMENTATION.**

77.19 The Department of Education shall pay for the implementation of the consolidated  
 77.20 financial statement system under section 5 from the department's existing biennial  
 77.21 appropriations for fiscal years 2006 and 2007.

77.22 Sec. 15. **LEVY; RED WING.**

77.23 For taxes payable in 2007 only, Independent School District No. 256, Red Wing,  
 77.24 may levy an amount up to \$158,000 for the construction deficit for building the community  
 77.25 ice arena.

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

77.27 Sec. 16. **APPROPRIATION; WASECA LEVY.**

77.28 Independent School District No. 829, Waseca, may levy up to \$343,550 beginning  
 77.29 in 2006 over five years for health and safety revenue lost due to miscalculation. \$316,000  
 77.30 is appropriated in fiscal year 2007 to the commissioner of education for payment of the aid

78.1 portion of lost revenue. If the district does not levy the full amount authorized within the  
78.2 five-year period, other state aid due to the district shall be reduced proportionately. This is  
78.3 a onetime appropriation for fiscal year 2007.

78.4 **Sec. 17. APPROPRIATION; ROCORI SCHOOL DISTRICT.**

78.5 \$137,000 is appropriated in fiscal year 2007 from the general fund to the  
78.6 commissioner of education for a grant to Independent School District No. 750, Rocori.  
78.7 The grant is for a continuation of district activities that were developed in concert with  
78.8 the district's federal School Emergency Response to Violence, or Project SERV, grant.  
78.9 The grant may be used to continue the district's recovery efforts, and uses include: an  
78.10 academic program and impact of tragedy or program assessment of educational adequacy;  
78.11 an organizational analysis; a strategic planning overview; a district assessment survey;  
78.12 continued recovery support; staff development initiatives; and any other activities  
78.13 developed in response to the federal Project SERV grant.

78.14 The base budget for this program for fiscal year 2008 only is \$53,000.

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

78.16 **Sec. 18. FUND TRANSFERS.**

78.17 Subdivision 1. A.C.G.C. Notwithstanding Minnesota Statutes, sections 123B.79,  
78.18 123B.80, and 475.61, subdivision 4, Independent School District No. 2396, A.C.G.C., on  
78.19 June 30, 2006, may permanently transfer up to \$219,000 from its debt redemption fund  
78.20 to its reserved for operating capital account in its general fund and up to \$203,000 from  
78.21 its reserved account for disabled accessibility to its unrestricted general fund without  
78.22 making a levy reduction.

78.23 Subd. 2. Alden-Conger. Notwithstanding Minnesota Statutes, sections 123B.79 and  
78.24 123B.80, as of June 30, 2006, Independent School District No. 242, Alden-Conger, may  
78.25 permanently transfer up to \$164,000 from its reserved for disabled accessibility account to  
78.26 its unrestricted general fund account without making a levy reduction.

78.27 Subd. 3. Eden Valley-Watkins. Notwithstanding Minnesota Statutes, sections  
78.28 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 463, Eden  
78.29 Valley-Watkins, as of June 30, 2006, may permanently transfer up to \$50,000 from its debt  
78.30 redemption fund to the capital account in its general fund without making a levy reduction.

78.31 Subd. 4. Fosston. Notwithstanding Minnesota Statutes, sections 123B.79 and  
78.32 123B.80, as of June 30, 2006, Independent School District No. 601, Fosston, may  
78.33 permanently transfer up to \$80,000 from its reserved for disabled accessibility account to  
78.34 its unrestricted general fund account without making a levy reduction.

79.1            Subd. 5. Hopkins. Notwithstanding Minnesota Statutes, section 123B.79 or  
79.2            123B.80, on June 30, 2006, Independent School District No. 270, Hopkins, may  
79.3            permanently transfer up to \$300,000 from its community education reserve fund balance  
79.4            to its undesignated general fund balance to assist the district in decreasing its statutory  
79.5            operating debt.

79.6            Subd. 6. Lester Prairie. Notwithstanding Minnesota Statutes, sections 123B.79  
79.7            or 123B.80, on June 30, 2006, Independent School District No. 424, Lester Prairie, may  
79.8            permanently transfer up to \$150,000 from its reserved for operating capital account and up  
79.9            to \$107,000 from its reserved for severance account, to its undesignated balance in the  
79.10           general fund.

79.11           Subd. 7. Milroy. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80,  
79.12           on June 30, 2006, Independent School District No. 635, Milroy, may permanently transfer  
79.13           up to \$26,000 from its reserved for disability accessibility account to its undesignated  
79.14           general fund balance without making a levy reduction.

79.15           Subd. 8. New London-Spicer. Notwithstanding Minnesota Statutes, sections  
79.16           123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 345, New  
79.17           London-Spicer, may permanently transfer up to \$150,000 each year for five years from its  
79.18           debt redemption fund to its general fund without making a levy reduction for the purpose  
79.19           of replacing the roof on the Prairie Woods Elementary School. The district must make its  
79.20           initial transfer according to this section on June 30, 2006. The subsequent four transfers  
79.21           must be made on June 30 of each subsequent year.

79.22           Subd. 9. Northland Community Schools. Notwithstanding Minnesota Statutes,  
79.23           section 123B.79 or 123B.80, on or before June 30, 2006, Independent School District No.  
79.24           118, Northland Community Schools, may permanently transfer up to \$197,000 from its  
79.25           reserved for disabled accessibility account to its reserved for operating capital account in  
79.26           its general fund without making a levy reduction.

79.27           Subd. 10. Rocori. Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80,  
79.28           and 475.61, subdivision 4, on June 30, 2006, Independent School District No. 750, Rocori,  
79.29           may permanently transfer up to \$250,000 from its debt redemption fund to the operating  
79.30           capital account in its general fund without making a levy reduction.

79.31           Subd. 11. Roseville. Notwithstanding Minnesota Statutes, sections 123B.79,  
79.32           123B.80, and 475.61, subdivision 4, on June 30, 2006, Independent School District No.  
79.33           623, Roseville, may permanently transfer up to \$90,000 from its debt redemption fund to  
79.34           its general fund without making a levy reduction.

80.1 Subd. 12. Tyler. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80,  
 80.2 Independent School District No. 409, Tyler, on June 30, 2006, may permanently transfer  
 80.3 up to \$451,000 from its reserved for capital operating account to its debt redemption fund.

80.4 Subd. 13. Willmar. Notwithstanding Minnesota Statutes, sections 123B.79,  
 80.5 123B.80, and 475.61, subdivision 4, Independent School District No. 347, Willmar, on  
 80.6 June 30, 2006, may permanently transfer up to \$335,200 from its debt redemption fund to  
 80.7 its unrestricted general fund without making a levy reduction.

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

80.9 **ARTICLE 5**

80.10 **NUTRITION AND LIBRARIES**

80.11 Section 1. Minnesota Statutes 2005 Supplement, section 124D.111, subdivision 1,  
 80.12 is amended to read:

80.13 Subdivision 1. **School lunch aid computation.** Each school year, the state must pay  
 80.14 participants in the national school lunch program the amount of ~~ten~~ 10.5 cents for each full  
 80.15 paid, reduced, and free student lunch served to students.

80.16 Sec. 2. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 2,  
 80.17 is amended to read:

80.18 Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes,  
 80.19 section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

80.20	<del>8,998,000</del>		
80.21	\$ <u>9,760,000</u>	.....	2006
80.22	<del>9,076,000</del>		
80.23	\$ <u>10,391,000</u>	.....	2007

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

80.25 Sec. 3. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 2,  
 80.26 is amended to read:

80.27  
 80.28 Subd. 2. **Basic system support.** For basic system support grants under Minnesota  
 80.29 Statutes, section 134.355:



82.1 (c) For fiscal year 2007 and later, the district of the child's residence shall  
82.2 claim general education revenue for the child, except as provided in this paragraph.  
82.3 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education  
82.4 revenue formula allowance times the pupil unit weighting factor pursuant to section  
82.5 126C.05 for that child for the amount of time the child is in the program, as adjusted  
82.6 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.  
82.7 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory  
82.8 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at  
82.9 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the  
82.10 Minnesota State Academies. General education aid paid to the Minnesota State Academies  
82.11 under this paragraph must be credited to their general operation account. Other general  
82.12 education aid attributable to the child must be paid to the district of the child's residence.

82.13 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

82.14 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition  
82.15 charge allowed in subdivision 3, the academies may charge the child's district of residence  
82.16 for the academy's unreimbursed cost of providing an instructional aide assigned to that  
82.17 child, after deducting the special education aid under section 125A.76, attributable to the  
82.18 child, if that aide is required by the child's individual education plan. Tuition received  
82.19 under this paragraph must be used by the academies to provide the required service.

82.20 (b) For fiscal year 2007 and later, the special education aid paid to the academies  
82.21 shall be increased by the academy's unreimbursed cost of providing an instructional  
82.22 aide assigned to a child, after deducting the special education aid under section 125A.76  
82.23 attributable to the child, if that aide is required by the child's individual education plan.  
82.24 Aid received under this paragraph must be used by the academies to provide the required  
82.25 service.

82.26 (c) For fiscal year 2007 and later, the special education aid paid to the district of  
82.27 the child's residence shall be reduced by the amount paid to the academies for district  
82.28 residents under paragraph (b).

82.29 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,  
82.30 the commissioner shall make an estimated final adjustment payment to the Minnesota  
82.31 State Academies for general education aid and special education aid for the prior fiscal  
82.32 year by August 15.

82.33 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

83.1 Subd. 6. **Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and  
 83.2 5, the board of the Minnesota State Academies may agree to make a tuition charge, or  
 83.3 receive an aid adjustment, as applicable, for less than the amount specified in subdivision  
 83.4 3 for pupils attending the applicable school who are residents of the district where the  
 83.5 institution is located and who do not board at the institution, if that district agrees to make  
 83.6 a tuition charge to the board of the Minnesota State Academies for less than the amount  
 83.7 specified in subdivision 5 for providing appropriate educational programs to pupils  
 83.8 attending the applicable school.

83.9 Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

83.10 Subd. 8. **Student count; tuition.** (a) On May 1, 1996, and each year thereafter,  
 83.11 the board of the Minnesota State Academies shall count the actual number of Minnesota  
 83.12 resident special education eligible students enrolled and receiving education services at the  
 83.13 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

83.14 (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in  
 83.15 the state treasury an amount equal to all tuition received for the basic revenue according to  
 83.16 subdivision 3, less the amount calculated in paragraph ~~(b)~~ (c).

83.17 ~~(b)~~ (c) For fiscal year 2006, the Minnesota State Academies shall credit to their  
 83.18 general operation account an amount equal to the tuition received which represents tuition  
 83.19 earned for the total number of students over 175 based on:

83.20 (1) the total number of enrolled students on May 1 less 175; times

83.21 (2) the ratio of the number of students in that grade category to the total number of  
 83.22 students on May 1; times

83.23 (3) the general education revenue formula allowance; times

83.24 (4) the pupil unit weighting factor pursuant to section 126C.05.

83.25 (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to  
 83.26 the department the number of students by grade level counted according to paragraph (a).  
 83.27 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),  
 83.28 must be reduced by an amount equal to:

83.29 (1) the ratio of 175 to the total number of students on May 1; times

83.30 (2) the total basic revenue determined according to subdivision 3, paragraph (c).

31 Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

32 Subd. 10. **Annual appropriation.** There is annually appropriated to the department  
 83.33 for the Minnesota State Academies the tuition or aid payment amounts received and  
 83.34 credited to the general operation account of the academies under this section. A balance

84.1 in an appropriation under this paragraph does not cancel but is available in successive  
84.2 fiscal years.

84.3 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:

84.4 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit  
84.5 from attending either academy may be admitted to the academy if the admission does not  
84.6 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota  
84.7 State Academies must obtain reimbursement from the other state for the costs of the  
84.8 out-of-state admission. The state board may enter into an agreement with the appropriate  
84.9 authority in the other state for the reimbursement. Money received from another state  
84.10 must be deposited in the ~~general~~ special revenue fund and credited to the general operating  
84.11 account of the academies. The money is appropriated to the academies.

84.12 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

84.13 **ARTICLE 7**

84.14 **PREKINDERGARTEN THROUGH GRADE 12 EDUCATION**

84.15 **FORECAST ADJUSTMENTS**

84.16 **A. GENERAL EDUCATION**

84.17 Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision  
84.18 2, is amended to read:

84.19 Subd. 2. **General education aid.** For general education aid under Minnesota  
84.20 Statutes, section 126C.13, subdivision 4:

84.21	<del>5,136,578,000</del>		
84.22	\$ <u>5,819,153,000</u>	.....	2006
84.23	<del>5,390,196,000</del>		
84.24	\$ <u>5,472,247,000</u>	.....	2007

84.25 The 2006 appropriation includes ~~\$784,978,000~~ \$787,978,000 for 2005 and  
84.26 ~~\$4,351,600,000~~ \$5,031,175,000 for 2006.

84.27 The 2007 appropriation includes ~~\$817,588,000~~ \$513,848,000 for 2006 and  
84.28 ~~\$4,572,608,000~~ \$4,958,399,000 for 2007.

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

84.30 Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 3,  
84.31 is amended to read:



85.1 Subd. 3. **Referendum tax base replacement aid.** For referendum tax base  
85.2 replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

85.3 ~~8,704,000~~

85.4 \$ 9,200,000 ..... 2006

85.5 \$ 8,704,000 ..... 2007

85.6 The 2006 appropriation includes \$1,366,000 for 2005 and ~~\$7,338,000~~ \$7,834,000  
85.7 for 2006.

85.8 The 2007 appropriation includes ~~\$1,366,000~~ \$870,000 for 2006 and ~~\$7,338,000~~  
85.9 \$7,834,000 for 2007.

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

85.11 Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5,  
85.12 is amended to read:

85.13 Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section  
85.14 127A.49:

85.15 ~~903,000~~

85.16 \$ 909,000 ..... 2006

85.17 ~~955,000~~

85.18 \$ 1,026,000 ..... 2007

85.19 The 2006 appropriation includes \$187,000 for 2005 and ~~\$716,000~~ \$722,000 for 2006.

85.20 The 2007 appropriation includes ~~\$133,000~~ \$80,000 for 2006 and ~~\$822,000~~ \$946,000  
85.21 for 2007.

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

85.23 Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6,  
85.24 is amended to read:

85.25 Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota  
85.26 Statutes, section 123A.485:

85.27 ~~253,000~~

85.28 \$ 527,000 ..... 2007

85.29 The 2007 appropriation includes \$0 for 2006 and ~~\$253,000~~ \$527,000 for 2007.

86.1 Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7,  
86.2 is amended to read:

86.3 Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under  
86.4 Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

86.5	<del>15,370,000</del>		
86.6	\$ <u>15,458,000</u>	.....	2006
86.7	<del>16,434,000</del>		
86.8	\$ <u>15,991,000</u>	.....	2007

86.9 The 2006 appropriation includes ~~\$2,305,000~~ \$1,864,000 for 2005 and ~~\$13,065,000~~  
86.10 \$13,594,000 for 2006.

86.11 The 2007 appropriation includes ~~\$2,433,000~~ \$1,510,000 for 2006 and ~~\$14,001,000~~  
86.12 \$14,481,000 for 2007.

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

86.14 Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8,  
86.15 is amended to read:

86.16 Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid  
86.17 under Minnesota Statutes, section 123B.92, subdivision 9:

86.18	<del>21,451,000</del>		
86.19	\$ <u>21,371,000</u>	.....	2006
86.20	<del>23,043,000</del>		
86.21	\$ <u>20,843,000</u>	.....	2007

86.22 The 2006 appropriation includes \$3,274,000 for 2005 and ~~\$18,177,000~~ \$18,097,000  
86.23 for 2006.

86.24 The 2007 appropriation includes ~~\$3,385,000~~ \$2,010,000 for 2006 and ~~\$19,658,000~~  
86.25 \$18,833,000 for 2007.

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

86.27 **B. EDUCATION EXCELLENCE**

86.28 Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2,  
86.29 is amended to read:

86.30 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota  
86.31 Statutes, section 124D.11, subdivision 4:

87.1 ~~25,465,000~~

87.2 \$ 25,331,000 ..... 2006

87.3 ~~30,929,000~~

87.4 \$ 27,806,000 ..... 2007

87.5 The 2006 appropriation includes ~~\$3,324,000~~ \$3,173,000 for 2005 and ~~\$22,141,000~~  
87.6 \$22,158,000 for 2006.

87.7 The 2007 appropriation includes ~~\$4,123,000~~ \$2,462,000 for 2006 and ~~\$26,806,000~~  
87.8 \$25,344,000 for 2007.

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

87.10 Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3,  
87.11 is amended to read:

87.12 Subd. 3. **Charter school startup aid.** For charter school startup cost aid under  
87.13 Minnesota Statutes, section 124D.11:

87.14 ~~1,393,000~~

87.15 \$ 1,291,000 ..... 2006

87.16 ~~3,185,000~~

87.17 \$ 2,347,000 ..... 2007

87.18 The 2006 appropriation includes \$0 for 2005 and ~~\$1,393,000~~ \$1,291,000 for 2006.

87.19 The 2007 appropriation includes ~~\$259,000~~ \$143,000 for 2006 and ~~\$2,926,000~~  
87.20 \$2,204,000 for 2007.

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

87.22 Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4,  
87.23 is amended to read:

87.24 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section  
87.25 124D.86, subdivision 5:

87.26 ~~57,801,000~~

87.27 \$ 59,404,000 ..... 2006

87.28 ~~57,536,000~~

87.29 \$ 58,405,000 ..... 2007

88.1 The 2006 appropriation includes \$8,545,000 for 2005 and ~~\$49,256,000~~ \$50,859,000  
88.2 for 2006.

88.3 The 2007 appropriation includes ~~\$9,173,000~~ \$5,650,000 for 2006 and ~~\$48,363,000~~  
88.4 \$52,755,000 for 2007.

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

88.6 Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
88.7 6, is amended to read:

88.8 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For  
88.9 interdistrict desegregation or integration transportation grants under Minnesota Statutes,  
88.10 section 124D.87:

88.11	<del>7,768,000</del>		
88.12	\$ <u>6,032,000</u>	.....	2006
88.13	<del>9,908,000</del>		
88.14	\$ <u>10,134,000</u>	.....	2007

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

88.16 Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
88.17 7, is amended to read:

88.18 Subd. 7. **Success for the future.** For American Indian success for the future grants  
88.19 under Minnesota Statutes, section 124D.81:

88.20	<del>2,137,000</del>		
88.21	\$ <u>2,240,000</u>	.....	2006
88.22	\$ 2,137,000	.....	2007

88.23 The 2006 appropriation includes ~~\$335,000~~ \$316,000 for 2005 and ~~\$1,802,000~~  
88.24 \$1,924,000 for 2006.

88.25 The 2007 appropriation includes ~~\$335,000~~ \$213,000 for 2006 and ~~\$1,802,000~~  
88.26 \$1,924,000 for 2007.

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

88.28 Sec. 12. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
88.29 10, is amended to read:

89.1 Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota  
89.2 Statutes, section 124D.83:

89.3 ~~2,389,000~~

89.4 \$ 2,338,000 ..... 2006

89.5 ~~2,603,000~~

89.6 \$ 2,357,000 ..... 2007

89.7 The 2006 appropriation includes \$348,000 for 2005 and ~~\$2,041,000~~ \$1,990,000  
89.8 for 2006.

89.9 The 2007 appropriation includes ~~\$380,000~~ \$221,000 for 2006 and ~~\$2,223,000~~  
89.10 \$2,136,000 for 2007.

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

89.12 **C. SPECIAL PROGRAMS**

89.13 Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
89.14 2, is amended to read:

89.15 Subd. 2. **Special education; regular.** For special education aid under Minnesota  
89.16 Statutes, section 125A.75:

89.17 ~~528,846,000~~

89.18 \$ 559,485,000 ..... 2006

89.19 ~~527,446,000~~

89.20 \$ 528,106,000 ..... 2007

89.21 The 2006 appropriation includes \$83,078,000 for 2005 and ~~\$445,768,000~~  
89.22 \$476,407,000 for 2006.

89.23 The 2007 appropriation includes ~~\$83,019,000~~ \$52,934,000 for 2006 and  
89.24 ~~\$444,427,000~~ \$475,172,000 for 2007.

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

89.26 Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
89.27 3, is amended to read:

89.28 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes,  
89.29 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities  
89.30 within the district boundaries for whom no district of residence can be determined:

90.1 ~~2,212,000~~

90.2 \$ 1,527,000 ..... 2006

90.3 ~~2,615,000~~

90.4 \$ 1,624,000 ..... 2007

90.5 If the appropriation for either year is insufficient, the appropriation for the other  
90.6 year is available.

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

90.8 Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
90.9 4, is amended to read:

90.10 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based  
90.11 services under Minnesota Statutes, section 125A.75, subdivision 1:

90.12 ~~187,000~~

90.13 \$ 198,000 ..... 2006

90.14 \$ 195,000 ..... 2007

90.15 The 2006 appropriation includes \$28,000 for 2005 and ~~\$159,000~~ \$170,000 for 2006.

90.16 The 2007 appropriation includes ~~\$29,000~~ \$18,000 for 2006 and ~~\$166,000~~ \$177,000  
90.17 for 2007.

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

90.19 Sec. 16. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
90.20 5, is amended to read:

90.21 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota  
90.22 Statutes, section 125A.79, subdivision 7:

90.23 ~~102,083,000~~

90.24 \$ 106,453,000 ..... 2006

90.25 ~~104,286,000~~

90.26 \$ 104,333,000 ..... 2007

90.27 The 2006 appropriation includes \$37,455,000 for 2005 and ~~\$64,628,000~~ \$68,998,000  
90.28 for 2006.

90.29 The 2007 appropriation includes ~~\$38,972,000~~ \$34,602,000 for 2006 and ~~\$65,314,000~~  
90.30 \$69,731,000 for 2007.

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

91.2 Sec. 17. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
91.3 6, is amended to read:

91.4 Subd. 6. **Transition for disabled students.** For aid for transition programs for  
91.5 children with disabilities under Minnesota Statutes, section 124D.454:

91.6	<del>8,788,000</del>		
91.7	\$ <u>9,300,000</u>	.....	2006
91.8	<del>8,765,000</del>		
91.9	\$ <u>8,781,000</u>	.....	2007

91.10 The 2006 appropriation includes \$1,380,000 for 2005 and ~~\$7,408,000~~ \$7,920,000  
11 for 2006.

91.12 The 2007 appropriation includes ~~\$1,379,000~~ \$880,000 for 2006 and ~~\$7,386,000~~  
91.13 \$7,901,000 for 2007.

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

91.15 Sec. 18. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
91.16 7, is amended to read:

91.17 Subd. 7. **Court-placed special education revenue.** For reimbursing serving  
91.18 school districts for unreimbursed eligible expenditures attributable to children placed in  
91.19 the serving school district by court action under Minnesota Statutes, section 125A.79,  
91.20 subdivision 4:

91.21	<del>65,000</del>		
91.22	\$ <u>46,000</u>	.....	2006
91.23	\$ 70,000	.....	2007

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

91.25 Sec. 19. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
91.26 2, is amended to read:

91.27 Subd. 2. **Health and safety revenue.** For health and safety aid according to  
91.28 Minnesota Statutes, section 123B.57, subdivision 5:

92.1 ~~802,000~~

92.2 \$ 823,000 ..... 2006

92.3 ~~578,000~~

92.4 \$ 352,000 ..... 2007

92.5 The 2006 appropriation includes \$211,000 for 2005 and ~~\$591,000~~ \$612,000 for 2006.

92.6 The 2007 appropriation includes ~~\$109,000~~ \$68,000 for 2006 and ~~\$469,000~~ \$284,000

92.7 for 2007.

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

92.9 Sec. 20. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
92.10 4, is amended to read:

92.11 Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid,  
92.12 according to Minnesota Statutes, section 123B.59, subdivision 1:

92.13 ~~19,287,000~~

92.14 \$ 20,387,000 ..... 2006

92.15 \$ 19,287,000 ..... 2007

92.16 The 2006 appropriation includes \$3,028,000 for 2005 and ~~\$16,259,000~~ \$17,359,000  
92.17 for 2006.

92.18 The 2007 appropriation includes ~~\$3,028,000~~ \$1,928,000 for 2006 and ~~\$16,259,000~~  
92.19 \$17,359,000 for 2007.

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

92.21 **D. NUTRITION AND ACCOUNTING**

92.22 Sec. 21. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision  
92.23 3, is amended to read:

92.24 Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school  
92.25 breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and  
92.26 124D.118:

92.27 ~~4,878,000~~

92.28 \$ 4,856,000 ..... 2006

92.29 ~~4,968,000~~

92.30 \$ 5,044,000 ..... 2007



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

2 **E. LIBRARIES**

93.3 Sec. 22. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 3,  
93.4 is amended to read:

93.5 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota  
93.6 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

93.7	<del>903,000</del>		
93.8	\$ <u>954,000</u>	.....	2006
93.9	\$ 903,000	.....	2007

93.10 The 2006 appropriation includes \$141,000 for 2005 and ~~\$762,000~~ \$813,000 for 2006.

11 The 2007 appropriation includes ~~\$141,000~~ \$90,000 for 2006 and ~~\$762,000~~ \$813,000  
93.12 for 2007.

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

93.14 Sec. 23. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 5,  
93.15 is amended to read:

93.16 Subd. 5. **Regional library telecommunications aid.** For regional library  
93.17 telecommunications aid under Minnesota Statutes, section 134.355:

93.18	<del>1,200,000</del>		
19	\$ <u>1,268,000</u>	.....	2006
93.20	\$ 1,200,000	.....	2007

93.21 The 2006 appropriation includes \$188,000 for 2005 and ~~\$1,012,000~~ \$1,080,000  
93.22 for 2006.

93.23 The 2007 appropriation includes ~~\$188,000~~ \$120,000 for 2006 and ~~\$1,012,000~~  
93.24 \$1,080,000 for 2007.

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

93.26 **F. EARLY CHILDHOOD EDUCATION**

93.27 Sec. 24. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
.8 2, is amended to read:

93.29 Subd. 2. **School readiness.** For revenue for school readiness programs under  
93.30 Minnesota Statutes, sections 124D.15 and 124D.16:

94.1 ~~9,020,000~~

94.2 \$ 9,528,000 ..... 2006

94.3 ~~9,042,000~~

94.4 \$ 9,020,000 ..... 2007

94.5 The 2006 appropriation includes ~~\$1,417,000~~ \$1,415,000 for 2005 and ~~\$7,603,000~~  
94.6 \$8,113,000 for 2006.

94.7 The 2007 appropriation includes ~~\$1,415,000~~ \$901,000 for 2006 and ~~\$7,627,000~~  
94.8 \$8,119,000 for 2007.

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

94.10 Sec. 25. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
94.11 3, is amended to read:

94.12 Subd. 3. **Early childhood family education aid.** For early childhood family  
94.13 education aid under Minnesota Statutes, section 124D.135:

94.14 ~~14,356,000~~

94.15 \$ 15,105,000 ..... 2006

94.16 ~~15,137,000~~

94.17 \$ 15,112,000 ..... 2007

94.18 The 2006 appropriation includes ~~\$1,861,000~~ \$1,859,000 for 2005 and ~~\$12,495,000~~  
94.19 \$13,246,000 for 2006.

94.20 The 2007 appropriation includes ~~\$2,327,000~~ \$1,471,000 for 2006 and ~~\$12,810,000~~  
94.21 \$13,641,000 for 2007.

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

94.23 Sec. 26. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
94.24 4, is amended to read:

94.25 Subd. 4. **Health and developmental screening aid.** For health and developmental  
94.26 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

94.27 ~~3,076,000~~

94.28 \$ 2,911,000 ..... 2006

94.29 ~~3,511,000~~

94.30 \$ 2,943,000 ..... 2007

95.1 The 2006 appropriation includes \$417,000 for 2005 and ~~\$2,659,000~~ \$2,494,000  
95.2 for 2006.

95.3 The 2007 appropriation includes ~~\$494,000~~ \$277,000 for 2006 and ~~\$3,017,000~~  
95.4 \$2,666,000 for 2007.

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

95.6 **G. PREVENTION**

95.7 Sec. 27. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2,  
95.8 is amended to read:

95.9  
95.10 Subd. 2. **Community education aid.** For community education aid under  
95.11 Minnesota Statutes, section 124D.20:

95.12 ~~1,918,000~~  
95.13 \$ 2,043,000 ..... 2006

95.14 ~~1,837,000~~  
95.15 \$ 1,949,000 ..... 2007

95.16 The 2006 appropriation includes ~~\$390,000~~ \$385,000 for 2005 and ~~\$1,528,000~~  
95.17 \$1,658,000 for 2006.

95.18 The 2007 appropriation includes ~~\$284,000~~ \$184,000 for 2006 and ~~\$1,553,000~~  
95.19 \$1,765,000 for 2007.

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

95.21 Sec. 28. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 3,  
95.22 is amended to read:

95.23  
95.24 Subd. 3. **Adults with disabilities program aid.** For adults with disabilities  
95.25 programs under Minnesota Statutes, section 124D.56:

95.26  
95.27 ~~710,000~~

95.28 \$ 750,000 ..... 2006

\$ 710,000 ..... 2007

95.30 The 2006 appropriation includes \$111,000 for 2005 and ~~\$599,000~~ \$639,000 for 2006.

96.1 The 2007 appropriation includes ~~\$111,000~~ \$71,000 for 2006 and ~~\$599,000~~ \$639,000  
96.2 for 2007.

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

96.4 Sec. 29. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5,  
96.5 is amended to read:

96.6 Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,  
96.7 section 124D.22:

96.8 \$ 17,000 ..... 2006

96.9 \$ ~~7,000~~ 4,000 ..... 2007

96.10 The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

96.11 The 2007 appropriation includes ~~\$2,000~~ \$1,000 for 2006 and ~~\$5,000~~ \$3,000 for 2007.

96.12

96.13 **H. SELF-SUFFICIENCY AND LIFELONG LEARNING**

96.14 Sec. 30. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2,  
96.15 is amended to read:

96.16 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota  
96.17 Statutes:

96.18 ~~36,518,000~~

96.19 \$ 38,601,000 ..... 2006

96.20 ~~36,540,000~~

96.21 \$ 36,539,000 ..... 2007

96.22 The 2006 appropriation includes \$5,707,000 for 2005 and ~~\$30,811,000~~ \$32,894,000  
96.23 for 2006.

96.24 The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~  
96.25 \$32,885,000 for 2007.

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

96.27 **ARTICLE 8**

96.28 **TECHNICAL AND CONFORMING AMENDMENTS**

96.29 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is  
96.30 amended to read:

97.1 Subd. 2. **Adopting policies.** (a) A school board shall have in place an adopted  
 97.2 written policy that includes the following:

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

97.5 (2) a process for evaluating each student's progress toward meeting academic  
 97.6 standards and identifying the strengths and weaknesses of instruction and curriculum  
 97.7 affecting students' progress;

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

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

97.10 (5) an education effectiveness plan aligned with section 122A.625 that integrates  
 97.11 instruction, curriculum, and technology.

12 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

97.13 Subd. 10. **Requirements for immunization statements.** (a) A statement required  
 97.14 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization  
 97.15 shall include month, day, and year for immunizations administered after January 1, 1990.

97.16 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~  
 97.17 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~  
 97.18 ~~toxoid no earlier than 11 years of age.~~

97.19 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~  
 97.20 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~  
 97.21 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

22 ~~(c) Except as specified in paragraph (c), for persons enrolled in grades 7 through~~  
 97.23 ~~12 during the 1998-1999 school term and for each year thereafter, the statement must~~  
 97.24 ~~indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier~~  
 97.25 ~~than 11 years of age.~~

97.26 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year~~  
 97.27 ~~and for each year thereafter, the statement must indicate that the person has received at~~  
 97.28 ~~least two doses of vaccine against measles, mumps, and rubella, given alone or separately~~  
 97.29 ~~and given not less than one month apart.~~

97.30 ~~(e)~~ (b) A person who has received at least three doses of tetanus and diphtheria  
 97.31 toxoids, with the most recent dose given after age six and before age 11, is not required to  
 97.32 have additional immunization against diphtheria and tetanus until ten years have elapsed  
 97.33 from the person's most recent dose of tetanus and diphtheria toxoid.

97.34 (f) (c) The requirement for hepatitis B vaccination shall apply to persons enrolling in  
 97.35 kindergarten beginning with the 2000-2001 school term.

98.1           ~~(g)~~ (d) The requirement for hepatitis B vaccination shall apply to persons enrolling  
98.2 in grade 7 beginning with the 2001-2002 school term.

98.3           Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is  
98.4 amended to read:

98.5           **Subd. 2. Agreement.** (a) Upon the request of 60 percent of the licensed employees  
98.6 of a site or a school site decision-making team, the school board shall enter into  
98.7 discussions to reach an agreement concerning the governance, management, or control of  
98.8 the school. A school site decision-making team may include the school principal, teachers  
98.9 in the school or their designee, other employees in the school, representatives of pupils  
98.10 in the school, or other members in the community. A school site decision-making team  
98.11 must include at least one parent of a pupil in the school. For purposes of formation of a  
98.12 new site, a school site decision-making team may be a team of teachers that is recognized  
98.13 by the board as a site. The school site decision-making team shall include the school  
98.14 principal or other person having general control and supervision of the school. The site  
98.15 decision-making team must reflect the diversity of the education site. At least one-half  
98.16 of the members shall be employees of the district, unless an employee is the parent of a  
98.17 student enrolled in the school site, in which case the employee may elect to serve as a  
98.18 parent member of the site team.

98.19           (b) School site decision-making agreements must delegate powers, duties, and  
98.20 broad management responsibilities to site teams and involve staff members, students as  
98.21 appropriate, and parents in decision making.

98.22           (c) An agreement shall include a statement of powers, duties, responsibilities, and  
98.23 authority to be delegated to and within the site.

98.24           (d) An agreement may include:

98.25           (1) an achievement contract according to subdivision 4;

98.26           (2) a mechanism to allow principals, a site leadership team, or other persons having  
98.27 general control and supervision of the school, to make decisions regarding how financial  
98.28 and personnel resources are best allocated at the site and from whom goods or services  
98.29 are purchased;

98.30           (3) a mechanism to implement parental involvement programs under section  
98.31 124D.895 and to provide for effective parental communication and feedback on this  
98.32 involvement at the site level;

98.33           (4) a provision that would allow the team to determine who is hired into licensed  
98.34 and nonlicensed positions;

99.1 (5) a provision that would allow teachers to choose the principal or other person  
 2 having general control;

99.3 (6) an amount of revenue allocated to the site under subdivision 3; and

99.4 (7) any other powers and duties determined appropriate by the board.

99.5 The school board of the district remains the legal employer under clauses (4) and (5).

99.6 (e) Any powers or duties not delegated to the school site management team in the  
 99.7 school site management agreement shall remain with the school board.

99.8 (f) Approved agreements shall be filed with the commissioner. If a school board  
 99.9 denies a request or the school site and school board fail to reach an agreement to enter  
 99.10 into a school site management agreement, the school board shall provide a copy of the  
 99.11 request and the reasons for its denial to the commissioner.

99.12 (g) A site decision-making grant program is established, consistent with this  
 99.13 subdivision, to allow sites to implement an agreement that at least:

99.14 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable  
 99.15 to the students at that site;

99.16 (2) includes a provision, consistent with current law and the collective bargaining  
 99.17 agreement in effect, that allows the site team to decide who is selected from within the  
 99.18 district for licensed and nonlicensed positions at the site and to make staff assignments  
 99.19 in the site; and

99.20 (3) includes a completed performance agreement under subdivision 4.

99.21 The commissioner shall establish the form and manner of the application for a grant  
 99.22 and annually, at the end of each fiscal year, report to the house of representatives and  
 99.23 senate committees having jurisdiction over education on the progress of the program.

99.24 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

99.25 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall  
 99.26 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.  
 99.27 The board must promote academic standards based on high expectation and an assessment  
 99.28 system to measure academic performance toward the achievement of those standards. The  
 99.29 board must focus on the academies' needs as a whole and not prefer one school over the  
 99.30 other. The board of the Minnesota State Academies shall consist of nine persons. The  
 99.31 members of the board shall be appointed by the governor with the advice and consent of  
 99.32 the senate. One member must be from the seven-county metropolitan area, one member  
 99.33 must be from greater Minnesota, and one member may be appointed at-large. The board  
 99.34 must be composed of:

99.35 (1) one present or former superintendent of an independent school district;

- 100.1 (2) one present or former special education director;
- 100.2 (3) the commissioner of education or the commissioner's designee;
- 100.3 (4) one member of the blind community;
- 100.4 (5) one member of the deaf community;
- 100.5 (6) two members of the general public with business, administrative, or financial
- 100.6 expertise;
- 100.7 (7) one nonvoting, unpaid ex officio member appointed by the site council for the
- 100.8 State Academy for the Deaf; and
- 100.9 (8) one nonvoting, unpaid ex officio member appointed by the site council for the
- 100.10 State Academy for the Blind.

100.11 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is

100.12 amended to read:

100.13 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

100.14 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,

100.15 supplemental revenue, transition revenue, and referendum revenue is less than the value of

100.16 the school district at or immediately above the 95th percentile of school districts in its

100.17 equity region for those revenue categories; and

100.18 (2) the school district's administrative offices are not located in a city of the first

100.19 class on July 1, 1999.

100.20 (b) Equity revenue for a qualifying district that receives referendum revenue under

100.21 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal

100.22 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school

100.23 district's equity index computed under subdivision 27.

100.24 (c) Equity revenue for a qualifying district that does not receive referendum revenue

100.25 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal

100.26 cost pupil units for that year times \$13.

100.27 (d) A school district's equity revenue is increased by the greater of zero or an amount

100.28 equal to the district's resident marginal cost pupil units times the difference between ten

100.29 percent of the statewide average amount of referendum revenue per resident marginal cost

100.30 pupil unit for that year and the district's referendum revenue per resident marginal cost

100.31 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for

100.32 that year.

100.33 (e) A school district's equity revenue for a school district located in the metro equity

100.34 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.



101.1 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school  
101.2 district that has per pupil referendum revenue below the 95th percentile qualifies for  
101.3 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

101.4 (g) A district that does not qualify for revenue under paragraph (f) qualifies for  
101.5 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its  
101.6 adjusted marginal cost pupil units.

101.7 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is  
101.8 amended to read:

101.9 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings  
101.10 given them unless the specific content indicates otherwise:

101.11 (a) "Family assessment" means a comprehensive assessment of child safety, risk  
101.12 of subsequent child maltreatment, and family strengths and needs that is applied to a  
101.13 child maltreatment report that does not allege substantial child endangerment. Family  
101.14 assessment does not include a determination as to whether child maltreatment occurred  
101.15 but does determine the need for services to address the safety of family members and the  
101.16 risk of subsequent maltreatment.

101.17 (b) "Investigation" means fact gathering related to the current safety of a child  
101.18 and the risk of subsequent maltreatment that determines whether child maltreatment  
101.19 occurred and whether child protective services are needed. An investigation must be used  
101.20 when reports involve substantial child endangerment, and for reports of maltreatment in  
101.21 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to  
101.22 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and  
101.23 13, and 124D.10; or in a nonlicensed personal care provider association as defined in  
101.24 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

101.25 (c) "Substantial child endangerment" means a person responsible for a child's care, a  
101.26 person who has a significant relationship to the child as defined in section 609.341, or a  
101.27 person in a position of authority as defined in section 609.341, who by act or omission  
101.28 commits or attempts to commit an act against a child under their care that constitutes  
101.29 any of the following:

101.30 (1) egregious harm as defined in section 260C.007, subdivision 14;

101.31 (2) sexual abuse as defined in paragraph (d);

101.32 (3) abandonment under section 260C.301, subdivision 2;

101.33 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the  
101.34 child's physical or mental health, including a growth delay, which may be referred to as  
101.35 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

102.1 (5) murder in the first, second, or third degree under section 609.185, 609.19, or  
102.2 609.195;

102.3 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

102.4 (7) assault in the first, second, or third degree under section 609.221, 609.222, or  
102.5 609.223;

102.6 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

102.7 (9) criminal sexual conduct under sections 609.342 to 609.3451;

102.8 (10) solicitation of children to engage in sexual conduct under section 609.352;

102.9 (11) malicious punishment or neglect or endangerment of a child under section  
102.10 609.377 or 609.378;

102.11 (12) use of a minor in sexual performance under section 617.246; or

102.12 (13) parental behavior, status, or condition which mandates that the county attorney  
102.13 file a termination of parental rights petition under section 260C.301, subdivision 3,  
102.14 paragraph (a).

102.15 (d) "Sexual abuse" means the subjection of a child by a person responsible for the  
102.16 child's care, by a person who has a significant relationship to the child, as defined in  
102.17 section 609.341, or by a person in a position of authority, as defined in section 609.341,  
102.18 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual  
102.19 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),  
102.20 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct  
102.21 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual  
102.22 abuse also includes any act which involves a minor which constitutes a violation of  
102.23 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes  
102.24 threatened sexual abuse.

102.25 (e) "Person responsible for the child's care" means (1) an individual functioning  
102.26 within the family unit and having responsibilities for the care of the child such as a  
102.27 parent, guardian, or other person having similar care responsibilities, or (2) an individual  
102.28 functioning outside the family unit and having responsibilities for the care of the child  
102.29 such as a teacher, school administrator, other school employees or agents, or other lawful  
102.30 custodian of a child having either full-time or short-term care responsibilities including,  
102.31 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,  
102.32 and coaching.

102.33 (f) "Neglect" means:

102.34 (1) failure by a person responsible for a child's care to supply a child with necessary  
102.35 food, clothing, shelter, health, medical, or other care required for the child's physical or  
102.36 mental health when reasonably able to do so;

103.1 (2) failure to protect a child from conditions or actions that seriously endanger the  
103.2 child's physical or mental health when reasonably able to do so, including a growth delay,  
103.3 which may be referred to as a failure to thrive, that has been diagnosed by a physician and  
103.4 is due to parental neglect;

103.5 (3) failure to provide for necessary supervision or child care arrangements  
103.6 appropriate for a child after considering factors as the child's age, mental ability, physical  
103.7 condition, length of absence, or environment, when the child is unable to care for the  
103.8 child's own basic needs or safety, or the basic needs or safety of another child in their care;

103.9 (4) failure to ensure that the child is educated as defined in sections 120A.22 and  
103.10 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's  
103.11 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

103.12 (5) nothing in this section shall be construed to mean that a child is neglected solely  
103.13 because the child's parent, guardian, or other person responsible for the child's care in  
103.14 good faith selects and depends upon spiritual means or prayer for treatment or care of  
103.15 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,  
103.16 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report  
103.17 if a lack of medical care may cause serious danger to the child's health. This section does  
103.18 not impose upon persons, not otherwise legally responsible for providing a child with  
103.19 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

103.20 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,  
103.21 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal  
103.22 symptoms in the child at birth, results of a toxicology test performed on the mother at  
103.23 delivery or the child at birth, or medical effects or developmental delays during the child's  
103.24 first year of life that medically indicate prenatal exposure to a controlled substance;

103.25 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

103.26 (8) chronic and severe use of alcohol or a controlled substance by a parent or  
103.27 person responsible for the care of the child that adversely affects the child's basic needs  
103.28 and safety; or

103.29 (9) emotional harm from a pattern of behavior which contributes to impaired  
103.30 emotional functioning of the child which may be demonstrated by a substantial and  
103.31 observable effect in the child's behavior, emotional response, or cognition that is not  
103.32 within the normal range for the child's age and stage of development, with due regard to  
103.33 the child's culture.

103.34 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,  
103.35 inflicted by a person responsible for the child's care on a child other than by accidental  
103.36 means, or any physical or mental injury that cannot reasonably be explained by the child's

104.1 history of injuries, or any aversive or deprivation procedures, or regulated interventions,  
104.2 that have not been authorized under section 121A.67 or 245.825. Abuse does not include  
104.3 reasonable and moderate physical discipline of a child administered by a parent or legal  
104.4 guardian which does not result in an injury. Abuse does not include the use of reasonable  
104.5 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions  
104.6 which are not reasonable and moderate include, but are not limited to, any of the following  
104.7 that are done in anger or without regard to the safety of the child:

104.8 (1) throwing, kicking, burning, biting, or cutting a child;

104.9 (2) striking a child with a closed fist;

104.10 (3) shaking a child under age three;

104.11 (4) striking or other actions which result in any nonaccidental injury to a child

104.12 under 18 months of age;

104.13 (5) unreasonable interference with a child's breathing;

104.14 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

104.15 (7) striking a child under age one on the face or head;

104.16 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled

104.17 substances which were not prescribed for the child by a practitioner, in order to control

104.18 or punish the child; or other substances that substantially affect the child's behavior,

104.19 motor coordination, or judgment or that results in sickness or internal injury, or subjects

104.20 the child to medical procedures that would be unnecessary if the child were not exposed

104.21 to the substances;

104.22 (9) unreasonable physical confinement or restraint not permitted under section

104.23 609.379, including but not limited to tying, caging, or chaining; or

104.24 (10) in a school facility or school zone, an act by a person responsible for the child's

104.25 care that is a violation under section 121A.58.

104.26 (h) "Report" means any report received by the local welfare agency, police

104.27 department, county sheriff, or agency responsible for assessing or investigating

104.28 maltreatment pursuant to this section.

104.29 (i) "Facility" means:

104.30 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,

104.31 sanitarium, or other facility or institution required to be licensed under sections 144.50 to

104.32 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

104.33 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and

104.34 124D.10; or

104.35 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,

104.36 subdivision 16, and 256B.0625, subdivision 19a.

- 105.1 (j) "Operator" means an operator or agency as defined in section 245A.02.
- 5.2 (k) "Commissioner" means the commissioner of human services.
- 105.3 (l) "Practice of social services," for the purposes of subdivision 3, includes but is  
105.4 not limited to employee assistance counseling and the provision of guardian ad litem and  
105.5 parenting time expeditor services.
- 105.6 (m) "Mental injury" means an injury to the psychological capacity or emotional  
105.7 stability of a child as evidenced by an observable or substantial impairment in the child's  
105.8 ability to function within a normal range of performance and behavior with due regard to  
105.9 the child's culture.
- 105.10 (n) "Threatened injury" means a statement, overt act, condition, or status that  
105.11 represents a substantial risk of physical or sexual abuse or mental injury. Threatened  
105.12 injury includes, but is not limited to, exposing a child to a person responsible for the  
105.13 child's care, as defined in paragraph (e), clause (1), who has:
- 105.14 (1) subjected a child to, or failed to protect a child from, an overt act or condition  
105.15 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a  
105.16 similar law of another jurisdiction;
- 105.17 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause  
105.18 (4), or a similar law of another jurisdiction;
- 105.19 (3) committed an act that has resulted in an involuntary termination of parental rights  
105.20 under section 260C.301, or a similar law of another jurisdiction; or
- 105.21 (4) committed an act that has resulted in the involuntary transfer of permanent legal  
105.22 and physical custody of a child to a relative under section 260C.201, subdivision 11,  
5.23 paragraph (d), clause (1), or a similar law of another jurisdiction.
- 105.24 (o) Persons who conduct assessments or investigations under this section shall take  
105.25 into account accepted child-rearing practices of the culture in which a child participates  
105.26 and accepted teacher discipline practices, which are not injurious to the child's health,  
105.27 welfare, and safety.

**120A.20 ADMISSION TO PUBLIC SCHOOL.**

Subd. 3. **Pupils, at least 21 years of age.** In addition to those admitted under subdivision 1, admission to a public secondary school is free to a person who is eligible under this subdivision. In order to be eligible, a person must be:

- (1) at least 21 years of age;
- (2) a resident of the district where the secondary school is located; and
- (3) eligible under section 124D.68, subdivision 2.

Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less. A district that admits a person to school under this section must have a reasonable expectation that the person can obtain a diploma within two years.

**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

## APPENDIX

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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 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;

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- (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.**

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.



1.1 Senator ..... moves to amend S.F. No. 3770 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            (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.43, subdivision 2, is  
6.22 amended to read:

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

6.28 (b) Districts with a balance remaining in their reserve for reemployment as of June  
6.29 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each  
6.30 year a levy reduction must be made to return these funds to taxpayers. The amount of  
6.31 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for  
6.32 reemployment, or (2) the amount of the district's current levy under paragraph (a).

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

6.34 Sec. 11. Minnesota Statutes 2004, section 126C.44, is amended to read:

6.35 **126C.44 SAFE SCHOOLS LEVY.**

7.1 Each district may make a levy on all taxable property located within the district for  
 7.2 the purposes specified in this section. The maximum amount which may be levied for all  
 7.3 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal  
 7.4 cost pupil units for the school year. The proceeds of the levy must be reserved and used  
 7.5 for directly funding the following purposes or for reimbursing the cities and counties who  
 7.6 contract with the district for the following purposes: (1) to pay the costs incurred for the  
 7.7 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in  
 7.8 services in the district's schools; (2) to pay the costs for a drug abuse prevention program  
 7.9 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)  
 7.10 to pay the costs for a gang resistance education training curriculum in the district's schools;  
 7.11 (4) to pay the costs for security in the district's schools and on school property; or (5) to  
 7.12 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence  
 7.13 prevention measures taken by the school district. For expenditures under clause (1), the  
 7.14 district must initially attempt to contract for services to be provided by peace officers or  
 7.15 sheriffs with the police department of each city or the sheriff's department of the county  
 7.16 within the district containing the school receiving the services. If a local police department  
 7.17 or a county sheriff's department does not wish to provide the necessary services, the  
 7.18 district may contract for these services with any other police or sheriff's department  
 7.19 located entirely or partially within the school district's boundaries. ~~The levy authorized~~  
 7.20 ~~under this section is not included in determining the school district's levy limitations.~~

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

7.22 Sec. 12. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,  
 7.23 is amended to read:

7.24 **Subd. 10. Payments to school nonoperating funds.** Each fiscal year state general  
 7.25 fund payments for a district nonoperating fund must be made at the current year aid  
 7.26 payment percentage of the estimated entitlement during the fiscal year of the entitlement.  
 7.27 This amount shall be paid in 12 equal monthly installments. The amount of the actual  
 7.28 entitlement, after adjustment for actual data, minus the payments made during the fiscal  
 7.29 year of the entitlement must be paid prior to October 31 of the following school year. The  
 7.30 commissioner may make advance payments of debt service equalization aid and state-paid  
 7.31 tax credits for a district's debt service fund earlier than would occur under the preceding  
 7.32 schedule if the district submits evidence showing a serious cash flow problem in the fund.  
 7.33 The commissioner may make earlier payments during the year and, if necessary, increase  
 7.34 the percent of the entitlement paid to reduce the cash flow problem.

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





9.1 (1) is participating in a course of study, including an advanced placement or  
9.2 international baccalaureate course or program; a learning opportunity outside the  
9.3 curriculum of the district, area learning center, or charter school; or an approved  
9.4 preparatory program for employment or postsecondary education that is equally or more  
9.5 rigorous than the corresponding state or local academic standard required by the district,  
9.6 area learning center, or charter school;

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

9.10 (3) satisfactorily completes the requirements for the rigorous course of study,  
9.11 learning opportunity, or preparatory employment or postsecondary education program.  
9.12 Consistent with the requirements of this section, the local school board, the school board  
9.13 of the school district in which the area learning center is located, or the charter school  
9.14 board of directors also may formally determine other circumstances in which to declare  
9.15 that a student meets or exceeds a specific academic standard that the site requires for  
9.16 graduation under this section.

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

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

9.23 Sec. 3. Minnesota Statutes 2004, section 120B.023, is amended to read:

9.24 **120B.023 BENCHMARKS.**

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

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

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

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

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

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

10.17 (b) The commissioner in the 2006-2007 school year must revise and align the state's  
10.18 academic standards and high school graduation requirements in mathematics to require  
10.19 that students satisfactorily complete the revised mathematics standards, beginning in the  
10.20 2010-2011 school year. Under the revised standards:

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

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

10.25 The commissioner also must ensure that the statewide mathematics assessments  
10.26 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011  
10.27 school year are aligned with the state academic standards in mathematics. The statewide  
10.28 11th grade mathematics test administered to students under clause (2) beginning in  
10.29 the 2013-2014 school year must include algebra II test items that are aligned with  
10.30 corresponding state academic standards in mathematics. The commissioner must  
10.31 implement a review of the academic standards and related benchmarks in mathematics  
10.32 beginning in the 2015-2016 school year.

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

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

11.3 (d) The commissioner in the 2008-2009 school year must revise and align the state's  
 11.4 academic standards and high school graduation requirements in science to require that  
 11.5 students satisfactorily complete the revised science standards, beginning in the 2011-2012  
 11.6 school year. Under the revised standards, students scheduled to graduate in the 2014-2015  
 11.7 school year or later must satisfactorily complete a chemistry or physics credit. The  
 11.8 commissioner must implement a review of the academic standards and related benchmarks  
 11.9 in science beginning in the 2017-2018 school year.

11.10 (e) The commissioner in the 2009-2010 school year must revise and align the state's  
 11.11 academic standards and high school graduation requirements in language arts to require  
 11.12 that students satisfactorily complete the revised language arts standards beginning in the  
 11.13 2012-2013 school year. The commissioner must implement a review of the academic  
 11.14 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

11.15 (f) The commissioner in the 2010-2011 school year must revise and align the state's  
 11.16 academic standards and high school graduation requirements in social studies to require  
 11.17 that students satisfactorily complete the revised social studies standards beginning in the  
 11.18 2013-2014 school year. The commissioner must implement a review of the academic  
 11.19 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

11.20 (g) School districts and charter schools must revise and align local academic  
 11.21 standards and high school graduation requirements in health, physical education, world  
 11.22 languages, and career and technical education to require students to complete the revised  
 11.23 standards beginning in a school year determined by the school district or charter school.  
 11.24 School districts and charter schools must formally establish a periodic review cycle for  
 11.25 the academic standards and related benchmarks in health, physical education, world  
 11.26 languages, and career and technical education.

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

11.28 Sec. 4. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is  
 11.29 amended to read:

11.30 Subd. 2. **Reimbursement for examination fees.** The state may reimburse  
 11.31 college-level examination program (CLEP) fees for a Minnesota public or nonpublic  
 11.32 high school student who has successfully completed one or more college-level courses  
 33 in high school ~~and earned a satisfactory score on one or more CLEP examinations in the~~  
 11.34 subject matter of each examination in the following subjects: composition and literature,  
 11.35 mathematics and science, social sciences and history, foreign languages, and business and

12.1 humanities. The state may reimburse each ~~successful~~ student for up to six examination  
 12.2 fees. The commissioner shall establish application procedures and a process and schedule  
 12.3 for fee reimbursements. The commissioner must give priority to reimburse the CLEP  
 12.4 examination fees of students of low-income families.

12.5 Sec. 5. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

12.6 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the  
 12.7 calendar year of the submission of the unaudited financial data, the district must provide to  
 12.8 the commissioner audited financial data for the preceding fiscal year. The audit must be  
 12.9 conducted in compliance with generally accepted governmental auditing standards, the  
 12.10 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office  
 12.11 of the State Auditor. An audited financial statement prepared in a form which will allow  
 12.12 comparison with and correction of material differences in the unaudited financial data  
 12.13 shall be submitted to the commissioner and the state auditor by December 31. The audited  
 12.14 financial statement must also provide a statement of assurance pertaining to uniform  
 12.15 financial accounting and reporting standards compliance and a copy of the management  
 12.16 letter submitted to the district by the school district's auditor.

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

12.21 **EFFECTIVE DATE.** This section is effective for financial statements prepared in  
 12.22 2006 and later.

12.23 Sec. 6. Minnesota Statutes 2004, section 123B.91, is amended by adding a subdivision  
 12.24 to read:

12.25 Subd. 1a. **Compliance by nonpublic and charter school students.** A nonpublic or  
 12.26 charter school student transported by a public school district shall comply with student bus  
 12.27 conduct and student bus discipline policies of the transporting public school district.

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

12.29 Sec. 7. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is  
 12.30 amended to read:

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

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

- 13.1 (1) the sum of:
- 3.2 (i) all expenditures for transportation in the regular category, as defined in paragraph
- 13.3 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus
- 13.4 (ii) an amount equal to one year's depreciation on the district's school bus fleet
- 13.5 and mobile units computed on a straight line basis at the rate of 15 percent per year for
- 13.6 districts operating a program under section 124D.128 for grades 1 to 12 for all students in
- 13.7 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus
- 13.8 (iii) an amount equal to one year's depreciation on the district's type three school
- 13.9 buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a
- 13.10 majority of the time for pupil transportation purposes, computed on a straight line basis at
- 13.11 the rate of 20 percent per year of the cost of the type three school buses by:
- 13.12 (2) the number of pupils eligible for transportation in the regular category, as defined
- 3.13 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).
- 13.14 (b) "Transportation category" means a category of transportation service provided to
- 13.15 pupils as follows:
- 13.16 (1) Regular transportation is:
- 13.17 (i) transportation to and from school during the regular school year for resident
- 13.18 elementary pupils residing one mile or more from the public or nonpublic school they
- 13.19 attend, and resident secondary pupils residing two miles or more from the public
- 13.20 or nonpublic school they attend, excluding desegregation transportation and noon
- 13.21 kindergarten transportation; but with respect to transportation of pupils to and from
- 13.22 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;
- 3.23 (ii) transportation of resident pupils to and from language immersion programs;
- 13.24 (iii) transportation of a pupil who is a custodial parent and that pupil's child between
- 13.25 the pupil's home and the child care provider and between the provider and the school, if
- 13.26 the home and provider are within the attendance area of the school;
- 13.27 (iv) transportation to and from or board and lodging in another district, of resident
- 13.28 pupils of a district without a secondary school; and
- 13.29 (v) transportation to and from school during the regular school year required under
- 13.30 subdivision 3 for nonresident elementary pupils when the distance from the attendance
- 13.31 area border to the public school is one mile or more, and for nonresident secondary pupils
- 13.32 when the distance from the attendance area border to the public school is two miles or
- 13.33 more, excluding desegregation transportation and noon kindergarten transportation.
- 13.34 For the purposes of this paragraph, a district may designate a licensed day care
- 13.35 facility, school day care facility, respite care facility, the residence of a relative, or the
- 13.36 residence of a person chosen by the pupil's parent or guardian as the home of a pupil for

14.1 part or all of the day, if requested by the pupil's parent or guardian, and if that facility or  
14.2 residence is within the attendance area of the school the pupil attends.

14.3 (2) Excess transportation is:

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

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

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

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

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

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

14.27 (iii) necessary transportation for resident pupils with disabilities required by sections  
14.28 125A.12, and 125A.26 to 125A.48;

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

14.31 (v) transportation from one educational facility to another within the district for  
14.32 resident pupils enrolled on a shared-time basis in educational programs, and necessary  
14.33 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils  
14.34 with disabilities who are provided special instruction and services on a shared-time basis  
14.35 or if resident pupils are not transported, the costs of necessary travel between public

15.1 and private schools or neutral instructional sites by essential personnel employed by the  
15.2 district's program for children with a disability;

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

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

15.9 For purposes of computing special education base revenue under section 125A.76,  
15.10 subdivision 2, the cost of providing transportation for children with disabilities includes  
15.11 (A) the additional cost of transporting a homeless student from a temporary nonshelter  
15.12 home in another district to the school of origin, or a formerly homeless student from a  
15.13 permanent home in another district to the school of origin but only through the end of the  
15.14 academic year; and (B) depreciation on district-owned school buses purchased after July 1,  
15.15 2005, and used primarily for transportation of pupils with disabilities, calculated according  
15.16 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled  
15.17 transportation category must be excluded in calculating the actual expenditure per pupil  
15.18 transported in the regular and excess transportation categories according to paragraph (a).

15.19 (5) "Nonpublic nonregular transportation" is:

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

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

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

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

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

15.33 Sec. 8. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is  
15.34 amended to read:



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

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

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

16.16           (d) Pupil transportation expenditures, excluding expenditures for capital outlay,  
16.17 leased buses, student board and lodging, crossing guards, and aides on buses, must  
16.18 be allocated among transportation categories based on cost-per-mile, cost-per-student,  
16.19 cost-per-hour, or cost-per-route, regardless of whether the transportation services are  
16.20 provided on district-owned or contractor-owned school buses. Expenditures for school  
16.21 bus driver salaries and fringe benefits may either be directly charged to the appropriate  
16.22 transportation category or may be allocated among transportation categories based  
16.23 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures  
16.24 by private contractors or individuals who provide transportation exclusively in one  
16.25 transportation category must be charged directly to the appropriate transportation category.  
16.26 Transportation services provided by contractor-owned school bus companies incorporated  
16.27 under different names but owned by the same individual or group of individuals must be  
16.28 treated as the same company for cost allocation purposes.

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

16.30           Sec. 9. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4, is  
16.31 amended to read:

16.32           **Subd. 4. Online learning parameters.** (a) An online learning student must receive  
16.33 academic credit for completing the requirements of an online learning course or program.  
16.34 Secondary credits granted to an online learning student must be counted toward the  
16.35 graduation and credit requirements of the enrolling district. The enrolling district must



17.1 apply the same graduation requirements to all students, including online learning students,  
17.2 and must continue to provide nonacademic services to online learning students. If a  
17.3 student completes an online learning course or program that meets or exceeds a graduation  
17.4 standard or grade progression requirement at the enrolling district, that standard or  
17.5 requirement is met. The enrolling district must use the same criteria for accepting online  
17.6 learning credits or courses as it does for accepting credits or courses for transfer students  
17.7 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher  
17.8 contact time of an online learning student in proportion to the number of online learning  
17.9 courses the student takes from an online learning provider that is not the enrolling district.

17.10 (b) An online learning student may:

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

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

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

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

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

17.25 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.  
17.26 Such online learning does not generate online learning funds under this section. An  
17.27 enrolling district that offers online learning only to its enrolled students is not subject  
17.28 to the reporting requirements or review criteria under subdivision 7. A teacher with a  
17.29 Minnesota license must assemble and deliver instruction to enrolled students receiving  
17.30 online learning from an enrolling district. The delivery of instruction occurs when the  
17.31 student interacts with the computer or the teacher and receives ongoing assistance and  
17.32 assessment of learning. The instruction may include curriculum developed by persons  
17.33 other than a teacher with a Minnesota license.

17.34 ~~(f)~~ (e) An online learning provider that is not the enrolling district is subject to  
17.35 the reporting requirements and review criteria under subdivision 7. A teacher with a  
17.36 Minnesota license must assemble and deliver instruction to online learning students. The

18.1 delivery of instruction occurs when the student interacts with the computer or the teacher  
18.2 and receives ongoing assistance and assessment of learning. The instruction may include  
18.3 curriculum developed by persons other than a teacher with a Minnesota license. Unless  
18.4 the commissioner grants a waiver, a teacher providing online learning instruction must not  
18.5 instruct more than 40 students in any one online learning course or program.

18.6 Sec. 10. Minnesota Statutes 2004, section 124D.096, is amended to read:

18.7 **124D.096 ON-LINE LEARNING AID.**

18.8 (a) The on-line learning aid for an on-line learning provider equals the product  
18.9 of the adjusted on-line learning average daily membership for students under section  
18.10 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under  
18.11 section 126C.05, subdivision 1, times the formula allowance.

18.12 (b) Notwithstanding section 127A.45, the department must pay each on-line learning  
18.13 provider ~~80 percent of the current year aid payment percentage multiplied by the amount~~  
18.14 in paragraph (a) within 45 days of receiving final enrollment and course completion  
18.15 information each quarter or semester. A final payment equal to 20 percent of the amount in  
18.16 paragraph (a) The final adjustment payment must be the amount of the actual entitlement,  
18.17 after adjustment for actual data, minus the payments made during the fiscal year of the  
18.18 entitlement. This payment must be made on September 30 of the next fiscal year.

18.19 Sec. 11. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

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

18.26 (b) If a charter school elects to provide transportation for pupils, the transportation  
18.27 must be provided by the charter school within the district in which the charter school is  
18.28 located. The state must pay transportation aid to the charter school according to section  
18.29 124D.11, subdivision 2.

18.30 For pupils who reside outside the district in which the charter school is located, the  
18.31 charter school is not required to provide or pay for transportation between the pupil's  
18.32 residence and the border of the district in which the charter school is located. A parent  
18.33 may be reimbursed by the charter school for costs of transportation from the pupil's  
18.34 residence to the border of the district in which the charter school is located if the pupil is  
18.35 from a family whose income is at or below the poverty level, as determined by the federal  
18.36 government. The reimbursement may not exceed the pupil's actual cost of transportation

19.1 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for  
19.2 more than 250 miles per week.

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

19.5 (c) If a charter school does not elect to provide transportation, transportation for  
19.6 pupils enrolled at the school must be provided by the district in which the school is  
19.7 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a  
19.8 pupil residing in the same district in which the charter school is located. Transportation  
19.9 may be provided by the district in which the school is located, according to sections  
19.10 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different  
19.11 district. If the district provides the transportation, the scheduling of routes, manner and  
19.12 method of transportation, control and discipline of the pupils, and any other matter relating  
19.13 to the transportation of pupils under this paragraph shall be within the sole discretion,  
19.14 control, and management of the district.

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

19.16 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,  
19.17 subdivision 3, aid payments for the current fiscal year to a charter school not in its first  
19.18 year of operation shall be of an equal amount on each of the 23 payment dates. A charter  
19.19 school in its first year of operation shall receive, on its first payment date, ten percent of its  
19.20 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter  
19.21 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage  
19.22 multiplied by the cumulative amount guaranteed.

19.23 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the  
19.24 end of a school year, ~~80 percent of~~ the current year aid payment percentage multiplied by  
19.25 the amount due for the school year may be paid to the school after audit of prior fiscal year  
19.26 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at  
19.27 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary  
19.28 final payments may be made after audit of pupil counts, monitoring of special education  
19.29 expenditures, and documentation of lease expenditures for the final year of operation.  
19.30 Final payment may be made upon receipt of audited financial statements under section  
19.31 123B.77, subdivision 3.

19.32 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent  
33 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day  
19.34 of student attendance for that school year.

19.35 (d) In order to receive state aid payments under this subdivision, a charter school in  
19.36 its first three years of operation must submit a school calendar in the form and manner

20.1 requested by the department and a quarterly report to the Department of Education. The  
 20.2 report must list each student by grade, show the student's start and end dates, if any,  
 20.3 with the charter school, and for any student participating in a learning year program,  
 20.4 the report must list the hours and times of learning year activities. The report must be  
 20.5 submitted not more than two weeks after the end of the calendar quarter to the department.  
 20.6 The department must develop a Web-based reporting form for charter schools to use  
 20.7 when submitting enrollment reports. A charter school in its fourth and subsequent year of  
 20.8 operation must submit a school calendar and enrollment information to the department in  
 20.9 the form and manner requested by the department.

20.10 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter  
 20.11 school and satisfaction of creditors, cash and investment balances remaining shall be  
 20.12 returned to the state.

20.13 Sec. 13. Minnesota Statutes 2004, section 124D.61, is amended to read:

20.14 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

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

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

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

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

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

20.32 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical  
 20.33 education, permit pupils of limited English proficiency shall be permitted to participate  
 20.34 fully and on an equal basis with their contemporaries in public school classes provided  
 20.35 for these subjects. To the extent possible, the district must assure to pupils enrolled in a

21.1 program for limited English proficient students an equal and meaningful opportunity to  
21.2 participate fully with other pupils in all extracurricular activities.

21.3 Sec. 14. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

21.4 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,  
21.5 blindness, visual disability, speech or language impairment, physical handicap, other  
21.6 health impairment, mental handicap, emotional/behavioral disorder, specific learning  
21.7 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and  
21.8 needs special instruction and services, as determined by the standards of the commissioner,  
21.9 is a child with a disability. In addition, every child under age three, and at local district  
21.10 discretion from age three to age seven, who needs special instruction and services, as  
21.11 determined by the standards of the commissioner, because the child has a substantial delay  
21.12 or has an identifiable physical or mental condition known to hinder normal development is  
21.13 a child with a disability.

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

21.15 Sec. 15. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
21.16 13, is amended to read:

21.17 Subd. 13. **Examination fees; teacher training and support programs.** (a) For  
21.18 students' advanced placement and international baccalaureate examination fees under  
21.19 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs  
21.20 for teachers and other interested educators under Minnesota Statutes, section 120B.13,  
21.21 subdivision 1:

21.22	\$ 4,500,000	.....	2006
21.23	\$ 4,500,000	.....	2007

21.24 (b) The advanced placement program shall receive 75 percent of the appropriation  
21.25 each year and the international baccalaureate program shall receive 25 percent of the  
21.26 appropriation each year. The department, in consultation with representatives of the  
21.27 advanced placement and international baccalaureate programs selected by the Advanced  
21.28 Placement Advisory Council and IBMN, respectively, shall determine the amounts of  
21.29 the expenditures each year for examination fees and training and support programs for  
21.30 each program.

21.31 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least  
21.32 \$500,000 each year is for teachers to attend subject matter summer training programs  
21.33 and follow-up support workshops approved by the advanced placement or international  
21.34 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an  
21.35 advanced placement or international baccalaureate summer training program or workshop~~

22.1 ~~shall be the same. The commissioner shall determine the payment process and the amount~~  
 22.2 ~~of the subsidy. Teachers shall apply for teacher training scholarships to prepare for~~  
 22.3 ~~teaching in the advanced placement or international baccalaureate program. Any reserved~~  
 22.4 ~~funding not expended for teacher training may be used for exam fees and other support~~  
 22.5 ~~programs for each program.~~

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

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

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

22.12 Sec. 16. **RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**  
 22.13 **"BLIND" AND "BLINDNESS."**

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

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

22.18 Sec. 17. **2006 SCHOOL ACCOUNTABILITY REPORT.**

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

### 22.23 **ARTICLE 3**

### 22.24 **SPECIAL EDUCATION**

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

22.27 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,  
 22.28 when a school district provides instruction and services outside the district of residence,  
 22.29 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The  
 22.30 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition  
 22.31 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum  
 22.32 of (1) the actual cost of providing special instruction and services to the child including  
 22.33 a proportionate amount for special transportation and unreimbursed building lease and  
 22.34 debt service costs for facilities used primarily for special education, plus (2) the amount  
 22.35 of general education revenue and referendum aid attributable to the pupil, minus (3) the

23.1 amount of special education aid for children with a disability received on behalf of that  
23.2 child, minus (4) if the pupil receives special instruction and services outside the regular  
23.3 classroom for more than 60 percent of the school day, the amount of general education  
23.4 revenue and referendum aid, excluding portions attributable to district and school  
23.5 administration, district support services, operations and maintenance, capital expenditures,  
23.6 and pupil transportation, attributable to that pupil for the portion of time the pupil receives  
23.7 special instruction in and services outside of the regular classroom. If the boards involved  
23.8 do not agree upon the tuition rate, either board may apply to the commissioner to fix the  
23.9 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or  
23.10 request a written statement from each board, giving each board at least ten days' notice,  
23.11 and after the hearing or review of the written statements the commissioner must make an  
23.12 order fixing the tuition rate, which is binding on both school districts. General education  
23.13 revenue and referendum aid attributable to a pupil must be calculated using the resident  
23.14 district's average general education and referendum revenue per adjusted pupil unit.

23.15 (b) For fiscal year 2007 and later, when a school district provides special instruction  
23.16 and services for a pupil with a disability as defined in section 125A.02 outside the district  
23.17 of residence, excluding a pupil for whom an adjustment to special education aid is  
23.18 calculated according to section 127A.47, subdivision 7, paragraph (e), special education  
23.19 aid paid to the resident district must be reduced by an amount equal to (1) the actual  
23.20 cost of providing special instruction and services to the pupil, including a proportionate  
23.21 amount for special transportation and unreimbursed building lease and debt service costs  
23.22 for facilities used primarily for special education, plus (2) the amount of general education  
23.23 revenue and referendum aid attributable to that pupil, minus (3) the amount of special  
23.24 education aid for children with a disability received on behalf of that child, minus (4) if the  
23.25 pupil receives special instruction and services outside the regular classroom for more than  
23.26 60 percent of the school day, the amount of general education revenue and referendum  
23.27 aid, excluding portions attributable to district and school administration, district support  
23.28 services, operations and maintenance, capital expenditures, and pupil transportation,  
23.29 attributable to that pupil for the portion of time the pupil receives special instruction in  
23.30 and services outside of the regular classroom. General education revenue and referendum  
23.31 aid attributable to a pupil must be calculated using the resident district's average general  
23.32 education revenue and referendum aid per adjusted pupil unit. Special education aid  
23.33 paid to the district or cooperative providing special instruction and services for the pupil  
23.34 must be increased by the amount of the reduction in the aid paid to the resident district.  
23.35 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision  
23.36 7, shall be recognized and reported as revenues and expenditures on the resident school



24.1 district's books of account under sections 123B.75 and 123B.76. If the resident district's  
 24.2 special education aid is insufficient to make the full adjustment, the remaining adjustment  
 24.3 shall be made to other state aid due to the district.

24.4 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,  
 24.5 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students  
 24.6 receive special education and related services, an intermediate district, ~~or a special~~  
 24.7 education cooperative, or a school district that served as the applicant agency for a group  
 24.8 of school districts for federal special education aids for fiscal year 2006 may apply to the  
 24.9 commissioner for authority to charge the resident district an additional amount to recover  
 24.10 any remaining unreimbursed costs of serving pupils with a disability. The application must  
 24.11 include a description of the costs and the calculations used to determine the unreimbursed  
 24.12 portion to be charged to the resident district. Amounts approved by the commissioner  
 24.13 under this paragraph must be included in the tuition billings or aid adjustments under  
 24.14 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

24.15 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs  
 24.16 (d) and (e), "general education revenue and referendum aid" means the sum of the general  
 24.17 education revenue according to section 126C.10, subdivision 1, excluding alternative  
 24.18 teacher compensation revenue, plus the referendum aid according to section 126C.17,  
 24.19 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)  
 24.20 to (c).

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

24.22 Sec. 2. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

24.23 Subdivision 1. **Approval of education programs.** The commissioner shall  
 24.24 approve education programs for placement of children and youth in ~~care and treatment~~  
 24.25 residential facilities including detention centers, before being licensed by the Department  
 24.26 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~  
 24.27 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~  
 24.28 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and  
 24.29 federal education laws including the Individuals with Disabilities Education Act (IDEA).  
 24.30 This section applies only to placements in facilities licensed by the Department of Human  
 24.31 Services or the Department of Corrections.

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

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



25.1 (b) For education programs operated by the Department of Corrections, the  
 25.2 providing district shall be the Department of Corrections. For students remanded to the  
 25.3 commissioner of corrections, the providing and resident district shall be the Department  
 25.4 of Corrections.

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

25.9 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

25.10 **Subd. 5. Education programs for students placed in residential facilities for**  
 25.11 **~~care and treatment.~~** (a) When a student is placed in a ~~care and treatment~~ facility  
 25.12 **approved under this section** that has an on-site education program, the providing district,  
 25.13 upon notice from the care and treatment facility, must contact the resident district within  
 25.14 one business day to determine if a student has been identified as having a disability, and  
 25.15 to request at least the student's transcript, and for students with disabilities, the most  
 25.16 recent individualized education plan (IEP) and evaluation report, and to determine if the  
 25.17 student has been identified as a student with a disability. The resident district must send a  
 25.18 facsimile copy to the providing district within two business days of receiving the request.

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

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

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

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

25.28 (ii) the resident district;

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

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

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

25.32 (vi) when appropriate, the student.

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

26.1 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

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

26.9 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

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

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

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

26.17 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

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

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

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

26.27 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

26.28 Subd. 10. **Students unable to attend school but not placed in care and treatment**  
26.29 **facilities covered under this section.** Students who are absent from, or predicted to  
26.30 be absent from, school for 15 consecutive or intermittent days, and placed at home or  
26.31 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~  
26.32 ~~students placed for care and treatment~~ entitled to regular and special education services  
26.33 consistent with applicable law and rule. These students include students with and without  
26.34 disabilities who are home due to accident or illness, in a hospital or other medical facility,

27.1 or in a day treatment center. ~~These students are entitled to education services through~~  
 27.2 ~~their district of residence.~~

27.3 Sec. 9. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

27.4 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~  
 27.5 commissioner shall establish an advisory committee for each resource center. The  
 27.6 advisory committees shall develop recommendations regarding the resource centers and  
 27.7 submit an annual report to the commissioner on the form and in the manner prescribed by  
 27.8 the commissioner.

27.9 Sec. 10. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

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

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

27.15 Sec. 11. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is  
 27.16 amended to read:

27.17 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this  
 27.18 subdivision apply.

27.19 (a) "Unreimbursed special education cost" means the sum of the following:

27.20 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and  
 27.21 transportation services eligible for revenue under section 125A.76; plus

27.22 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and  
 27.23 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

27.24 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under  
 27.25 section 125A.76; minus

27.26 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services  
 27.27 eligible for revenue under section 125A.76, subdivision 2.

27.28 (b) "General revenue" means the sum of the general education revenue according to  
 27.29 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~  
 27.30 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying  
 27.31 referendum revenue specified in paragraph (e) minus transportation sparsity revenue  
 27.32 minus total operating capital revenue.

27.33 (c) "Average daily membership" has the meaning given it in section 126C.05.

27.34 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal  
 27.35 year 2004 and later.

28.1 (e) "Total qualifying referendum revenue" means two-thirds of the district's total  
28.2 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs  
28.3 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal  
28.4 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

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

28.6 **Sec. 12. SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

28.7 (a) If, on the basis of a forecast of general fund revenues and expenditures under  
28.8 Minnesota Statutes, section 16A.103; expenditures for special education aid under  
28.9 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota  
28.10 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,  
28.11 section 124A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,  
28.12 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,  
28.13 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section  
28.14 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an  
28.15 enacted budget, the forecast excess from these programs, up to an amount sufficient to  
28.16 meet federal special education maintenance of effort, is added to the state total special  
28.17 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

28.18 (b) If, on the basis of a forecast of general fund revenues and expenditures under  
28.19 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are  
28.20 projected to be greater than previously forecast for an enacted budget, and an addition to  
28.21 state total special education aid has been made under paragraph (a), the state total special  
28.22 education aid must be reduced by the lesser of the amount of the expenditure increase or  
28.23 the amount previously added to state total special education aid, and this amount must be  
28.24 taken from the programs that were forecast to have a forecast excess.

28.25 (c) For the purpose of this section, "previously forecast for an enacted budget" means  
28.26 the allocation of funding for these programs in the most recent forecast of general fund  
28.27 revenues and expenditures or the act appropriating money for these programs, whichever  
28.28 occurred most recently. It does not include planning estimates for a future biennium.

28.29 **Sec. 13. DEPARTMENT OF EDUCATION RULES.**

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

28.32 **Sec. 14. REPEALER.**

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

28.35

**ARTICLE 4**

29.1 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

29.2 Section 1. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

29.3 Subdivision 1. **Budgets.** ~~By October 1,~~ Every board must publish revenue and  
 29.4 expenditure budgets for the current year and the actual revenues, expenditures, fund  
 29.5 balances for the prior year and projected fund balances for the current year in a form  
 29.6 prescribed by the commissioner within one week of the acceptance of the final audit by  
 29.7 the board, or November 30, whichever is earlier. The forms prescribed must be designed  
 29.8 so that year to year comparisons of revenue, expenditures and fund balances can be made.  
 29.9 These budgets, reports of revenue, expenditures and fund balances must be published in  
 29.10 a qualified newspaper of general circulation in the district or on the district's official  
 29.11 Web site. If published on the district's official Web site, the district must also publish an  
 29.12 announcement in a qualified newspaper of general circulation in the district that includes  
 29.13 the Internet address where the information has been posted.

29.14 Sec. 2. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

29.15 Subd. 2. **Errors in distribution.** On determining that the amount of state aid  
 29.16 distributed to a school district is in error, the commissioner is authorized to adjust the  
 29.17 amount of aid consistent with this subdivision. On determining that the amount of aid is  
 29.18 in excess of the school district's entitlement, the commissioner is authorized to recover  
 29.19 the amount of the excess by any appropriate means. Notwithstanding the fiscal years  
 29.20 designated by the appropriation, the excess may be recovered by reducing future aid  
 29.21 payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not  
 29.22 of the same type as that overpaid, the district must adjust all necessary financial accounts  
 29.23 to properly reflect all revenues earned in accordance with the uniform financial accounting  
 29.24 and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the  
 29.25 fiscal years designated by the appropriation, on determining that the amount of an aid paid  
 29.26 is less than the school district's entitlement, the commissioner is authorized to increase  
 29.27 such aid from the current appropriation. If the aid program has been discontinued and has  
 29.28 no appropriation, the appropriation for general education shall be used for recovery or  
 29.29 payment of the aid decrease or increase. Any excess of aid recovery over aid payment  
 29.30 shall be canceled to the state general fund.

29.31 Sec. 3. Minnesota Statutes 2004, section 181.101, is amended to read:

29.32 **181.101 WAGES; HOW OFTEN PAID.**

29.33 Every employer must pay all wages earned by an employee at least once every 31  
 29.34 days on a regular pay day designated in advance by the employer regardless of whether  
 29.35 the employee requests payment at longer intervals. Unless paid earlier, the wages earned  
 29.36 during the first half of the first 31-day pay period become due on the first regular payday

30.1 following the first day of work. If wages earned are not paid, the commissioner of labor  
30.2 and industry or the commissioner's representative may demand payment on behalf of an  
30.3 employee. If payment is not made within ten days of demand, the commissioner may  
30.4 charge and collect the wages earned and a penalty in the amount of the employee's average  
30.5 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15  
30.6 days in all, for each day beyond the ten-day limit following the demand. Money collected  
30.7 by the commissioner must be paid to the employee concerned. This section does not  
30.8 prevent an employee from prosecuting a claim for wages. This section does not prevent  
30.9 a school district ~~or~~ other public school entity, or other school, as defined under section  
30.10 120A.22, from paying any wages earned by its employees during a school year on regular  
30.11 pay days in the manner provided by an applicable contract or collective bargaining  
30.12 agreement, or a personnel policy adopted by the governing board. For purposes of this  
30.13 section, "employee" includes a person who performs agricultural labor as defined in  
30.14 section 181.85, subdivision 2. For purposes of this section, wages are earned on the  
30.15 day an employee works.

## 30.16 ARTICLE 5

### 30.17 STATE AGENCIES

30.18 Section 1. Minnesota Statutes 2004, section 125A.65, subdivision 3, is amended to  
30.19 read:

30.20 Subd. 3. **Educational program; tuition.** (a) When it is determined pursuant to  
30.21 section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school,  
30.22 the board of the Minnesota State Academies must provide the appropriate educational  
30.23 program for the child.

30.24 (b) For fiscal year 2006, the board of the Minnesota State Academies must make a  
30.25 tuition charge to the child's district of residence for the cost of providing the program.  
30.26 The amount of tuition charged must not exceed the sum of (1) the general education  
30.27 revenue formula allowance times the pupil unit weighting factor pursuant to section  
30.28 126C.05 for that child, for the amount of time the child is in the program, plus (2), if  
30.29 the child was enrolled at the Minnesota State Academies on October 1 of the previous  
30.30 fiscal year, the compensatory education revenue attributable to that child under section  
30.31 126C.10, subdivision 3. The district of the child's residence must pay the tuition and  
30.32 may claim general education aid for the child. Tuition received by the board of the  
30.33 Minnesota State Academies, except for tuition for compensatory education revenue under  
30.34 this paragraph and tuition received under subdivision 4, must be deposited in the state  
30.35 treasury as provided in subdivision 8.

31.1 (c) For fiscal year 2007 and later, the district of the child's residence shall  
31.2 claim general education revenue for the child, except as provided in this paragraph.  
31.3 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education  
31.4 revenue formula allowance times the pupil unit weighting factor pursuant to section  
31.5 126C.05 for that child for the amount of time the child is in the program, as adjusted  
31.6 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.  
31.7 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory  
31.8 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at  
31.9 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the  
31.10 Minnesota State Academies. General education aid paid to the Minnesota State Academies  
31.11 under this paragraph must be credited to their general operation account. Other general  
31.12 education aid attributable to the child must be paid to the district of the child's residence.

31.13 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

31.14 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition  
31.15 charge allowed in subdivision 3, the academies may charge the child's district of residence  
31.16 for the academy's unreimbursed cost of providing an instructional aide assigned to that  
31.17 child, after deducting the special education aid under section 125A.76, attributable to the  
31.18 child, if that aide is required by the child's individual education plan. Tuition received  
31.19 under this paragraph must be used by the academies to provide the required service.

31.20 (b) For fiscal year 2007 and later, the special education aid paid to the academies  
31.21 shall be increased by the academy's unreimbursed cost of providing an instructional  
31.22 aide assigned to a child, after deducting the special education aid under section 125A.76  
31.23 attributable to the child, if that aide is required by the child's individual education plan.  
31.24 Aid received under this paragraph must be used by the academies to provide the required  
31.25 service.

31.26 (c) For fiscal year 2007 and later, the special education aid paid to the district of  
31.27 the child's residence shall be reduced by the amount paid to the academies for district  
31.28 residents under paragraph (b).

31.29 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,  
31.30 the commissioner shall make an estimated final adjustment payment to the Minnesota  
31.31 State Academies for general education aid and special education aid for the prior fiscal  
31.32 year by August 15.

3 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

31.34 Subd. 6. **Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and  
31.35 5, the board of the Minnesota State Academies may agree to make a tuition charge, or  
31.36 receive an aid adjustment, as applicable, for less than the amount specified in subdivision



32.1 3 for pupils attending the applicable school who are residents of the district where the  
 32.2 institution is located and who do not board at the institution, if that district agrees to make  
 32.3 a tuition charge to the board of the Minnesota State Academies for less than the amount  
 32.4 specified in subdivision 5 for providing appropriate educational programs to pupils  
 32.5 attending the applicable school.

32.6 Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

32.7 Subd. 8. **Student count; tuition.** (a) On May 1, 1996, and each year thereafter,  
 32.8 the board of the Minnesota State Academies shall count the actual number of Minnesota  
 32.9 resident special education eligible students enrolled and receiving education services at the  
 32.10 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

32.11 (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in  
 32.12 the state treasury an amount equal to all tuition received for the basic revenue according to  
 32.13 subdivision 3, less the amount calculated in paragraph ~~(b)~~ (c).

32.14 ~~(b)~~ (c) For fiscal year 2006, the Minnesota State Academies shall credit to their  
 32.15 general operation account an amount equal to the tuition received which represents tuition  
 32.16 earned for the total number of students over 175 based on:

32.17 (1) the total number of enrolled students on May 1 less 175; times

32.18 (2) the ratio of the number of students in that grade category to the total number of  
 32.19 students on May 1; times

32.20 (3) the general education revenue formula allowance; times

32.21 (4) the pupil unit weighting factor pursuant to section 126C.05.

32.22 (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to  
 32.23 the department the number of students by grade level counted according to paragraph (a).  
 32.24 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),  
 32.25 must be reduced by an amount equal to:

32.26 (1) the ratio of 175 to the total number of students on May 1; times

32.27 (2) the total basic revenue determined according to subdivision 3, paragraph (c).

32.28 Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

32.29 Subd. 10. **Annual appropriation.** There is annually appropriated to the department  
 32.30 for the Minnesota State Academies the tuition or aid payment amounts received and  
 32.31 credited to the general operation account of the academies under this section. A balance  
 32.32 in an appropriation under this paragraph does not cancel but is available in successive  
 32.33 fiscal years.

32.34 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:



33.1 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit  
 33.2 from attending either academy may be admitted to the academy if the admission does not  
 33.3 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota  
 33.4 State Academies must obtain reimbursement from the other state for the costs of the  
 33.5 out-of-state admission. The state board may enter into an agreement with the appropriate  
 33.6 authority in the other state for the reimbursement. Money received from another state  
 33.7 must be deposited in the general special revenue fund and credited to the general operating  
 33.8 account of the academies. The money is appropriated to the academies.

33.9 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

## 33.10 ARTICLE 6

### 33.11 EARLY CHILDHOOD PROVISIONS

33.12 Section 1. Minnesota Statutes 2004, section 119A.50, subdivision 1, is amended to read:

33.13 Subdivision 1. **Department of Education.** The Department of Education is the  
 33.14 state agency responsible for administering the Head Start program. The commissioner  
 33.15 of education ~~may make grants~~ shall allocate funds according to the formula in section  
 33.16 119A.52 to public or private nonprofit agencies for the purpose of providing supplemental  
 33.17 funds for the federal Head Start program.

33.18 Sec. 2. Minnesota Statutes 2004, section 119A.52, is amended to read:

### 33.19 **119A.52 DISTRIBUTION OF APPROPRIATION AND PROGRAM** 33.20 **COORDINATION.**

33.21 The commissioner of education must distribute money appropriated for that purpose  
 33.22 to federally designated Head Start program grantees programs to expand services and to  
 33.23 serve additional low-income children. ~~Money must be allocated to each project Head Start~~  
 33.24 ~~grantee in existence on the effective date of Laws 1989, chapter 282.~~ Migrant and Indian  
 33.25 reservation ~~grantees programs~~ must be initially allocated money based on the grantees'  
 33.26 programs' share of federal funds. The remaining money must be initially allocated to the  
 33.27 remaining local agencies based equally on the agencies' share of federal funds and on the  
 33.28 proportion of eligible children in the agencies' service area who are not currently being  
 33.29 served. A Head Start grantee must be funded at a per child rate equal to its contracted,  
 33.30 federally funded base level ~~for program accounts 20, 22, and 25~~ at the start of the fiscal  
 33.31 year. In allocating funds under this paragraph, the commissioner of education must assure  
 33.32 that each Head Start grantee program in existence in 1993 is allocated no less funding  
 33.33 in any fiscal year than was allocated to that grantee program in fiscal year 1993. ~~The~~  
 33.34 ~~commissioner may provide additional funding to grantees for start-up costs incurred by~~  
 33.35 ~~grantees due to the increased number of children to be served.~~ Before paying money to  
 33.36 the grantees programs, the commissioner must notify each grantee program of its initial

34.1 allocation, how the money must be used, and the number of low-income children that  
 34.2 must be served with the allocation based upon the federally funded per child rate.  
 34.3 Each grantee program must present a work plan to the commissioner for approval. The  
 34.4 work plan must include the estimated number of low-income children and families it will  
 34.5 be able to serve, a description of the program design and service delivery area which  
 34.6 meets the needs of and encourages access by low-income working families, a program  
 34.7 design that ensures fair and equitable access to Head Start services for all populations and  
 34.8 parts of the service area, and a plan for coordinating services to maximize assistance  
 34.9 for child care costs available to families under chapter 119B. under section 119A.535.  
 34.10 For any grantee that cannot utilize its full allocation, the commissioner must reduce the  
 34.11 allocation proportionately. Money available after the initial allocations are reduced must  
 34.12 be redistributed to eligible grantees.

34.13 Sec. 3. Minnesota Statutes 2004, section 119A.53, is amended to read:

34.14 **119A.53 FEDERAL REQUIREMENTS.**

34.15 Grantees Programs and the commissioner shall comply with federal regulations  
 34.16 governing the federal Head Start program, except for funding for innovative initiatives  
 34.17 under section ~~119A.52~~ 119A.535 as approved by the commissioner, which may be used to  
 34.18 operate differently than federal Head Start regulations. If a state statute or rule conflicts  
 34.19 with a federal statute or regulation, the state statute or rule prevails.

34.20 Sec. 4. **[119A.535] APPLICATION REQUIREMENTS.**

34.21 Eligible Head Start organizations must submit a plan to the department for approval  
 34.22 on a form and in the manner prescribed by the commissioner. The plan must include:

34.23 (1) the estimated number of low-income children and families the program will be  
 34.24 able to serve;

34.25 (2) a description of the program design and service delivery area which meets the  
 34.26 needs of and encourages access by low-income working families;

34.27 (3) a program design that ensures fair and equitable access to Head Start services for  
 34.28 all populations and parts of the service area;

34.29 (4) a plan for coordinating services to maximize assistance for child care costs  
 34.30 available to families under chapter 119B; and

34.31 (5) identification of regular Head Start, early Head Start, and innovative services  
 34.32 based upon demonstrated needs to be provided.

34.33 Sec. 5. Minnesota Statutes 2004, section 119A.545, is amended to read:

34.34 **119A.545 AUTHORITY TO WAIVE REQUIREMENTS DURING DISASTER**  
 34.35 **PERIODS.**

35.1 The commissioner of education may waive requirements under sections 119A.50  
 35.2 to ~~119A.53~~ 119A.535, for up to nine months after the disaster, for Head Start ~~grantees~~  
 35.3 programs in areas where a federal disaster has been declared under United States Code,  
 35.4 title 42, section 5121, et seq., or the governor has exercised authority under chapter 12.  
 35.5 The commissioner shall notify the chairs of the appropriate senate ~~Family and Early~~  
 35.6 ~~Childhood Education Budget Division, the senate Education Finance Committee, the and~~  
 35.7 ~~house Family and Early Childhood Education Finance Division, the house Education~~  
 35.8 ~~Committee, and the house Ways and Means Committee~~ committees ten days before the  
 35.9 effective date of any waiver granted under this section.

35.10 Sec. 6. Minnesota Statutes 2005 Supplement, section 121A.17, subdivision 5, is  
 35.11 amended to read:

35.12 **Subd. 5. Developmental screening program information.** The board must inform  
 35.13 each resident family with a child eligible to participate in the developmental screening  
 35.14 program about the availability of the program and the state's requirement that a child  
 35.15 receive a developmental screening or provide health records indicating that the child  
 35.16 received a comparable developmental screening from a public or private health care  
 35.17 organization or individual health care provider not later than 30 days after the first  
 35.18 day of attending kindergarten in a public school. A school district must inform all  
 35.19 resident families with eligible children under age seven that their children may receive a  
 35.20 developmental screening conducted either by the school district or by a public or private  
 35.21 health care organization or individual health care provider, and that if a statement signed  
 35.22 by the child's parent or guardian is submitted to the administrator or other person having  
 35.23 general control and supervision of the school that the child has not been screened because  
 35.24 of conscientiously held beliefs of the parent or guardian, the screening is not required.

35.25 Sec. 7. Minnesota Statutes 2004, section 124D.13, subdivision 2, is amended to read:

35.26 **Subd. 2. Program characteristics.** (a) Early childhood family education programs  
 35.27 are programs for children in the period of life from birth to kindergarten, for the parents  
 35.28 and other relatives of ~~such~~ these children, and for expectant parents. To the extent  
 35.29 that funds are insufficient to provide programs for all children, early childhood family  
 35.30 education programs should emphasize programming for a child from birth to age three  
 35.31 and encourage parents and other relatives to involve four- and five-year-old children in  
 35.32 school readiness programs, and other public and nonpublic early learning programs. Early  
 33 childhood family education programs may include the following:

35.34 (1) programs to educate parents and other relatives about the physical, mental,  
 35.35 and emotional development of children;

36.1 (2) programs to enhance the skills of parents and other relatives in providing for  
36.2 their children's learning and development;

36.3 (3) learning experiences for children and parents and other relatives that promote  
36.4 children's development;

36.5 (4) activities designed to detect children's physical, mental, emotional, or behavioral  
36.6 problems that may cause learning problems;

36.7 (5) activities and materials designed to encourage self-esteem, skills, and behavior  
36.8 that prevent sexual and other interpersonal violence;

36.9 (6) educational materials which may be borrowed for home use;

36.10 (7) information on related community resources;

36.11 (8) programs to prevent child abuse and neglect;

36.12 (9) other programs or activities to improve the health, development, and school  
36.13 readiness of children; or

36.14 (10) activities designed to maximize development during infancy.

36.15 The programs must not include activities for children that do not require substantial  
36.16 involvement of the children's parents or other relatives. The programs must be reviewed  
36.17 periodically to assure the instruction and materials are not racially, culturally, or sexually  
36.18 biased. The programs must encourage parents to be aware of practices that may affect  
36.19 equitable development of children.

36.20 (b) For the purposes of this section, "relative" or "relatives" means noncustodial  
36.21 grandparents or other persons related to a child by blood, marriage, adoption, or foster  
36.22 placement, excluding parents.

36.23 Sec. 8. Minnesota Statutes 2004, section 124D.13, subdivision 3, is amended to read:

36.24 Subd. 3. **Substantial parental involvement.** The requirement of substantial  
36.25 parental or other relative involvement in subdivision 2 means that:

36.26 (a) parents or other relatives must be physically present much of the time in classes  
36.27 with their children or be in concurrent classes;

36.28 (b) parenting education or family education must be an integral part of every early  
36.29 childhood family education program;

36.30 (c) early childhood family education appropriations must not be used for traditional  
36.31 day care or nursery school, or similar programs; and

36.32 (d) the form of parent involvement common to kindergarten, elementary school, or  
36.33 early childhood special education programs such as parent conferences, newsletters, and  
36.34 notes to parents do not qualify a program under subdivision 2.

36.35 Sec. 9. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 5,  
36.36 is amended to read:

37.1 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,  
 37.2 section 119A.52:

37.3 \$ 19,100,000 ..... 2006

37.4 \$ 19,100,000 ..... 2007

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

37.6 Sec. 10. **REPEALER.**

37.7 Minnesota Statutes 2004, section 119A.51, is repealed.

37.8

## ARTICLE 7

37.9

### TECHNICAL AND CONFORMING AMENDMENTS

37.10 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is  
 37.11 amended to read:

37.12 Subd. 2. **Adopting policies.** (a) A school board shall have in place an adopted  
 37.13 written policy that includes the following:

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

37.16 (2) a process for evaluating each student's progress toward meeting academic  
 37.17 standards and identifying the strengths and weaknesses of instruction and curriculum  
 37.18 affecting students' progress;

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

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

37.21 (5) an education effectiveness plan aligned with section 122A.625 that integrates  
 37.22 instruction, curriculum, and technology.

37.23 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

37.24 Subd. 10. **Requirements for immunization statements.** (a) A statement required  
 37.25 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization  
 37.26 shall include month, day, and year for immunizations administered after January 1, 1990.

37.27 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~  
 37.28 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~  
 37.29 ~~toxoid no earlier than 11 years of age.~~

37.30 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~  
 37.31 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~  
 37.32 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

37.33 ~~(c) Except as specified in paragraph (c), for persons enrolled in grades 7 through~~  
 37.34 ~~12 during the 1998-1999 school term and for each year thereafter, the statement must~~  
 37.35 ~~indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier~~  
 37.36 ~~than 11 years of age.~~

38.1 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year~~  
38.2 ~~and for each year thereafter, the statement must indicate that the person has received at~~  
38.3 ~~least two doses of vaccine against measles, mumps, and rubella, given alone or separately~~  
38.4 ~~and given not less than one month apart.~~

38.5 ~~(e)~~ (b) A person who has received at least three doses of tetanus and diphtheria  
38.6 toxoids, with the most recent dose given after age six and before age 11, is not required to  
38.7 have additional immunization against diphtheria and tetanus until ten years have elapsed  
38.8 from the person's most recent dose of tetanus and diphtheria toxoid.

38.9 ~~(f)~~ (c) The requirement for hepatitis B vaccination shall apply to persons enrolling in  
38.10 kindergarten beginning with the 2000-2001 school term.

38.11 ~~(g)~~ (d) The requirement for hepatitis B vaccination shall apply to persons enrolling  
38.12 in grade 7 beginning with the 2001-2002 school term.

38.13 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is  
38.14 amended to read:

38.15 Subd. 2. Agreement. (a) Upon the request of 60 percent of the licensed employees  
38.16 of a site or a school site decision-making team, the school board shall enter into  
38.17 discussions to reach an agreement concerning the governance, management, or control of  
38.18 the school. A school site decision-making team may include the school principal, teachers  
38.19 in the school or their designee, other employees in the school, representatives of pupils  
38.20 in the school, or other members in the community. A school site decision-making team  
38.21 must include at least one parent of a pupil in the school. For purposes of formation of a  
38.22 new site, a school site decision-making team may be a team of teachers that is recognized  
38.23 by the board as a site. The school site decision-making team shall include the school  
38.24 principal or other person having general control and supervision of the school. The site  
38.25 decision-making team must reflect the diversity of the education site. At least one-half  
38.26 of the members shall be employees of the district, unless an employee is the parent of a  
38.27 student enrolled in the school site, in which case the employee may elect to serve as a  
38.28 parent member of the site team.

38.29 (b) School site decision-making agreements must delegate powers, duties, and  
38.30 broad management responsibilities to site teams and involve staff members, students as  
38.31 appropriate, and parents in decision making.

38.32 (c) An agreement shall include a statement of powers, duties, responsibilities, and  
38.33 authority to be delegated to and within the site.

38.34 (d) An agreement may include:

38.35 (1) an achievement contract according to subdivision 4;

39.1 (2) a mechanism to allow principals, a site leadership team, or other persons having  
39.2 general control and supervision of the school, to make decisions regarding how financial  
39.3 and personnel resources are best allocated at the site and from whom goods or services  
39.4 are purchased;

39.5 (3) a mechanism to implement parental involvement programs under section  
39.6 124D.895 and to provide for effective parental communication and feedback on this  
39.7 involvement at the site level;

39.8 (4) a provision that would allow the team to determine who is hired into licensed  
39.9 and nonlicensed positions;

39.10 (5) a provision that would allow teachers to choose the principal or other person  
39.11 having general control;

39.12 (6) an amount of revenue allocated to the site under subdivision 3; and

39.13 (7) any other powers and duties determined appropriate by the board.

39.14 The school board of the district remains the legal employer under clauses (4) and (5).

39.15 (e) Any powers or duties not delegated to the school site management team in the  
39.16 school site management agreement shall remain with the school board.

39.17 (f) Approved agreements shall be filed with the commissioner. If a school board  
39.18 denies a request or the school site and school board fail to reach an agreement to enter  
39.19 into a school site management agreement, the school board shall provide a copy of the  
39.20 request and the reasons for its denial to the commissioner.

39.21 (g) A site decision-making grant program is established, consistent with this  
39.22 subdivision, to allow sites to implement an agreement that at least:

39.23 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable  
39.24 to the students at that site;

39.25 (2) includes a provision, consistent with current law and the collective bargaining  
39.26 agreement in effect, that allows the site team to decide who is selected from within the  
39.27 district for licensed and nonlicensed positions at the site and to make staff assignments  
39.28 in the site; and

39.29 (3) includes a completed performance agreement under subdivision 4.

39.30 The commissioner shall establish the form and manner of the application for a grant  
39.31 and annually, at the end of each fiscal year, report to the house of representatives and  
39.32 senate committees having jurisdiction over education on the progress of the program.

33 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

39.34 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall  
39.35 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.  
39.36 The board must promote academic standards based on high expectation and an assessment

40.1 system to measure academic performance toward the achievement of those standards. The  
40.2 board must focus on the academies' needs as a whole and not prefer one school over the  
40.3 other. The board of the Minnesota State Academies shall consist of nine persons. The  
40.4 members of the board shall be appointed by the governor with the advice and consent of  
40.5 the senate. One member must be from the seven-county metropolitan area, one member  
40.6 must be from greater Minnesota, and one member may be appointed at-large. The board  
40.7 must be composed of:

40.8 (1) one present or former superintendent of an independent school district;

40.9 (2) one present or former special education director;

40.10 (3) the commissioner of education or the commissioner's designee;

40.11 (4) one member of the blind community;

40.12 (5) one member of the deaf community;

40.13 (6) two members of the general public with business, administrative, or financial  
40.14 expertise;

40.15 (7) one nonvoting, unpaid ex officio member appointed by the site council for the  
40.16 State Academy for the Deaf; and

40.17 (8) one nonvoting, unpaid ex officio member appointed by the site council for the  
40.18 State Academy for the Blind.

40.19 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is  
40.20 amended to read:

40.21 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

40.22 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,  
40.23 supplemental revenue, transition revenue, and referendum revenue is less than the value of  
40.24 the school district at or immediately above the 95th percentile of school districts in its  
40.25 equity region for those revenue categories; and

40.26 (2) the school district's administrative offices are not located in a city of the first  
40.27 class on July 1, 1999.

40.28 (b) Equity revenue for a qualifying district that receives referendum revenue under  
40.29 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal  
40.30 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school  
40.31 district's equity index computed under subdivision 27.

40.32 (c) Equity revenue for a qualifying district that does not receive referendum revenue  
40.33 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal  
40.34 cost pupil units for that year times \$13.

40.35 (d) A school district's equity revenue is increased by the greater of zero or an amount  
40.36 equal to the district's resident marginal cost pupil units times the difference between ten



41.1 percent of the statewide average amount of referendum revenue per resident marginal cost  
41.2 pupil unit for that year and the district's referendum revenue per resident marginal cost  
41.3 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for  
41.4 that year.

41.5 (e) A school district's equity revenue for a school district located in the metro equity  
41.6 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

41.7 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school  
41.8 district that has per pupil referendum revenue below the 95th percentile qualifies for  
41.9 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

41.10 (g) A district that does not qualify for revenue under paragraph (f) qualifies for  
41.11 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its  
41.12 adjusted marginal cost pupil units.

41.13 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is  
41.14 amended to read:

41.15 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings  
41.16 given them unless the specific content indicates otherwise:

41.17 (a) "Family assessment" means a comprehensive assessment of child safety, risk  
41.18 of subsequent child maltreatment, and family strengths and needs that is applied to a  
41.19 child maltreatment report that does not allege substantial child endangerment. Family  
41.20 assessment does not include a determination as to whether child maltreatment occurred  
41.21 but does determine the need for services to address the safety of family members and the  
41.22 risk of subsequent maltreatment.

41.23 (b) "Investigation" means fact gathering related to the current safety of a child  
41.24 and the risk of subsequent maltreatment that determines whether child maltreatment  
41.25 occurred and whether child protective services are needed. An investigation must be used  
41.26 when reports involve substantial child endangerment, and for reports of maltreatment in  
41.27 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to  
41.28 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and  
41.29 13, and 124D.10; or in a nonlicensed personal care provider association as defined in  
41.30 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

41.31 (c) "Substantial child endangerment" means a person responsible for a child's care, a  
41.32 person who has a significant relationship to the child as defined in section 609.341, or a  
33 person in a position of authority as defined in section 609.341, who by act or omission  
41.34 commits or attempts to commit an act against a child under their care that constitutes  
41.35 any of the following:

41.36 (1) egregious harm as defined in section 260C.007, subdivision 14;

- 42.1 (2) sexual abuse as defined in paragraph (d);
- 42.2 (3) abandonment under section 260C.301, subdivision 2;
- 42.3 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the
- 42.4 child's physical or mental health, including a growth delay, which may be referred to as
- 42.5 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
- 42.6 (5) murder in the first, second, or third degree under section 609.185, 609.19, or
- 42.7 609.195;
- 42.8 (6) manslaughter in the first or second degree under section 609.20 or 609.205;
- 42.9 (7) assault in the first, second, or third degree under section 609.221, 609.222, or
- 42.10 609.223;
- 42.11 (8) solicitation, inducement, and promotion of prostitution under section 609.322;
- 42.12 (9) criminal sexual conduct under sections 609.342 to 609.3451;
- 42.13 (10) solicitation of children to engage in sexual conduct under section 609.352;
- 42.14 (11) malicious punishment or neglect or endangerment of a child under section
- 42.15 609.377 or 609.378;
- 42.16 (12) use of a minor in sexual performance under section 617.246; or
- 42.17 (13) parental behavior, status, or condition which mandates that the county attorney
- 42.18 file a termination of parental rights petition under section 260C.301, subdivision 3,
- 42.19 paragraph (a).
- 42.20 (d) "Sexual abuse" means the subjection of a child by a person responsible for the
- 42.21 child's care, by a person who has a significant relationship to the child, as defined in
- 42.22 section 609.341, or by a person in a position of authority, as defined in section 609.341,
- 42.23 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual
- 42.24 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),
- 42.25 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct
- 42.26 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual
- 42.27 abuse also includes any act which involves a minor which constitutes a violation of
- 42.28 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes
- 42.29 threatened sexual abuse.
- 42.30 (e) "Person responsible for the child's care" means (1) an individual functioning
- 42.31 within the family unit and having responsibilities for the care of the child such as a
- 42.32 parent, guardian, or other person having similar care responsibilities, or (2) an individual
- 42.33 functioning outside the family unit and having responsibilities for the care of the child
- 42.34 such as a teacher, school administrator, other school employees or agents, or other lawful
- 42.35 custodian of a child having either full-time or short-term care responsibilities including,

43.1 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,  
43.2 and coaching.

43.3 (f) "Neglect" means:

43.4 (1) failure by a person responsible for a child's care to supply a child with necessary  
43.5 food, clothing, shelter, health, medical, or other care required for the child's physical or  
43.6 mental health when reasonably able to do so;

43.7 (2) failure to protect a child from conditions or actions that seriously endanger the  
43.8 child's physical or mental health when reasonably able to do so, including a growth delay,  
43.9 which may be referred to as a failure to thrive, that has been diagnosed by a physician and  
43.10 is due to parental neglect;

43.11 (3) failure to provide for necessary supervision or child care arrangements  
43.12 appropriate for a child after considering factors as the child's age, mental ability, physical  
43.13 condition, length of absence, or environment, when the child is unable to care for the  
43.14 child's own basic needs or safety, or the basic needs or safety of another child in their care;

43.15 (4) failure to ensure that the child is educated as defined in sections 120A.22 and  
43.16 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's  
43.17 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

43.18 (5) nothing in this section shall be construed to mean that a child is neglected solely  
43.19 because the child's parent, guardian, or other person responsible for the child's care in  
43.20 good faith selects and depends upon spiritual means or prayer for treatment or care of  
43.21 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,  
43.22 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report  
43.23 if a lack of medical care may cause serious danger to the child's health. This section does  
43.24 not impose upon persons, not otherwise legally responsible for providing a child with  
43.25 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

43.26 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,  
43.27 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal  
43.28 symptoms in the child at birth, results of a toxicology test performed on the mother at  
43.29 delivery or the child at birth, or medical effects or developmental delays during the child's  
43.30 first year of life that medically indicate prenatal exposure to a controlled substance;

43.31 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

43.32 (8) chronic and severe use of alcohol or a controlled substance by a parent or  
43.33 person responsible for the care of the child that adversely affects the child's basic needs  
43.34 and safety; or

43.35 (9) emotional harm from a pattern of behavior which contributes to impaired  
43.36 emotional functioning of the child which may be demonstrated by a substantial and

44.1 observable effect in the child's behavior, emotional response, or cognition that is not  
44.2 within the normal range for the child's age and stage of development, with due regard to  
44.3 the child's culture.

44.4 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,  
44.5 inflicted by a person responsible for the child's care on a child other than by accidental  
44.6 means, or any physical or mental injury that cannot reasonably be explained by the child's  
44.7 history of injuries, or any aversive or deprivation procedures, or regulated interventions,  
44.8 that have not been authorized under section 121A.67 or 245.825. Abuse does not include  
44.9 reasonable and moderate physical discipline of a child administered by a parent or legal  
44.10 guardian which does not result in an injury. Abuse does not include the use of reasonable  
44.11 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions  
44.12 which are not reasonable and moderate include, but are not limited to, any of the following  
44.13 that are done in anger or without regard to the safety of the child:

44.14 (1) throwing, kicking, burning, biting, or cutting a child;

44.15 (2) striking a child with a closed fist;

44.16 (3) shaking a child under age three;

44.17 (4) striking or other actions which result in any nonaccidental injury to a child  
44.18 under 18 months of age;

44.19 (5) unreasonable interference with a child's breathing;

44.20 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

44.21 (7) striking a child under age one on the face or head;

44.22 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled  
44.23 substances which were not prescribed for the child by a practitioner, in order to control  
44.24 or punish the child; or other substances that substantially affect the child's behavior,  
44.25 motor coordination, or judgment or that results in sickness or internal injury, or subjects  
44.26 the child to medical procedures that would be unnecessary if the child were not exposed  
44.27 to the substances;

44.28 (9) unreasonable physical confinement or restraint not permitted under section  
44.29 609.379, including but not limited to tying, caging, or chaining; or

44.30 (10) in a school facility or school zone, an act by a person responsible for the child's  
44.31 care that is a violation under section 121A.58.

44.32 (h) "Report" means any report received by the local welfare agency, police  
44.33 department, county sheriff, or agency responsible for assessing or investigating  
44.34 maltreatment pursuant to this section.

44.35 (i) "Facility" means:

45.1           (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,  
45.2           sanitarium, or other facility or institution required to be licensed under sections 144.50 to  
45.3           144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

45.4           (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and  
45.5           124D.10; or

45.6           (3) a nonlicensed personal care provider organization as defined in sections 256B.04,  
45.7           subdivision 16, and 256B.0625, subdivision 19a.

45.8           (j) "Operator" means an operator or agency as defined in section 245A.02.

45.9           (k) "Commissioner" means the commissioner of human services.

45.10          (l) "Practice of social services," for the purposes of subdivision 3, includes but is  
45.11          not limited to employee assistance counseling and the provision of guardian ad litem and  
45.12          parenting time expeditor services.

45.13          (m) "Mental injury" means an injury to the psychological capacity or emotional  
45.14          stability of a child as evidenced by an observable or substantial impairment in the child's  
45.15          ability to function within a normal range of performance and behavior with due regard to  
45.16          the child's culture.

45.17          (n) "Threatened injury" means a statement, overt act, condition, or status that  
45.18          represents a substantial risk of physical or sexual abuse or mental injury. Threatened  
45.19          injury includes, but is not limited to, exposing a child to a person responsible for the  
45.20          child's care, as defined in paragraph (e), clause (1), who has:

45.21               (1) subjected a child to, or failed to protect a child from, an overt act or condition  
45.22               that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a  
45.23               similar law of another jurisdiction;

45.24               (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause  
45.25               (4), or a similar law of another jurisdiction;

45.26               (3) committed an act that has resulted in an involuntary termination of parental rights  
45.27               under section 260C.301, or a similar law of another jurisdiction; or

45.28               (4) committed an act that has resulted in the involuntary transfer of permanent legal  
45.29               and physical custody of a child to a relative under section 260C.201, subdivision 11,  
45.30               paragraph (d), clause (1), or a similar law of another jurisdiction.

45.31               (o) Persons who conduct assessments or investigations under this section shall take  
45.32               into account accepted child-rearing practices of the culture in which a child participates  
45.33               and accepted teacher discipline practices, which are not injurious to the child's health,  
45.34               welfare, and safety."

45.35               Amend the title accordingly

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

2 **S.F. No. 3770:** A bill for an act relating to education; providing for kindergarten  
 1.3 through grade 12 education including general education, education excellence, special  
 1.4 education, facilities, accounting and technology, nutrition and libraries, and state agencies;  
 1.5 providing early childhood and family and kindergarten through grade 12 education  
 1.6 forecast adjustments; making technical and conforming amendments; authorizing  
 1.7 rulemaking; appropriating money; amending Minnesota Statutes 2004, sections 120A.20,  
 1.8 subdivision 1; 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023; 120B.024;  
 1.9 121A.035; 121A.15, subdivision 10; 122A.09, subdivision 4; 122A.18, subdivision  
 1.10 2; 122A.31, subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44;  
 1.11 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.53, subdivision 5;  
 1.12 123B.57, subdivision 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90,  
 1.13 subdivision 2; 123B.91, by adding a subdivision; 124D.02, subdivisions 2, 4; 124D.095,  
 1.14 subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9; 124D.61;  
 1.15 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.515, subdivisions 1, 3, 5, 6, 7, 9,  
 1.16 10; 125A.62, subdivision 1; 125A.63, subdivision 4; 125A.65, subdivisions 3, 4, 6, 8,  
 1.17 10; 125A.69, subdivision 3; 125A.75, subdivision 1, by adding a subdivision; 126C.05,  
 1.18 subdivision 1; 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41,  
 1.19 subdivision 2; 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2;  
 1.20 169.4502, subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 181.101;  
 1.21 299F.30; 626.556, subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections  
 22 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131, subdivision 2; 122A.414,  
 1.23 subdivisions 2b, 3; 122A.415, subdivisions 1, 3; 123B.04, subdivision 2; 123B.54;  
 1.24 123B.76, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivision 4; 124D.111,  
 1.25 subdivision 1; 124D.68, subdivision 2; 125A.11, subdivision 1; 125A.79, subdivision 1;  
 1.26 126C.10, subdivisions 13a, 24, 31, 34; 126C.43, subdivision 2; 127A.45, subdivision 10;  
 1.27 626.556, subdivisions 2, 3; Laws 2005, First Special Session chapter 5, article 1, sections  
 1.28 47; 54, subdivisions 2, 3, 5, 6, 7, 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10,  
 1.29 13; article 3, section 18, subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions  
 1.30 2, 3, 4, 6; article 5, section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3,  
 1.31 5; article 7, section 20, subdivisions 2, 3, 4; article 8, section 8, subdivisions 2, 3, 5;  
 1.32 article 9, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes,  
 1.33 chapters 121A; 122A; repealing Minnesota Statutes 2004, sections 120A.20, subdivision  
 1.34 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 169.4502, subdivision 15;  
 1.35 169.4503, subdivisions 17, 18, 26.

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

1.37 Delete everything after the enacting clause and insert:

1.38 **"ARTICLE 1**  
 1.39 **GENERAL EDUCATION**

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

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

1.50 ~~No~~ (b) A person shall not be admitted to ~~any~~ a public school (1) as a kindergarten  
 1.51 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in

1.52 which the school year for which the pupil seeks admission commences; or (2) as a 1st  
1.53 grade student, unless the pupil is at least six years of age on September 1 of the calendar  
2.1 year in which the school year for which the pupil seeks admission commences or has  
2.2 completed kindergarten; except that any school board may establish a policy for admission  
2.3 of selected pupils at an earlier age.

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

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

2.10 Subd. 2. **People to be served.** A center shall provide programs for secondary  
2.11 pupils and adults. A center may also provide programs and services for elementary and  
2.12 secondary pupils who are not attending the center to assist them in being successful in  
2.13 school. A center shall use research-based best practices for serving limited English  
2.14 proficient students and their parents. An individual education plan team may identify a  
2.15 center as an appropriate placement to the extent a center can provide the student with the  
2.16 appropriate special education services described in the student's plan. Pupils eligible to  
2.17 be served are those ~~age five to adults 22 and older~~ who qualify under the graduation  
2.18 incentives program in section 124D.68, subdivision 2, those enrolled under section  
2.19 124D.02, subdivision 2, or those pupils who are eligible to receive special education  
2.20 services under sections 125A.03 to 125A.24, and 125A.65.

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

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

2.25 (b) Each district shall maintain separate accounts to identify general fund  
2.26 expenditures for each building. All expenditures for regular instruction, secondary  
2.27 vocational instruction, and school administration must be reported to the department  
2.28 separately for each building. All expenditures for special education instruction,  
2.29 instructional support services, and pupil support services provided within a specific  
2.30 building must be reported to the department separately for each building. Salary  
31 expenditures reported by building must reflect actual salaries for staff at the building and  
2.32 must not be based on districtwide averages. All other general fund expenditures may be  
2.33 reported by building or on a districtwide basis.

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

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

3.5 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision  
 3.6 4;

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

3.9 (4) alternative teacher compensation revenue shall be allocated according to section  
 3.10 122A.415, subdivision 1;

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

3.13 ~~(5)~~ (6) first grade preparedness aid shall be allocated according to section 124D.081;

3.14 ~~(6)~~ (7) state and federal special education aid and Title I aid shall be allocated in  
 3.15 proportion to district expenditures for these programs by building; and

3.16 ~~(7)~~ (8) other general fund revenues shall be allocated on a uniform per pupil basis,  
 3.17 except that the department may allocate other revenues attributable to specific buildings  
 3.18 directly to those buildings.

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

3.20 Subd. 2. **Secondary school programs.** The board may permit a person who is over  
 3.21 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a  
 3.22 class or program at a secondary school if there is space available. In determining if there is  
 3.23 space available, ~~full-time public school students;~~ eligible for free enrollment under section  
 3.24 120A.20, subdivision 1, and shared-time students shall be given priority over students  
 3.25 seeking enrollment pursuant to this subdivision, and students returning to complete a  
 3.26 regular course of study shall be given priority over ~~part-time other~~ students seeking  
 3.27 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

3.28 (1) residency in the school district;

3.29 (2) United States citizenship; or

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

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

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



4.1 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections  
 4.2 120A.20 and 123B.37, a board may charge a ~~part-time~~ student enrolled pursuant to  
 4.3 subdivision 2 a reasonable fee for a class or program.

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

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

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

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

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

4.14 (3) is pregnant or is a parent;

4.15 (4) has been assessed as chemically dependent;

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

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

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

4.20 (8) has experienced mental health problems;

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

4.23 (10) speaks English as a second language or has limited English proficiency; or

4.24 (11) has withdrawn from school or has been chronically truant; ~~or.~~

4.25 ~~(b) any person who is at least 21 years of age and who:~~

4.26 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~  
 4.27 ~~at age 5;~~

4.28 ~~(2) has not completed the requirements for a high school diploma; and~~

4.29 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~  
 4.30 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~  
 4.31 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~  
 4.32 ~~the displaced homemaker program or any programs under the federal Jobs Training~~  
 4.33 ~~Partnership Act or its successor.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.7 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions  
6.8 7 and 8.

6.9 (a) "High school" means a public secondary school, except a charter school under  
6.10 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If  
6.11 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~  
6.12 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest  
6.13 school, the commissioner must designate one school in the district as a high school for the  
6.14 purposes of this section.

6.15 (b) "Secondary average daily membership" means, for a district that has only one  
6.16 high school, the average daily membership of pupils served in grades 7 through 12. For a  
6.17 district that has more than one high school, "secondary average daily membership" for  
6.18 each high school means the product of the average daily membership of pupils served in  
6.19 grades 7 through 12 in the high school, times the ratio of six to the number of grades  
6.20 in the high school.

6.21 (c) "Attendance area" means the total surface area of the district, in square miles,  
6.22 divided by the number of high schools in the district. For a district that does not operate  
6.23 a high school and is less than 19 miles from the nearest operating high school, the  
6.24 attendance area equals zero.

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

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

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

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

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

7.1 (g) "Elementary average daily membership" means, for a district that has only  
7.2 one elementary school, the average daily membership of pupils served in kindergarten  
7.3 through grade 6. For a district that has more than one elementary school, "average daily  
7.4 membership" for each school means the average daily membership of pupils served in  
7.5 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades  
7.6 in the elementary school.

7.7 Sec. 10. Minnesota Statutes 2005 Supplement, section 126C.43, subdivision 2, is  
7.8 amended to read:

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

7.14 (b) Districts with a balance remaining in their reserve for reemployment as of June  
7.15 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each  
7.16 year a levy reduction must be made to return these funds to taxpayers. The amount of  
7.17 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for  
7.18 reemployment, or (2) the amount of the district's current levy under paragraph (a).

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

7.20 Sec. 11. Minnesota Statutes 2004, section 126C.44, is amended to read:

7.21 **126C.44 SAFE SCHOOLS LEVY.**

7.22 Each district may make a levy on all taxable property located within the district for  
7.23 the purposes specified in this section. The maximum amount which may be levied for all  
7.24 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal  
7.25 cost pupil units for the school year. The proceeds of the levy must be reserved and used  
7.26 for directly funding the following purposes or for reimbursing the cities and counties who  
7.27 contract with the district for the following purposes: (1) to pay the costs incurred for the  
7.28 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in  
7.29 services in the district's schools; (2) to pay the costs for a drug abuse prevention program  
7.30 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)  
7.31 to pay the costs for a gang resistance education training curriculum in the district's schools;  
7.32 (4) to pay the costs for security in the district's schools and on school property; or (5) to  
7.33 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence  
7.34 prevention measures taken by the school district. For expenditures under clause (1), the  
7.35 district must initially attempt to contract for services to be provided by peace officers or

8.1 sheriffs with the police department of each city or the sheriff's department of the county  
 8.2 within the district containing the school receiving the services. If a local police department  
 8.3 or a county sheriff's department does not wish to provide the necessary services, the  
 8.4 district may contract for these services with any other police or sheriff's department  
 8.5 located entirely or partially within the school district's boundaries. ~~The levy authorized~~  
 8.6 ~~under this section is not included in determining the school district's levy limitations.~~

8.7 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

8.8 Sec. 12. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,  
 8.9 is amended to read:

8.10 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general  
 8.11 fund payments for a district nonoperating fund must be made at the current year aid  
 8.12 payment percentage of the estimated entitlement during the fiscal year of the entitlement.  
 8.13 This amount shall be paid in 12 equal monthly installments. The amount of the actual  
 8.14 entitlement, after adjustment for actual data, minus the payments made during the fiscal  
 8.15 year of the entitlement must be paid prior to October 31 of the following school year. The  
 8.16 commissioner may make advance payments of debt service equalization aid and state-paid  
 8.17 tax credits for a district's debt service fund earlier than would occur under the preceding  
 8.18 schedule if the district submits evidence showing a serious cash flow problem in the fund.  
 8.19 The commissioner may make earlier payments during the year and, if necessary, increase  
 8.20 the percent of the entitlement paid to reduce the cash flow problem.

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

8.22 Sec. 13. **REPEALER.**

8.23 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

## 8.24 ARTICLE 2 8.25 EDUCATION EXCELLENCE

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

8.28 Subd. 3. **Parent defined; residency determined.** (a) In this section and sections  
 8.29 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal  
 8.30 custody of a child.

8.31 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,  
 8.32 or other person having legal custody of a child under age 18. For an unmarried pupil age  
 8.33 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,  
 8.34 in which case it means the guardian or conservator.

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

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

9.7 (e) If a district reasonably believes that a student does not meet the residency  
9.8 requirements of the school district in which the student is attending school, the student  
9.9 may be removed from the school only after the district sends the student's parents written  
9.10 notice of the district's belief, including the facts upon which the belief is based, and an  
9.11 opportunity to provide documentary evidence of residency in person to the superintendent  
9.12 or designee, or, at the option of the parents, by sending the documentary evidence to the  
9.13 superintendent, or a designee, who will then make a determination as to the residency  
9.14 status of the student.

9.15 Sec. 2. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,  
9.16 is amended to read:

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

9.23 (1) is participating in a course of study, including an advanced placement or  
9.24 international baccalaureate course or program; a learning opportunity outside the  
9.25 curriculum of the district, area learning center, or charter school; or an approved  
9.26 preparatory program for employment or postsecondary education that is equally or more  
9.27 rigorous than the corresponding state or local academic standard required by the district,  
9.28 area learning center, or charter school;

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

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

9.34 Consistent with the requirements of this section, the local school board, the school board  
9.35 of the school district in which the area learning center is located, or the charter school  
9.36 board of directors also may formally determine other circumstances in which to declare

10.1 that a student meets or exceeds a specific academic standard that the site requires for  
10.2 graduation under this section.

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

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

10.9 Sec. 3. Minnesota Statutes 2004, section 120B.023, is amended to read:

10.10 **120B.023 BENCHMARKS.**

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

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

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

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

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

10.30 **Subd. 2. Revisions and reviews required.** (a) The commissioner of education must  
10.31 revise and appropriately embed technology and information literacy standards consistent  
10.32 with recommendations from school media specialists into the state's academic standards  
33 and graduation requirements and implement a review cycle for state academic standards  
10.34 and related benchmarks, consistent with this subdivision. During each review cycle, the  
10.35 commissioner also must examine the alignment of each required academic standard and

11.1 related benchmark with the knowledge and skills students need for college readiness and  
11.2 advanced work in the particular subject area.

11.3 (b) The commissioner in the 2006-2007 school year must revise and align the state's  
11.4 academic standards and high school graduation requirements in mathematics to require  
11.5 that students satisfactorily complete the revised mathematics standards, beginning in the  
11.6 2010-2011 school year. Under the revised standards:

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

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

11.11 The commissioner also must ensure that the statewide mathematics assessments  
11.12 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011  
11.13 school year are aligned with the state academic standards in mathematics. The statewide  
11.14 11th grade mathematics test administered to students under clause (2) beginning in  
11.15 the 2013-2014 school year must include algebra II test items that are aligned with  
11.16 corresponding state academic standards in mathematics. The commissioner must  
11.17 implement a review of the academic standards and related benchmarks in mathematics  
11.18 beginning in the 2015-2016 school year.

11.19 (c) The commissioner in the 2007-2008 school year must revise and align the state's  
11.20 academic standards and high school graduation requirements in the arts to require that  
11.21 students satisfactorily complete the revised arts standards beginning in the 2010-2011  
11.22 school year. The commissioner must implement a review of the academic standards and  
11.23 related benchmarks in arts beginning in the 2016-2017 school year.

11.24 (d) The commissioner in the 2008-2009 school year must revise and align the state's  
11.25 academic standards and high school graduation requirements in science to require that  
11.26 students satisfactorily complete the revised science standards, beginning in the 2011-2012  
11.27 school year. Under the revised standards, students scheduled to graduate in the 2014-2015  
11.28 school year or later must satisfactorily complete a chemistry or physics credit. The  
11.29 commissioner must implement a review of the academic standards and related benchmarks  
11.30 in science beginning in the 2017-2018 school year.

11.31 (e) The commissioner in the 2009-2010 school year must revise and align the state's  
11.32 academic standards and high school graduation requirements in language arts to require  
11.33 that students satisfactorily complete the revised language arts standards beginning in the  
34 2012-2013 school year. The commissioner must implement a review of the academic  
11.35 standards and related benchmarks in language arts beginning in the 2018-2019 school year.



12.1 (f) The commissioner in the 2010-2011 school year must revise and align the state's  
12.2 academic standards and high school graduation requirements in social studies to require  
12.3 that students satisfactorily complete the revised social studies standards beginning in the  
12.4 2013-2014 school year. The commissioner must implement a review of the academic  
12.5 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

12.6 (g) School districts and charter schools must revise and align local academic  
12.7 standards and high school graduation requirements in health, physical education, world  
12.8 languages, and career and technical education to require students to complete the revised  
12.9 standards beginning in a school year determined by the school district or charter school.  
12.10 School districts and charter schools must formally establish a periodic review cycle for  
12.11 the academic standards and related benchmarks in health, physical education, world  
12.12 languages, and career and technical education.

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

12.14 Sec. 4. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is  
12.15 amended to read:

12.16 Subd. 2. **Reimbursement for examination fees.** The state may reimburse  
12.17 college-level examination program (CLEP) fees for a Minnesota public or nonpublic  
12.18 high school student who has successfully completed one or more college-level courses  
12.19 in high school ~~and earned a satisfactory score on one or more CLEP examinations~~ in the  
12.20 subject matter of each examination in the following subjects: composition and literature,  
12.21 mathematics and science, social sciences and history, foreign languages, and business and  
12.22 humanities. The state may reimburse each ~~successful~~ student for up to six examination  
12.23 fees. The commissioner shall establish application procedures and a process and schedule  
12.24 for fee reimbursements. The commissioner must give priority to reimburse the CLEP  
12.25 examination fees of students of low-income families.

12.26 Sec. 5. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

12.27 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the  
12.28 calendar year of the submission of the unaudited financial data, the district must provide to  
12.29 the commissioner audited financial data for the preceding fiscal year. The audit must be  
12.30 conducted in compliance with generally accepted governmental auditing standards, the  
12.31 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office  
12.32 of the State Auditor. An audited financial statement prepared in a form which will allow  
33 comparison with and correction of material differences in the unaudited financial data  
12.34 shall be submitted to the commissioner and the state auditor by December 31. The audited  
12.35 financial statement must also provide a statement of assurance pertaining to uniform

13.1 financial accounting and reporting standards compliance and a copy of the management  
13.2 letter submitted to the district by the school district's auditor.

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

13.7 **EFFECTIVE DATE.** This section is effective for financial statements prepared in  
13.8 2006 and later.

13.9 Sec. 6. Minnesota Statutes 2004, section 123B.91, is amended by adding a subdivision  
13.10 to read:

13.11 Subd. 1a. **Compliance by nonpublic and charter school students.** A nonpublic or  
13.12 charter school student transported by a public school district shall comply with student bus  
13.13 conduct and student bus discipline policies of the transporting public school district.

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

13.15 Sec. 7. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is  
13.16 amended to read:

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

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

13.21 (1) the sum of:

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

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

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

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

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

14.1 (1) Regular transportation is:

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

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

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

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

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

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

14.24 (2) Excess transportation is:

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

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

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

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

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

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

15.13 (iii) necessary transportation for resident pupils with disabilities required by sections  
15.14 125A.12, and 125A.26 to 125A.48;

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

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

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

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

15.30 For purposes of computing special education base revenue under section 125A.76,  
15.31 subdivision 2, the cost of providing transportation for children with disabilities includes  
15.32 (A) the additional cost of transporting a homeless student from a temporary nonshelter  
15.33 home in another district to the school of origin, or a formerly homeless student from a  
34 permanent home in another district to the school of origin but only through the end of the  
15.35 academic year; and (B) depreciation on district-owned school buses purchased after July 1,  
15.36 2005, and used primarily for transportation of pupils with disabilities, calculated according

16.1 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled  
16.2 transportation category must be excluded in calculating the actual expenditure per pupil  
16.3 transported in the regular and excess transportation categories according to paragraph (a).

16.4 (5) "Nonpublic nonregular transportation" is:

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

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

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

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

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

16.18 Sec. 8. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is  
16.19 amended to read:

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

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

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

16.35 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,  
16.36 leased buses, student board and lodging, crossing guards, and aides on buses, must

17.1 be allocated among transportation categories based on cost-per-mile, cost-per-student,  
17.2 cost-per-hour, or cost-per-route, regardless of whether the transportation services are  
17.3 provided on district-owned or contractor-owned school buses. Expenditures for school  
17.4 bus driver salaries and fringe benefits may either be directly charged to the appropriate  
17.5 transportation category or may be allocated among transportation categories based  
17.6 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures  
17.7 by private contractors or individuals who provide transportation exclusively in one  
17.8 transportation category must be charged directly to the appropriate transportation category.  
17.9 Transportation services provided by contractor-owned school bus companies incorporated  
17.10 under different names but owned by the same individual or group of individuals must be  
17.11 treated as the same company for cost allocation purposes.

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

17.13 Sec. 9. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4, is  
17.14 amended to read:

17.15 Subd. 4. **Online learning parameters.** (a) An online learning student must receive  
17.16 academic credit for completing the requirements of an online learning course or program.  
17.17 Secondary credits granted to an online learning student must be counted toward the  
17.18 graduation and credit requirements of the enrolling district. The enrolling district must  
17.19 apply the same graduation requirements to all students, including online learning students,  
17.20 and must continue to provide nonacademic services to online learning students. If a  
17.21 student completes an online learning course or program that meets or exceeds a graduation  
17.22 standard or grade progression requirement at the enrolling district, that standard or  
17.23 requirement is met. The enrolling district must use the same criteria for accepting online  
17.24 learning credits or courses as it does for accepting credits or courses for transfer students  
17.25 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher  
17.26 contact time of an online learning student in proportion to the number of online learning  
17.27 courses the student takes from an online learning provider that is not the enrolling district.

17.28 (b) An online learning student may:

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

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

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

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

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

18.9 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.  
18.10 Such online learning does not generate online learning funds under this section. An  
18.11 enrolling district that offers online learning only to its enrolled students is not subject  
18.12 to the reporting requirements or review criteria under subdivision 7. A teacher with a  
18.13 Minnesota license must assemble and deliver instruction to enrolled students receiving  
18.14 online learning from an enrolling district. The delivery of instruction occurs when the  
18.15 student interacts with the computer or the teacher and receives ongoing assistance and  
18.16 assessment of learning. The instruction may include curriculum developed by persons  
18.17 other than a teacher with a Minnesota license.

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

18.26 Sec. 10. Minnesota Statutes 2004, section 124D.096, is amended to read:

18.27 **124D.096 ON-LINE LEARNING AID.**

18.28 (a) The on-line learning aid for an on-line learning provider equals the product  
18.29 of the adjusted on-line learning average daily membership for students under section  
18.30 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under  
18.31 section 126C.05, subdivision 1, times the formula allowance.

18.32 (b) Notwithstanding section 127A.45, the department must pay each on-line learning  
18.33 provider 80 percent of the current year aid payment percentage multiplied by the amount  
18.34 in paragraph (a) within 45 days of receiving final enrollment and course completion  
18.35 information each quarter or semester. A final payment equal to 20 percent of the amount in  
18.36 paragraph (a) The final adjustment payment must be the amount of the actual entitlement,

19.1 after adjustment for actual data, minus the payments made during the fiscal year of the  
19.2 entitlement. This payment must be made on September 30 of the next fiscal year.

19.3 Sec. 11. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

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

19.10 (b) If a charter school elects to provide transportation for pupils, the transportation  
19.11 must be provided by the charter school within the district in which the charter school is  
19.12 located. The state must pay transportation aid to the charter school according to section  
19.13 124D.11, subdivision 2.

19.14 For pupils who reside outside the district in which the charter school is located, the  
19.15 charter school is not required to provide or pay for transportation between the pupil's  
19.16 residence and the border of the district in which the charter school is located. A parent  
19.17 may be reimbursed by the charter school for costs of transportation from the pupil's  
19.18 residence to the border of the district in which the charter school is located if the pupil is  
19.19 from a family whose income is at or below the poverty level, as determined by the federal  
19.20 government. The reimbursement may not exceed the pupil's actual cost of transportation  
19.21 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for  
19.22 more than 250 miles per week.

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

19.25 (c) If a charter school does not elect to provide transportation, transportation for  
19.26 pupils enrolled at the school must be provided by the district in which the school is  
19.27 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a  
19.28 pupil residing in the same district in which the charter school is located. Transportation  
19.29 may be provided by the district in which the school is located, according to sections  
19.30 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different  
19.31 district. If the district provides the transportation, the scheduling of routes, manner and  
19.32 method of transportation, control and discipline of the pupils, and any other matter relating  
19.33 to the transportation of pupils under this paragraph shall be within the sole discretion,  
19.34 control, and management of the district.

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



20.1 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,  
20.2 subdivision 3, aid payments for the current fiscal year to a charter school not in its first  
20.3 year of operation shall be of an equal amount on each of the 23 payment dates. A charter  
20.4 school in its first year of operation shall receive, on its first payment date, ten percent of its  
20.5 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter  
20.6 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage  
20.7 multiplied by the cumulative amount guaranteed.

20.8 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the  
20.9 end of a school year, ~~80 percent of~~ the current year aid payment percentage multiplied by  
20.10 the amount due for the school year may be paid to the school after audit of prior fiscal year  
20.11 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at  
20.12 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary  
20.13 final payments may be made after audit of pupil counts, monitoring of special education  
20.14 expenditures, and documentation of lease expenditures for the final year of operation.  
20.15 Final payment may be made upon receipt of audited financial statements under section  
20.16 123B.77, subdivision 3.

20.17 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent  
20.18 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day  
20.19 of student attendance for that school year.

20.20 (d) In order to receive state aid payments under this subdivision, a charter school in  
20.21 its first three years of operation must submit a school calendar in the form and manner  
20.22 requested by the department and a quarterly report to the Department of Education. The  
20.23 report must list each student by grade, show the student's start and end dates, if any,  
20.24 with the charter school, and for any student participating in a learning year program,  
20.25 the report must list the hours and times of learning year activities. The report must be  
20.26 submitted not more than two weeks after the end of the calendar quarter to the department.  
20.27 The department must develop a Web-based reporting form for charter schools to use  
20.28 when submitting enrollment reports. A charter school in its fourth and subsequent year of  
20.29 operation must submit a school calendar and enrollment information to the department in  
20.30 the form and manner requested by the department.

20.31 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter  
20.32 school and satisfaction of creditors, cash and investment balances remaining shall be  
20.33 returned to the state.

20.34 Sec. 13. Minnesota Statutes 2004, section 124D.61, is amended to read:

20.35 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

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

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

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

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

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

21.18 ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical  
 21.19 education, ~~permit~~ pupils of limited English proficiency ~~shall be permitted~~ to participate  
 21.20 fully and on an equal basis with their contemporaries in public school classes provided  
 21.21 for these subjects. To the extent possible, the district must assure to pupils enrolled in a  
 21.22 program for limited English proficient students an equal and meaningful opportunity to  
 21.23 participate fully with other pupils in all extracurricular activities.

21.24 Sec. 14. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

21.25 Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,  
 21.26 blindness, visual disability, speech or language impairment, physical handicap, other  
 21.27 health impairment, mental handicap, emotional/behavioral disorder, specific learning  
 21.28 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and  
 21.29 needs special instruction and services, as determined by the standards of the commissioner,  
 21.30 is a child with a disability. In addition, every child under age three, and at local district  
 21.31 discretion from age three to age seven, who needs special instruction and services, as  
 21.32 determined by the standards of the commissioner, because the child has a substantial delay  
 21.33 or has an identifiable physical or mental condition known to hinder normal development is  
 21.34 a child with a disability.

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

22.1 Sec. 15. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
22.2 13, is amended to read:

22.3 Subd. 13. **Examination fees; teacher training and support programs.** (a) For  
22.4 students' advanced placement and international baccalaureate examination fees under  
22.5 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs  
22.6 for teachers and other interested educators under Minnesota Statutes, section 120B.13,  
22.7 subdivision 1:

22.8 \$ 4,500,000 ..... 2006

22.9 \$ 4,500,000 ..... 2007

22.10 (b) The advanced placement program shall receive 75 percent of the appropriation  
22.11 each year and the international baccalaureate program shall receive 25 percent of the  
22.12 appropriation each year. The department, in consultation with representatives of the  
22.13 advanced placement and international baccalaureate programs selected by the Advanced  
22.14 Placement Advisory Council and IBMN, respectively, shall determine the amounts of  
22.15 the expenditures each year for examination fees and training and support programs for  
22.16 each program.

22.17 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least  
22.18 \$500,000 each year is for teachers to attend subject matter summer training programs  
22.19 and follow-up support workshops approved by the advanced placement or international  
22.20 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an  
22.21 advanced placement or international baccalaureate summer training program or workshop  
22.22 shall be the same. The commissioner shall determine the payment process and the amount  
22.23 of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for  
22.24 teaching in the advanced placement or international baccalaureate program. Any reserved  
22.25 funding not expended for teacher training may be used for exam fees and other support  
22.26 programs for each program.

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

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

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

33 Sec. 16. **RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**  
22.34 **"BLIND" AND "BLINDNESS."**

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

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

23.5 Sec. 17. **2006 SCHOOL ACCOUNTABILITY REPORT.**

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

23.10 **ARTICLE 3**  
23.11 **SPECIAL EDUCATION**

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

23.14 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,  
23.15 when a school district provides instruction and services outside the district of residence,  
23.16 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The  
23.17 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition  
23.18 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum  
23.19 of (1) the actual cost of providing special instruction and services to the child including  
23.20 a proportionate amount for special transportation and unreimbursed building lease and  
23.21 debt service costs for facilities used primarily for special education, plus (2) the amount  
23.22 of general education revenue and referendum aid attributable to the pupil, minus (3) the  
23.23 amount of special education aid for children with a disability received on behalf of that  
23.24 child, minus (4) if the pupil receives special instruction and services outside the regular  
23.25 classroom for more than 60 percent of the school day, the amount of general education  
23.26 revenue and referendum aid, excluding portions attributable to district and school  
23.27 administration, district support services, operations and maintenance, capital expenditures,  
23.28 and pupil transportation, attributable to that pupil for the portion of time the pupil receives  
23.29 special instruction in and services outside of the regular classroom. If the boards involved  
23.30 do not agree upon the tuition rate, either board may apply to the commissioner to fix the  
23.31 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or  
23.32 request a written statement from each board, giving each board at least ten days' notice,  
23.33 and after the hearing or review of the written statements the commissioner must make an  
23.34 order fixing the tuition rate, which is binding on both school districts. General education

24.1 revenue and referendum aid attributable to a pupil must be calculated using the resident  
24.2 district's average general education and referendum revenue per adjusted pupil unit.

24.3 (b) For fiscal year 2007 and later, when a school district provides special instruction  
24.4 and services for a pupil with a disability as defined in section 125A.02 outside the district  
24.5 of residence, excluding a pupil for whom an adjustment to special education aid is  
24.6 calculated according to section 127A.47, subdivision 7, paragraph (e), special education  
24.7 aid paid to the resident district must be reduced by an amount equal to (1) the actual  
24.8 cost of providing special instruction and services to the pupil, including a proportionate  
24.9 amount for special transportation and unreimbursed building lease and debt service costs  
24.10 for facilities used primarily for special education, plus (2) the amount of general education  
24.11 revenue and referendum aid attributable to that pupil, minus (3) the amount of special  
24.12 education aid for children with a disability received on behalf of that child, minus (4) if the  
4.13 pupil receives special instruction and services outside the regular classroom for more than  
24.14 60 percent of the school day, the amount of general education revenue and referendum  
24.15 aid, excluding portions attributable to district and school administration, district support  
24.16 services, operations and maintenance, capital expenditures, and pupil transportation,  
24.17 attributable to that pupil for the portion of time the pupil receives special instruction in  
24.18 and services outside of the regular classroom. General education revenue and referendum  
24.19 aid attributable to a pupil must be calculated using the resident district's average general  
24.20 education revenue and referendum aid per adjusted pupil unit. Special education aid  
24.21 paid to the district or cooperative providing special instruction and services for the pupil  
24.22 must be increased by the amount of the reduction in the aid paid to the resident district.  
4.23 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision  
24.24 7, shall be recognized and reported as revenues and expenditures on the resident school  
24.25 district's books of account under sections 123B.75 and 123B.76. If the resident district's  
24.26 special education aid is insufficient to make the full adjustment, the remaining adjustment  
24.27 shall be made to other state aid due to the district.

24.28 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,  
24.29 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students  
24.30 receive special education and related services, an intermediate district, ~~or~~ a special  
24.31 education cooperative, or a school district that served as the applicant agency for a group  
24.32 of school districts for federal special education aids for fiscal year 2006 may apply to the  
24.33 commissioner for authority to charge the resident district an additional amount to recover  
24.34 any remaining unreimbursed costs of serving pupils with a disability. The application must  
24.35 include a description of the costs and the calculations used to determine the unreimbursed  
24.36 portion to be charged to the resident district. Amounts approved by the commissioner

25.1 under this paragraph must be included in the tuition billings or aid adjustments under  
 25.2 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

25.3 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs  
 25.4 (d) and (e), "general education revenue and referendum aid" means the sum of the general  
 25.5 education revenue according to section 126C.10, subdivision 1, excluding alternative  
 25.6 teacher compensation revenue, plus the referendum aid according to section 126C.17,  
 25.7 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)  
 25.8 to (c).

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

25.10 Sec. 2. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

25.11 Subdivision 1. **Approval of education programs.** The commissioner shall  
 25.12 approve education programs for placement of children and youth in ~~care and treatment~~  
 25.13 residential facilities including detention centers, before being licensed by the Department  
 25.14 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~  
 25.15 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~  
 25.16 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and  
 25.17 federal education laws including the Individuals with Disabilities Education Act (IDEA).  
 25.18 This section applies only to placements in facilities licensed by the Department of Human  
 25.19 Services or the Department of Corrections.

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

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

25.24 (b) For education programs operated by the Department of Corrections, the  
 25.25 providing district shall be the Department of Corrections. For students remanded to the  
 25.26 commissioner of corrections, the providing and resident district shall be the Department  
 25.27 of Corrections.

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

25.32 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

25.33 Subd. 5. **Education programs for students placed in residential facilities ~~for~~**  
 25.34 ~~care and treatment.~~ (a) When a student is placed in a ~~care and treatment~~ facility  
 25.35 approved under this section that has an on-site education program, the providing district,

26.1 upon notice from the care and treatment facility, must contact the resident district within  
26.2 one business day to determine if a student has been identified as having a disability, and  
26.3 to request at least the student's transcript, and for students with disabilities, the most  
26.4 recent individualized education plan (IEP) and evaluation report, and to determine if the  
26.5 student has been identified as a student with a disability. The resident district must send a  
26.6 facsimile copy to the providing district within two business days of receiving the request.

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

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

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

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

26.16 (ii) the resident district;

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

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

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

26.20 (vi) when appropriate, the student.

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

26.25 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

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

33 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

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

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

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

27.6 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

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

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

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

27.16 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

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

27.26 Sec. 9. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

27.27 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~  
27.28 commissioner shall establish an advisory committee for each resource center. The  
27.29 advisory committees shall develop recommendations regarding the resource centers and  
27.30 submit an annual report to the commissioner on the form and in the manner prescribed by  
27.31 the commissioner.

27.32 Sec. 10. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

27.33 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum  
27.34 actually expended by a district, based on mileage, for necessary travel of essential



28.1 personnel providing home-based services to children with a disability under age five  
28.2 and their families.

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

28.4 Sec. 11. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is  
28.5 amended to read:

28.6 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this  
28.7 subdivision apply.

28.8 (a) "Unreimbursed special education cost" means the sum of the following:

28.9 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and  
28.10 transportation services eligible for revenue under section 125A.76; plus

28.11 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and  
28.12 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

28.13 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under  
28.14 section 125A.76; minus

28.15 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services  
28.16 eligible for revenue under section 125A.76, subdivision 2.

28.17 (b) "General revenue" means the sum of the general education revenue according to  
28.18 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~  
28.19 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying  
28.20 referendum revenue specified in paragraph (e) minus transportation sparsity revenue  
28.21 minus total operating capital revenue.

28.22 (c) "Average daily membership" has the meaning given it in section 126C.05.

28.23 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal  
28.24 year 2004 and later.

28.25 (e) "Total qualifying referendum revenue" means two-thirds of the district's total  
28.26 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs  
28.27 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal  
28.28 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

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

28.30 Sec. 12. **SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

28.31 (a) If, on the basis of a forecast of general fund revenues and expenditures under

28.32 Minnesota Statutes, section 16A.103; expenditures for special education aid under

28.33 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota

28.34 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,

28.35 section 125A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,

29.1 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,  
29.2 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section  
29.3 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an  
29.4 enacted budget, the forecast excess from these programs, up to an amount sufficient to  
29.5 meet federal special education maintenance of effort, is added to the state total special  
29.6 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

29.7 (b) If, on the basis of a forecast of general fund revenues and expenditures under  
29.8 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are  
29.9 projected to be greater than previously forecast for an enacted budget, and an addition to  
29.10 state total special education aid has been made under paragraph (a), the state total special  
29.11 education aid must be reduced by the lesser of the amount of the expenditure increase or  
29.12 the amount previously added to state total special education aid, and this amount must be  
29.13 taken from the programs that were forecast to have a forecast excess.

29.14 (c) For the purpose of this section, "previously forecast for an enacted budget" means  
29.15 the allocation of funding for these programs in the most recent forecast of general fund  
29.16 revenues and expenditures or the act appropriating money for these programs, whichever  
29.17 occurred most recently. It does not include planning estimates for a future biennium.

29.18 **Sec. 13. DEPARTMENT OF EDUCATION RULES.**

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

29.21 **Sec. 14. REPEALER.**

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

29.24 **ARTICLE 4**

29.25 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

29.26 Section 1. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

29.27 Subdivision 1. **Budgets.** ~~By October 1,~~ Every board must publish revenue and  
29.28 expenditure budgets for the current year and the actual revenues, expenditures, fund  
29.29 balances for the prior year and projected fund balances for the current year in a form  
29.30 prescribed by the commissioner within one week of the acceptance of the final audit by  
29.31 the board, or November 30, whichever is earlier. The forms prescribed must be designed  
29.32 so that year to year comparisons of revenue, expenditures and fund balances can be made.  
29.33 These budgets, reports of revenue, expenditures and fund balances must be published in  
29.34 a qualified newspaper of general circulation in the district or on the district's official  
29.35 Web site. If published on the district's official Web site, the district must also publish an

30.1 announcement in a qualified newspaper of general circulation in the district that includes  
30.2 the Internet address where the information has been posted.

30.3 Sec. 2. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

30.4 Subd. 2. **Errors in distribution.** On determining that the amount of state aid  
30.5 distributed to a school district is in error, the commissioner is authorized to adjust the  
30.6 amount of aid consistent with this subdivision. On determining that the amount of aid is  
30.7 in excess of the school district's entitlement, the commissioner is authorized to recover  
30.8 the amount of the excess by any appropriate means. Notwithstanding the fiscal years  
30.9 designated by the appropriation, the excess may be recovered by reducing future aid  
30.10 payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not  
30.11 of the same type as that overpaid, the district must adjust all necessary financial accounts  
30.12 to properly reflect all revenues earned in accordance with the uniform financial accounting  
30.13 and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the  
30.14 fiscal years designated by the appropriation, on determining that the amount of an aid paid  
30.15 is less than the school district's entitlement, the commissioner is authorized to increase  
30.16 such aid from the current appropriation. If the aid program has been discontinued and has  
30.17 no appropriation, the appropriation for general education shall be used for recovery or  
30.18 payment of the aid decrease or increase. Any excess of aid recovery over aid payment  
30.19 shall be canceled to the state general fund.

30.20 Sec. 3. Minnesota Statutes 2004, section 181.101, is amended to read:

30.21 **181.101 WAGES; HOW OFTEN PAID.**

30.22 Every employer must pay all wages earned by an employee at least once every 31  
30.23 days on a regular pay day designated in advance by the employer regardless of whether  
30.24 the employee requests payment at longer intervals. Unless paid earlier, the wages earned  
30.25 during the first half of the first 31-day pay period become due on the first regular payday  
30.26 following the first day of work. If wages earned are not paid, the commissioner of labor  
30.27 and industry or the commissioner's representative may demand payment on behalf of an  
30.28 employee. If payment is not made within ten days of demand, the commissioner may  
30.29 charge and collect the wages earned and a penalty in the amount of the employee's average  
30.30 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15  
30.31 days in all, for each day beyond the ten-day limit following the demand. Money collected  
30.32 by the commissioner must be paid to the employee concerned. This section does not  
30.33 prevent an employee from prosecuting a claim for wages. This section does not prevent  
30.34 a school district ~~or~~ other public school entity, or other school, as defined under section  
30.35 120A.22, from paying any wages earned by its employees during a school year on regular  
30.36 pay days in the manner provided by an applicable contract or collective bargaining

31.1 agreement, or a personnel policy adopted by the governing board. For purposes of this  
31.2 section, "employee" includes a person who performs agricultural labor as defined in  
31.3 section 181.85, subdivision 2. For purposes of this section, wages are earned on the  
31.4 day an employee works.

31.5 **ARTICLE 5**  
31.6 **STATE AGENCIES**

31.7 Section 1. Minnesota Statutes 2004, section 125A.65, subdivision 3, is amended to  
31.8 read:

31.9 Subd. 3. **Educational program; tuition.** (a) When it is determined pursuant to  
31.10 section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school,  
31.11 the board of the Minnesota State Academies must provide the appropriate educational  
31.12 program for the child.

31.13 (b) For fiscal year 2006, the board of the Minnesota State Academies must make a  
31.14 tuition charge to the child's district of residence for the cost of providing the program.  
31.15 The amount of tuition charged must not exceed the sum of (1) the general education  
31.16 revenue formula allowance times the pupil unit weighting factor pursuant to section  
31.17 126C.05 for that child, for the amount of time the child is in the program, plus (2), if  
31.18 the child was enrolled at the Minnesota State Academies on October 1 of the previous  
31.19 fiscal year, the compensatory education revenue attributable to that child under section  
31.20 126C.10, subdivision 3. The district of the child's residence must pay the tuition and  
31.21 may claim general education aid for the child. Tuition received by the board of the  
31.22 Minnesota State Academies, except for tuition for compensatory education revenue under  
31.23 this paragraph and tuition received under subdivision 4, must be deposited in the state  
31.24 treasury as provided in subdivision 8.

31.25 (c) For fiscal year 2007 and later, the district of the child's residence shall  
31.26 claim general education revenue for the child, except as provided in this paragraph.  
31.27 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education  
31.28 revenue formula allowance times the pupil unit weighting factor pursuant to section  
31.29 126C.05 for that child for the amount of time the child is in the program, as adjusted  
31.30 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.  
31.31 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory  
31.32 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at  
31.33 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the  
31.34 Minnesota State Academies. General education aid paid to the Minnesota State Academies  
31.35 under this paragraph must be credited to their general operation account. Other general  
31.36 education aid attributable to the child must be paid to the district of the child's residence.

32.1 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

32.2 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition  
32.3 charge allowed in subdivision 3, the academies may charge the child's district of residence  
32.4 for the academy's unreimbursed cost of providing an instructional aide assigned to that  
32.5 child, after deducting the special education aid under section 125A.76, attributable to the  
32.6 child, if that aide is required by the child's individual education plan. Tuition received  
32.7 under this paragraph must be used by the academies to provide the required service.

32.8 (b) For fiscal year 2007 and later, the special education aid paid to the academies  
32.9 shall be increased by the academy's unreimbursed cost of providing an instructional  
32.10 aide assigned to a child, after deducting the special education aid under section 125A.76  
32.11 attributable to the child, if that aide is required by the child's individual education plan.  
32.12 Aid received under this paragraph must be used by the academies to provide the required  
32.13 service.

32.14 (c) For fiscal year 2007 and later, the special education aid paid to the district of  
32.15 the child's residence shall be reduced by the amount paid to the academies for district  
32.16 residents under paragraph (b).

32.17 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,  
32.18 the commissioner shall make an estimated final adjustment payment to the Minnesota  
32.19 State Academies for general education aid and special education aid for the prior fiscal  
32.20 year by August 15.

32.21 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

32.22 Subd. 6. **Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and  
32.23 5, the board of the Minnesota State Academies may agree to make a tuition charge, or  
32.24 receive an aid adjustment, as applicable, for less than the amount specified in subdivision  
32.25 3 for pupils attending the applicable school who are residents of the district where the  
32.26 institution is located and who do not board at the institution, if that district agrees to make  
32.27 a tuition charge to the board of the Minnesota State Academies for less than the amount  
32.28 specified in subdivision 5 for providing appropriate educational programs to pupils  
32.29 attending the applicable school.

32.30 Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

32.31 Subd. 8. **Student count; tuition.** (a) On May 1, 1996, and each year thereafter,  
32.32 the board of the Minnesota State Academies shall count the actual number of Minnesota  
32.33 resident special education eligible students enrolled and receiving education services at the  
32.34 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

33.1 (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in  
 33.2 the state treasury an amount equal to all tuition received for the basic revenue according to  
 33.3 subdivision 3, less the amount calculated in paragraph (b) (c).

33.4 (b) (c) For fiscal year 2006, the Minnesota State Academies shall credit to their  
 33.5 general operation account an amount equal to the tuition received which represents tuition  
 33.6 earned for the total number of students over 175 based on:

33.7 (1) the total number of enrolled students on May 1 less 175; times

33.8 (2) the ratio of the number of students in that grade category to the total number of  
 33.9 students on May 1; times

33.10 (3) the general education revenue formula allowance; times

33.11 (4) the pupil unit weighting factor pursuant to section 126C.05.

33.12 (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to  
 33.13 the department the number of students by grade level counted according to paragraph (a).

33.14 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),  
 33.15 must be reduced by an amount equal to:

33.16 (1) the ratio of 175 to the total number of students on May 1; times

33.17 (2) the total basic revenue determined according to subdivision 3, paragraph (c).

33.18 Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

33.19 Subd. 10. **Annual appropriation.** There is annually appropriated to the department  
 33.20 for the Minnesota State Academies the tuition or aid payment amounts received and  
 33.21 credited to the general operation account of the academies under this section. A balance  
 33.22 in an appropriation under this paragraph does not cancel but is available in successive  
 33.23 fiscal years.

33.24 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:

33.25 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit  
 33.26 from attending either academy may be admitted to the academy if the admission does not  
 33.27 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota  
 33.28 State Academies must obtain reimbursement from the other state for the costs of the  
 33.29 out-of-state admission. The state board may enter into an agreement with the appropriate  
 33.30 authority in the other state for the reimbursement. Money received from another state  
 33.31 must be deposited in the ~~general~~ special revenue fund and credited to the general operating  
 33.32 account of the academies. The money is appropriated to the academies.

33.33 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

33.34

## ARTICLE 6

33.35

### EARLY CHILDHOOD PROVISIONS

34.1 Section 1. Minnesota Statutes 2004, section 119A.50, subdivision 1, is amended to read:

34.2 Subdivision 1. **Department of Education.** The Department of Education is the  
34.3 state agency responsible for administering the Head Start program. The commissioner  
34.4 of education ~~may make grants~~ shall allocate funds according to the formula in section  
34.5 119A.52 to public or private nonprofit agencies for the purpose of providing supplemental  
34.6 funds for the federal Head Start program.

34.7 Sec. 2. Minnesota Statutes 2004, section 119A.52, is amended to read:

34.8 **119A.52 DISTRIBUTION OF APPROPRIATION AND PROGRAM**  
34.9 **~~COORDINATION.~~**

34.10 The commissioner of education must distribute money appropriated for that purpose  
34.11 to federally designated Head Start program grantees programs to expand services and to  
34.12 serve additional low-income children. ~~Money must be allocated to each project Head Start~~  
34.13 ~~grantee in existence on the effective date of Laws 1989, chapter 282.~~ Migrant and Indian  
34.14 reservation grantees programs must be initially allocated money based on the grantees'  
34.15 programs' share of federal funds. The remaining money must be initially allocated to the  
34.16 remaining local agencies based equally on the agencies' share of federal funds and on the  
34.17 proportion of eligible children in the agencies' service area who are not currently being  
34.18 served. A Head Start grantee must be funded at a per child rate equal to its contracted,  
34.19 federally funded base level ~~for program accounts 20, 22, and 25~~ at the start of the fiscal  
34.20 year. In allocating funds under this paragraph, the commissioner of education must assure  
34.21 that each Head Start grantee program in existence in 1993 is allocated no less funding  
34.22 in any fiscal year than was allocated to that grantee program in fiscal year 1993. ~~The~~  
34.23 ~~commissioner may provide additional funding to grantees for start-up costs incurred by~~  
34.24 ~~grantees due to the increased number of children to be served.~~ Before paying money to  
34.25 the grantees programs, the commissioner must notify each grantee program of its initial  
34.26 allocation, how the money must be used, and the number of low-income children ~~that~~  
34.27 ~~must~~ to be served with the allocation based upon the federally funded per child rate.  
34.28 Each grantee program must present a ~~work plan to the commissioner for approval.~~ ~~The~~  
34.29 ~~work plan must include the estimated number of low-income children and families it will~~  
34.30 ~~be able to serve, a description of the program design and service delivery area which~~  
34.31 ~~meets the needs of and encourages access by low-income working families, a program~~  
34.32 ~~design that ensures fair and equitable access to Head Start services for all populations and~~  
34.33 ~~parts of the service area, and a plan for coordinating services to maximize assistance~~  
34 for ~~child care costs available to families under chapter 119B.~~ under section 119A.535.  
34.35 For any grantee that cannot utilize its full allocation, the commissioner must reduce the

35.1 allocation proportionately. Money available after the initial allocations are reduced must  
 35.2 be redistributed to eligible grantees.

35.3 Sec. 3. Minnesota Statutes 2004, section 119A.53, is amended to read:

35.4 **119A.53 FEDERAL REQUIREMENTS.**

35.5 ~~Grantees Programs~~ and the commissioner shall comply with federal regulations  
 35.6 governing the federal Head Start program, except for funding for innovative initiatives  
 35.7 under section ~~119A.52~~ 119A.535 as approved by the commissioner, which may be used to  
 35.8 operate differently than federal Head Start regulations. If a state statute or rule conflicts  
 35.9 with a federal statute or regulation, the state statute or rule prevails.

35.10 Sec. 4. **[119A.535] APPLICATION REQUIREMENTS.**

35.11 Eligible Head Start organizations must submit a plan to the department for approval  
 35.12 on a form and in the manner prescribed by the commissioner. The plan must include:

35.13 (1) the estimated number of low-income children and families the program will be  
 35.14 able to serve;

35.15 (2) a description of the program design and service delivery area which meets the  
 35.16 needs of and encourages access by low-income working families;

35.17 (3) a program design that ensures fair and equitable access to Head Start services for  
 35.18 all populations and parts of the service area;

35.19 (4) a plan for coordinating services to maximize assistance for child care costs  
 35.20 available to families under chapter 119B; and

35.21 (5) identification of regular Head Start, early Head Start, and innovative services  
 35.22 based upon demonstrated needs to be provided.

35.23 Sec. 5. Minnesota Statutes 2004, section 119A.545, is amended to read:

35.24 **119A.545 AUTHORITY TO WAIVE REQUIREMENTS DURING DISASTER**  
 35.25 **PERIODS.**

35.26 The commissioner of education may waive requirements under sections 119A.50  
 35.27 to ~~119A.53~~ 119A.535, for up to nine months after the disaster, for Head Start ~~grantees~~  
 35.28 programs in areas where a federal disaster has been declared under United States Code,  
 35.29 title 42, section 5121, et seq., or the governor has exercised authority under chapter 12.  
 35.30 The commissioner shall notify the chairs of the appropriate ~~senate Family and Early~~  
 35.31 ~~Childhood Education Budget Division, the senate Education Finance Committee, the and~~  
 35.32 ~~house Family and Early Childhood Education Finance Division, the house Education~~  
 35.33 ~~Committee, and the house Ways and Means Committee~~ committees ten days before the  
 35.34 effective date of any waiver granted under this section.

35.35 Sec. 6. Minnesota Statutes 2005 Supplement, section 121A.17, subdivision 5, is  
 35.36 amended to read:



36.1 Subd. 5. **Developmental screening program information.** The board must inform  
36.2 each resident family with a child eligible to participate in the developmental screening  
36.3 program about the availability of the program and the state's requirement that a child  
36.4 receive a developmental screening or provide health records indicating that the child  
36.5 received a comparable developmental screening from a public or private health care  
36.6 organization or individual health care provider not later than 30 days after the first  
36.7 day of attending kindergarten in a public school. A school district must inform all  
36.8 resident families with eligible children under age seven that their children may receive a  
36.9 developmental screening conducted either by the school district or by a public or private  
36.10 health care organization or individual health care provider, and that if a statement signed  
36.11 by the child's parent or guardian is submitted to the administrator or other person having  
36.12 general control and supervision of the school that the child has not been screened because  
36.13 of conscientiously held beliefs of the parent or guardian, the screening is not required.

36.14 Sec. 7. Minnesota Statutes 2004, section 124D.13, subdivision 2, is amended to read:

36.15 Subd. 2. **Program characteristics.** (a) Early childhood family education programs  
36.16 are programs for children in the period of life from birth to kindergarten, for the parents  
36.17 and other relatives of ~~such~~ these children, and for expectant parents. To the extent  
36.18 that funds are insufficient to provide programs for all children, early childhood family  
36.19 education programs should emphasize programming for a child from birth to age three  
36.20 and encourage parents and other relatives to involve four- and five-year-old children in  
36.21 school readiness programs, and other public and nonpublic early learning programs. Early  
36.22 childhood family education programs may include the following:

36.23 (1) programs to educate parents and other relatives about the physical, mental,  
36.24 and emotional development of children;

36.25 (2) programs to enhance the skills of parents and other relatives in providing for  
36.26 their children's learning and development;

36.27 (3) learning experiences for children and parents and other relatives that promote  
36.28 children's development;

36.29 (4) activities designed to detect children's physical, mental, emotional, or behavioral  
36.30 problems that may cause learning problems;

36.31 (5) activities and materials designed to encourage self-esteem, skills, and behavior  
36.32 that prevent sexual and other interpersonal violence;

36.33 (6) educational materials which may be borrowed for home use;

36.34 (7) information on related community resources;

36.35 (8) programs to prevent child abuse and neglect;

37.1 (9) other programs or activities to improve the health, development, and school  
37.2 readiness of children; or

37.3 (10) activities designed to maximize development during infancy.

37.4 The programs must not include activities for children that do not require substantial  
37.5 involvement of the children's parents or other relatives. The programs must be reviewed  
37.6 periodically to assure the instruction and materials are not racially, culturally, or sexually  
37.7 biased. The programs must encourage parents to be aware of practices that may affect  
37.8 equitable development of children.

37.9 (b) For the purposes of this section, "relative" or "relatives" means noncustodial  
37.10 grandparents or other persons related to a child by blood, marriage, adoption, or foster  
37.11 placement, excluding parents.

37.12 Sec. 8. Minnesota Statutes 2004, section 124D.13, subdivision 3, is amended to read:

37.13 Subd. 3. **Substantial parental involvement.** The requirement of substantial  
37.14 parental or other relative involvement in subdivision 2 means that:

37.15 (a) parents or other relatives must be physically present much of the time in classes  
37.16 with their children or be in concurrent classes;

37.17 (b) parenting education or family education must be an integral part of every early  
37.18 childhood family education program;

37.19 (c) early childhood family education appropriations must not be used for traditional  
37.20 day care or nursery school, or similar programs; and

37.21 (d) the form of parent involvement common to kindergarten, elementary school, or  
37.22 early childhood special education programs such as parent conferences, newsletters, and  
37.23 notes to parents do not qualify a program under subdivision 2.

37.24 Sec. 9. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 5,  
37.25 is amended to read:

37.26 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,  
37.27 section 119A.52:

37.28 \$ 19,100,000 ..... 2006

37.29 \$ 19,100,000 ..... 2007

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

37.31 Sec. 10. **REPEALER.**

37.32 Minnesota Statutes 2004, section 119A.51, is repealed.

37.33

## ARTICLE 7

37.34

## TECHNICAL AND CONFORMING AMENDMENTS

38.1 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is  
38.2 amended to read:

38.3 Subd. 2. **Adopting policies.** ~~(a)~~ A school board shall have in place an adopted  
38.4 written policy that includes the following:

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

38.7 (2) a process for evaluating each student's progress toward meeting academic  
38.8 standards and identifying the strengths and weaknesses of instruction and curriculum  
38.9 affecting students' progress;

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

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

38.12 (5) an education effectiveness plan aligned with section 122A.625 that integrates  
38.13 instruction, curriculum, and technology.

38.14 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

38.15 Subd. 10. **Requirements for immunization statements.** (a) A statement required  
38.16 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization  
38.17 shall include month, day, and year for immunizations administered after January 1, 1990.

38.18 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the  
38.19 statement must indicate that the person has received a dose of tetanus and diphtheria  
38.20 toxoid no earlier than 11 years of age.~~

38.21 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12  
38.22 during the 1997-1998 school term, the statement must indicate that the person has received  
38.23 a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

38.24 ~~(c) Except as specified in paragraph (c), for persons enrolled in grades 7 through  
38.25 12 during the 1998-1999 school term and for each year thereafter, the statement must  
38.26 indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier  
38.27 than 11 years of age.~~

38.28 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year  
38.29 and for each year thereafter, the statement must indicate that the person has received at  
38.30 least two doses of vaccine against measles, mumps, and rubella, given alone or separately  
38.31 and given not less than one month apart.~~

38.32 ~~(e)~~ (b) A person who has received at least three doses of tetanus and diphtheria  
38.33 toxoids, with the most recent dose given after age six and before age 11, is not required to  
38.34 have additional immunization against diphtheria and tetanus until ten years have elapsed  
38.35 from the person's most recent dose of tetanus and diphtheria toxoid.

39.1           ~~(f)~~ (c) The requirement for hepatitis B vaccination shall apply to persons enrolling in  
39.2 kindergarten beginning with the 2000-2001 school term.

39.3           ~~(g)~~ (d) The requirement for hepatitis B vaccination shall apply to persons enrolling  
39.4 in grade 7 beginning with the 2001-2002 school term.

39.5           Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is  
39.6 amended to read:

39.7           Subd. 2. **Agreement.** (a) Upon the request of 60 percent of the licensed employees  
39.8 of a site or a school site decision-making team, the school board shall enter into  
39.9 discussions to reach an agreement concerning the governance, management, or control of  
39.10 the school. A school site decision-making team may include the school principal, teachers  
39.11 in the school or their designee, other employees in the school, representatives of pupils  
39.12 in the school, or other members in the community. A school site decision-making team  
39.13 must include at least one parent of a pupil in the school. For purposes of formation of a  
39.14 new site, a school site decision-making team may be a team of teachers that is recognized  
39.15 by the board as a site. The school site decision-making team shall include the school  
39.16 principal or other person having general control and supervision of the school. The site  
39.17 decision-making team must reflect the diversity of the education site. At least one-half  
39.18 of the members shall be employees of the district, unless an employee is the parent of a  
39.19 student enrolled in the school site, in which case the employee may elect to serve as a  
39.20 parent member of the site team.

39.21           (b) School site decision-making agreements must delegate powers, duties, and  
39.22 broad management responsibilities to site teams and involve staff members, students as  
39.23 appropriate, and parents in decision making.

39.24           (c) An agreement shall include a statement of powers, duties, responsibilities, and  
39.25 authority to be delegated to and within the site.

39.26           (d) An agreement may include:

39.27           (1) an achievement contract according to subdivision 4;

39.28           (2) a mechanism to allow principals, a site leadership team, or other persons having  
39.29 general control and supervision of the school, to make decisions regarding how financial  
39.30 and personnel resources are best allocated at the site and from whom goods or services  
39.31 are purchased;

39.32           (3) a mechanism to implement parental involvement programs under section  
39.33 124D.895 and to provide for effective parental communication and feedback on this  
34 involvement at the site level;

39.35           (4) a provision that would allow the team to determine who is hired into licensed  
39.36 and nonlicensed positions;

40.1 (5) a provision that would allow teachers to choose the principal or other person  
40.2 having general control;

40.3 (6) an amount of revenue allocated to the site under subdivision 3; and

40.4 (7) any other powers and duties determined appropriate by the board.

40.5 The school board of the district remains the legal employer under clauses (4) and (5).

40.6 (e) Any powers or duties not delegated to the school site management team in the  
40.7 school site management agreement shall remain with the school board.

40.8 (f) Approved agreements shall be filed with the commissioner. If a school board  
40.9 denies a request or the school site and school board fail to reach an agreement to enter  
40.10 into a school site management agreement, the school board shall provide a copy of the  
40.11 request and the reasons for its denial to the commissioner.

40.12 (g) A site decision-making grant program is established, consistent with this  
40.13 subdivision, to allow sites to implement an agreement that at least:

40.14 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable  
40.15 to the students at that site;

40.16 (2) includes a provision, consistent with current law and the collective bargaining  
40.17 agreement in effect, that allows the site team to decide who is selected from within the  
40.18 district for licensed and nonlicensed positions at the site and to make staff assignments  
40.19 in the site; and

40.20 (3) includes a completed performance agreement under subdivision 4.

40.21 The commissioner shall establish the form and manner of the application for a grant  
40.22 and annually, at the end of each fiscal year, report to the house of representatives and  
40.23 senate committees having jurisdiction over education on the progress of the program.

40.24 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

40.25 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall  
40.26 govern the State Academies Academy for the Deaf and the State Academy for the Blind.  
40.27 The board must promote academic standards based on high expectation and an assessment  
40.28 system to measure academic performance toward the achievement of those standards. The  
40.29 board must focus on the academies' needs as a whole and not prefer one school over the  
40.30 other. The board of the Minnesota State Academies shall consist of nine persons. The  
40.31 members of the board shall be appointed by the governor with the advice and consent of  
40.32 the senate. One member must be from the seven-county metropolitan area, one member  
40.33 must be from greater Minnesota, and one member may be appointed at-large. The board  
40.34 must be composed of:

40.35 (1) one present or former superintendent of an independent school district;

40.36 (2) one present or former special education director;

- 41.1 (3) the commissioner of education or the commissioner's designee;
- 41.2 (4) one member of the blind community;
- 41.3 (5) one member of the deaf community;
- 41.4 (6) two members of the general public with business, administrative, or financial
- 41.5 expertise;
- 41.6 (7) one nonvoting, unpaid ex officio member appointed by the site council for the
- 41.7 State Academy for the Deaf; and
- 41.8 (8) one nonvoting, unpaid ex officio member appointed by the site council for the
- 41.9 State Academy for the Blind.

41.10 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is

41.11 amended to read:

41.12 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

41.13 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,

41.14 supplemental revenue, transition revenue, and referendum revenue is less than the value of

41.15 the school district at or immediately above the 95th percentile of school districts in its

41.16 equity region for those revenue categories; and

41.17 (2) the school district's administrative offices are not located in a city of the first

41.18 class on July 1, 1999.

41.19 (b) Equity revenue for a qualifying district that receives referendum revenue under

41.20 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal

41.21 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school

41.22 district's equity index computed under subdivision 27.

41.23 (c) Equity revenue for a qualifying district that does not receive referendum revenue

41.24 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal

41.25 cost pupil units for that year times \$13.

41.26 (d) A school district's equity revenue is increased by the greater of zero or an amount

41.27 equal to the district's resident marginal cost pupil units times the difference between ten

41.28 percent of the statewide average amount of referendum revenue per resident marginal cost

41.29 pupil unit for that year and the district's referendum revenue per resident marginal cost

41.30 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for

41.31 that year.

41.32 (e) A school district's equity revenue for a school district located in the metro equity

41.33 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

41.34 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school

41.35 district that has per pupil referendum revenue below the 95th percentile qualifies for

41.36 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

42.1 (g) A district that does not qualify for revenue under paragraph (f) qualifies for  
42.2 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its  
42.3 adjusted marginal cost pupil units.

42.4 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is  
42.5 amended to read:

42.6 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings  
42.7 given them unless the specific content indicates otherwise:

42.8 (a) "Family assessment" means a comprehensive assessment of child safety, risk  
42.9 of subsequent child maltreatment, and family strengths and needs that is applied to a  
42.10 child maltreatment report that does not allege substantial child endangerment. Family  
42.11 assessment does not include a determination as to whether child maltreatment occurred  
42.12 but does determine the need for services to address the safety of family members and the  
42.13 risk of subsequent maltreatment.

42.14 (b) "Investigation" means fact gathering related to the current safety of a child  
42.15 and the risk of subsequent maltreatment that determines whether child maltreatment  
42.16 occurred and whether child protective services are needed. An investigation must be used  
42.17 when reports involve substantial child endangerment, and for reports of maltreatment in  
42.18 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to  
42.19 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and  
42.20 13, and 124D.10; or in a nonlicensed personal care provider association as defined in  
42.21 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

42.22 (c) "Substantial child endangerment" means a person responsible for a child's care, a  
42.23 person who has a significant relationship to the child as defined in section 609.341, or a  
42.24 person in a position of authority as defined in section 609.341, who by act or omission  
42.25 commits or attempts to commit an act against a child under their care that constitutes  
42.26 any of the following:

42.27 (1) egregious harm as defined in section 260C.007, subdivision 14;

42.28 (2) sexual abuse as defined in paragraph (d);

42.29 (3) abandonment under section 260C.301, subdivision 2;

42.30 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the  
42.31 child's physical or mental health, including a growth delay, which may be referred to as  
42.32 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

42.33 (5) murder in the first, second, or third degree under section 609.185, 609.19, or  
34 609.195;

42.35 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

43.1 (7) assault in the first, second, or third degree under section 609.221, 609.222, or  
43.2 609.223;

43.3 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

43.4 (9) criminal sexual conduct under sections 609.342 to 609.3451;

43.5 (10) solicitation of children to engage in sexual conduct under section 609.352;

43.6 (11) malicious punishment or neglect or endangerment of a child under section  
43.7 609.377 or 609.378;

43.8 (12) use of a minor in sexual performance under section 617.246; or

43.9 (13) parental behavior, status, or condition which mandates that the county attorney  
43.10 file a termination of parental rights petition under section 260C.301, subdivision 3,  
43.11 paragraph (a).

43.12 (d) "Sexual abuse" means the subjection of a child by a person responsible for the  
43.13 child's care, by a person who has a significant relationship to the child, as defined in  
43.14 section 609.341, or by a person in a position of authority, as defined in section 609.341,  
43.15 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual  
43.16 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),  
43.17 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct  
43.18 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual  
43.19 abuse also includes any act which involves a minor which constitutes a violation of  
43.20 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes  
43.21 threatened sexual abuse.

43.22 (e) "Person responsible for the child's care" means (1) an individual functioning  
43.23 within the family unit and having responsibilities for the care of the child such as a  
43.24 parent, guardian, or other person having similar care responsibilities, or (2) an individual  
43.25 functioning outside the family unit and having responsibilities for the care of the child  
43.26 such as a teacher, school administrator, other school employees or agents, or other lawful  
43.27 custodian of a child having either full-time or short-term care responsibilities including,  
43.28 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,  
43.29 and coaching.

43.30 (f) "Neglect" means:

43.31 (1) failure by a person responsible for a child's care to supply a child with necessary  
43.32 food, clothing, shelter, health, medical, or other care required for the child's physical or  
43.33 mental health when reasonably able to do so;

34 (2) failure to protect a child from conditions or actions that seriously endanger the  
43.35 child's physical or mental health when reasonably able to do so, including a growth delay,



44.1 which may be referred to as a failure to thrive, that has been diagnosed by a physician and  
44.2 is due to parental neglect;

44.3 (3) failure to provide for necessary supervision or child care arrangements  
44.4 appropriate for a child after considering factors as the child's age, mental ability, physical  
44.5 condition, length of absence, or environment, when the child is unable to care for the  
44.6 child's own basic needs or safety, or the basic needs or safety of another child in their care;

44.7 (4) failure to ensure that the child is educated as defined in sections 120A.22 and  
44.8 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's  
44.9 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

44.10 (5) nothing in this section shall be construed to mean that a child is neglected solely  
44.11 because the child's parent, guardian, or other person responsible for the child's care in  
44.12 good faith selects and depends upon spiritual means or prayer for treatment or care of  
44.13 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,  
44.14 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report  
44.15 if a lack of medical care may cause serious danger to the child's health. This section does  
44.16 not impose upon persons, not otherwise legally responsible for providing a child with  
44.17 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

44.18 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,  
44.19 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal  
44.20 symptoms in the child at birth, results of a toxicology test performed on the mother at  
44.21 delivery or the child at birth, or medical effects or developmental delays during the child's  
44.22 first year of life that medically indicate prenatal exposure to a controlled substance;

44.23 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

44.24 (8) chronic and severe use of alcohol or a controlled substance by a parent or  
44.25 person responsible for the care of the child that adversely affects the child's basic needs  
44.26 and safety; or

44.27 (9) emotional harm from a pattern of behavior which contributes to impaired  
44.28 emotional functioning of the child which may be demonstrated by a substantial and  
44.29 observable effect in the child's behavior, emotional response, or cognition that is not  
44.30 within the normal range for the child's age and stage of development, with due regard to  
44.31 the child's culture.

44.32 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,  
44.33 inflicted by a person responsible for the child's care on a child other than by accidental  
44.34 means, or any physical or mental injury that cannot reasonably be explained by the child's  
44.35 history of injuries, or any aversive or deprivation procedures, or regulated interventions,  
44.36 that have not been authorized under section 121A.67 or 245.825. Abuse does not include

45.1 reasonable and moderate physical discipline of a child administered by a parent or legal  
45.2 guardian which does not result in an injury. Abuse does not include the use of reasonable  
45.3 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions  
45.4 which are not reasonable and moderate include, but are not limited to, any of the following  
45.5 that are done in anger or without regard to the safety of the child:

45.6 (1) throwing, kicking, burning, biting, or cutting a child;

45.7 (2) striking a child with a closed fist;

45.8 (3) shaking a child under age three;

45.9 (4) striking or other actions which result in any nonaccidental injury to a child  
45.10 under 18 months of age;

45.11 (5) unreasonable interference with a child's breathing;

45.12 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

45.13 (7) striking a child under age one on the face or head;

45.14 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled  
45.15 substances which were not prescribed for the child by a practitioner, in order to control  
45.16 or punish the child; or other substances that substantially affect the child's behavior,  
45.17 motor coordination, or judgment or that results in sickness or internal injury, or subjects  
45.18 the child to medical procedures that would be unnecessary if the child were not exposed  
45.19 to the substances;

45.20 (9) unreasonable physical confinement or restraint not permitted under section  
45.21 609.379, including but not limited to tying, caging, or chaining; or

45.22 (10) in a school facility or school zone, an act by a person responsible for the child's  
45.23 care that is a violation under section 121A.58.

45.24 (h) "Report" means any report received by the local welfare agency, police  
45.25 department, county sheriff, or agency responsible for assessing or investigating  
45.26 maltreatment pursuant to this section.

45.27 (i) "Facility" means:

45.28 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,  
45.29 sanitarium, or other facility or institution required to be licensed under sections 144.50 to  
45.30 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

45.31 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and  
45.32 124D.10; or

45.33 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,  
34 subdivision 16, and 256B.0625, subdivision 19a.

45.35 (j) "Operator" means an operator or agency as defined in section 245A.02.

45.36 (k) "Commissioner" means the commissioner of human services.

46.1 (l) "Practice of social services," for the purposes of subdivision 3, includes but is  
46.2 not limited to employee assistance counseling and the provision of guardian ad litem and  
46.3 parenting time expeditor services.

46.4 (m) "Mental injury" means an injury to the psychological capacity or emotional  
46.5 stability of a child as evidenced by an observable or substantial impairment in the child's  
46.6 ability to function within a normal range of performance and behavior with due regard to  
46.7 the child's culture.

46.8 (n) "Threatened injury" means a statement, overt act, condition, or status that  
46.9 represents a substantial risk of physical or sexual abuse or mental injury. Threatened  
46.10 injury includes, but is not limited to, exposing a child to a person responsible for the  
46.11 child's care, as defined in paragraph (e), clause (1), who has:

46.12 (1) subjected a child to, or failed to protect a child from, an overt act or condition  
46.13 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a  
46.14 similar law of another jurisdiction;

46.15 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause  
46.16 (4), or a similar law of another jurisdiction;

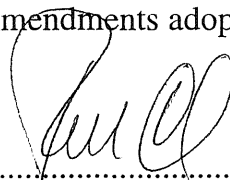
46.17 (3) committed an act that has resulted in an involuntary termination of parental rights  
46.18 under section 260C.301, or a similar law of another jurisdiction; or

46.19 (4) committed an act that has resulted in the involuntary transfer of permanent legal  
46.20 and physical custody of a child to a relative under section 260C.201, subdivision 11,  
46.21 paragraph (d), clause (1), or a similar law of another jurisdiction.

46.22 (o) Persons who conduct assessments or investigations under this section shall take  
46.23 into account accepted child-rearing practices of the culture in which a child participates  
46.24 and accepted teacher discipline practices, which are not injurious to the child's health,  
46.25 welfare, and safety."

46.26 Amend the title accordingly

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



.....  
(Committee Chair)

46.28  
46.29  
46.30 May 15, 2006 ..... 5-15-06 .....  
46.31 (Date of Committee recommendation)

**Consolidated Fiscal Note – 2005-06 Session**

**Bill #: S2941-2A Complete Date: 05/09/06**

**Chief Author: REST, ANN**

**Title: FIRE SAFETY ACCOUNT ESTABLISHED**

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

**Agencies:** Public Safety Dept (05/08/06)

Revenue Dept (05/09/06)

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
<b>Net Expenditures</b>					
New Fund				86	70
Revenue Dept				86	70
General Fund				(2,832)	(2,832)
Public Safety Dept				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
Public Safety Dept				2,832	2,832
<b>Revenues</b>					
New Fund		0	0	7,400	11,600
Revenue Dept		0	0	7,400	11,600
General Fund		0	0	(468)	(2,268)
Revenue Dept		0	0	(468)	(2,268)
<b>Net Cost &lt;Savings&gt;</b>					
New Fund		0	0	(7,314)	(11,530)
Revenue Dept		0	0	(7,314)	(11,530)
General Fund		0	0	(2,364)	(564)
Revenue Dept		0	0	468	2,268
Public Safety Dept				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
Public Safety Dept				2,832	2,832
<b>Total Cost &lt;Savings&gt; to the State</b>		0	0	(6,846)	(9,262)

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
New Fund			0.00	1.00	1.00
Revenue Dept			0.00	1.00	1.00
General Fund				(29.60)	(29.60)
Public Safety Dept				(29.60)	(29.60)
Misc Special Revenue Fund				29.60	29.60
Public Safety Dept				29.60	29.60
<b>Total FTE</b>			0.00	1.00	1.00

**Consolidated EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER

Date: 05/09/06 Phone: 215-0594

**Fiscal Note – 2005-06 Session**

**Bill #:** S2941-2A **Complete Date:** 05/08/06

**Chief Author:** REST, ANN

**Title:** FIRE SAFETY ACCOUNT ESTABLISHED

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

**Agency Name:** Public Safety 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
<b>Expenditures</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
General Fund				(29.60)	(29.60)
Misc Special Revenue Fund				29.60	29.60
<b>Total FTE</b>					

## **Bill Description**

This bill repeals the fire insurance tax provided for in M.S., Section 2971.05, Subd. 6., and replace it with a surcharge equal to 0.65 percent of the gross premiums and assessments, less return premiums, on direct business received by the company, or by its agents for it, for homeowner's insurance policies, commercial fire policies, and commercial nonliability insurance policies in this state. Revenue generated by the surcharge is deposited in a Fire Safety Account to be established in the state treasury.

\$468,000 in fiscal year 2008 and \$2,268,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums. The general fund base appropriation for the fire marshal program is reduced by \$2,832,000 in fiscal year 2008 and each year thereafter. The base funding for the fire marshal program from the fire safety account in the special revenue shall be \$2,832,000 in fiscal year 2008 and each year thereafter.

From the revenues appropriated from the fire safety account in the special revenue fund, the commissioner of public safety may expend funds for the activities and programs identified by the advisory committee established under section 3, subd. 2 and recommended to the commissioner of public safety. These funds are to be used to provide resources needed for identified activities and programs of the Minnesota fire services and to ensure the State Fire Marshal Division responsibilities are fulfilled. The Advisory Committee is to provide funding recommendations to the commissioner from the fire safety account in the special revenue fund for: a.) The MN Board of Firefighter Training and Education, b.) Programs and staffing for the Fire Marshal Division, and c.) For fire-related regional response team programs and any other fire service programs that have the potential for statewide impact.

## **Assumptions**

1. The current General Fund appropriation for the Fire Marshal Division would be replaced, beginning in FY 2008, by funding from the Fire Safety Account in the Special Revenue Fund. The appropriation for the Fire Marshal Division supports 29.6 FTEs.
2. The Fire Service Advisory Committee would likely propose that additional programs and/or enhancements to existing programs be funded, utilizing Fire Safety Account in the Special Revenue Fund. Additional program costs for fire-related regional response team and any other fire service programs that have the potential for statewide impact may also be funded through the Fire Safety Account in the Special Revenue Fund.

An assumption is made that the fiscal impact on revenues from this bill will be presented by the Department of Revenue.

## **Expenditure and/or Revenue Formula**

The current General Fund appropriation for the Fire Marshal Division is \$2,832,000/year.

## **Long-Term Fiscal Considerations**

Program expenditures will continue beyond FY2009.

## **Local Government Costs**

There is no local government costs associated with this legislation

## **References/Sources**

Agency Contact Name: Bob Dahm 215-0505  
FN Coord Signature: FRANK AHRENS  
Date: 05/08/06 Phone: 296-9484

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER  
Date: 05/08/06 Phone: 215-0594

**Fiscal Note – 2005-06 Session**

**Bill #:** S2941-2A **Complete Date:** 05/09/06

**Chief Author:** REST, ANN

**Title:** FIRE SAFETY ACCOUNT ESTABLISHED

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

**Agency Name:** Revenue 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
<b>Expenditures</b>					
New Fund				86	70
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
New Fund				86	70
<b>Revenues</b>					
New Fund		0	0	7,400	11,600
General Fund		0	0	(468)	(2,268)
<b>Net Cost &lt;Savings&gt;</b>					
New Fund		0	0	(7,314)	(11,530)
General Fund		0	0	468	2,268
<b>Total Cost &lt;Savings&gt; to the State</b>		0	0	(6,846)	(9,262)

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
New Fund			0.00	1.00	1.00
<b>Total FTE</b>			0.00	1.00	1.00



**Bill Description** – The proposed bill would abolish the fire insurance tax and create a new statutory provision for a fire safety account funded by an insurance assessment on homeowners and on commercial policies. The balance of collected funds would be appropriated to the Public Safety Department for essential fire service programs.

**Current Law:** Besides the general 2% gross premium tax, fire insurance premiums are subject to an additional 0.5% gross premium tax.

**Proposed Law: Analysis of S.F. 2941 (Rest), As Proposed to be Amended (DV0054).** The additional 0.5% gross premium tax on fire insurance is repealed. However, mutual insurance companies subject to the general 1% and 1.26% gross premium tax can elect to continue to pay a surcharge that is the lesser of the 0.5% gross premium tax on fire premiums or the surcharge proposed by the bill.

Under the bill (except as noted above), a 0.65% surcharge would be levied on premiums from homeowner policies, commercial fire policies, and commercial non-liability policies. The tax base for the surcharge differs from the tax base used to compute the current law 0.5% tax on fire premiums. Under the bill, the tax base is split 70% / 30% between individuals and businesses.

The proceeds from the surcharge are dedicated to a newly-created fire safety account. In FY 2008, \$468,000 is transferred from the account to the general fund. In each subsequent year, \$2,268,000 is transferred. The general fund base appropriation for the fire marshal program is reduced by 2,832,000 each year, beginning in FY 2008.

When compared to the tax base under current law, the surcharge tax base for individuals is approximately two times as large. Under current law, the tax base for individuals extends to a portion of premiums beyond homeowner multi-peril policies such as the fire peril portion of auto insurance. Under the bill, the tax base for individuals includes only homeowner multi-peril policies. The entire value of these policies would be subject to the surcharge. Under current law, 1/3 of premiums for homeowner multi-peril policies are subject to fire premium tax because that is the portion deemed to cover fire peril.

The tax base for businesses under the surcharge is approximately the same as the tax base for the current law 0.5% fire premium tax. Under current law, the tax base for business extends to a portion of premiums beyond commercial fire and commercial non-liability multi-peril policies such as the fire peril portion of auto insurance, allied lines and commercial liability multi-peril.

Under the bill, the tax base for business includes only commercial fire and commercial non-liability policies. Commercial non-liability policies are assumed to be commercial multi-peril non-liability policies. Under the bill, 100% of commercial multi-peril non-liability premiums would be subject to the surcharge. Under current law, 55% of commercial multi-peril non-liability premiums is subject to the fire premium tax.

The bill defines the tax base for business as commercial policies. Since there is no definition of the term commercial, its application remains unclear. Because its application remains unclear, farm owner insurance was excluded from tax base subject to the surcharge because it is neither commercial nor homeowner insurance.

### **Revenue Analysis Assumptions**

#### *0.5% Gross Premium Tax on Fire Premiums*

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The reduction in tax was calculated on a per-firm basis.
- The revenue loss associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.
- The effect of retaliatory taxation was computed using the tax rates in effect during calendar year 2004. Retaliatory taxation reduces the revenue loss from this bill about \$0.4 million per year. This analysis assumes that other states will keep their present rates at the same level as under current law. If tax rates in retaliatory states were reduced to match the repeal of 0.5% tax, the revenue loss from this bill would increase by about \$0.4 million per year.
- The revenue loss associated with calendar year 2007 premiums is reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.

**0.65% Surcharge on Selected Homeowner and Commercial Policies**

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The surcharge was calculated on a per-firm basis.
- The revenue gain associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.
- Most companies subject to the 1% and 1.26% gross premium tax would elect to pay a 0.5% gross premium tax on fire premiums instead of the surcharge.
- Farm owners policies are not subject to the surcharge because these policies are not assumed to be commercial insurance policies
- Surcharge revenue associated with calendar year 2007 premiums is reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.

Number of Taxpayers: 421 taxpayers pay the fire premiums tax per year. About 170 taxpayers would pay no surcharge under the bill, because they lack premiums from homeowner policies or commercial policies subject to the surcharge. The 250 other taxpayers would pay more tax than under current law.

For the most part, companies subject to the 1% or 1.26% tax would pay the same tax as under current law. However, some of these companies would pay less tax than current law because they have the option of paying the lesser of 0.5% fire premium tax or the 0.65% surcharge.

**Fiscal Impact Assumptions**

- The Department of Revenue currently collects the fire insurance tax which is collected on an annual basis. The department would have minimal cost savings as a result of not having to collect this tax effective July 1, 2007.
- The Department expects to collect this new assessment from approximately 550 insurance companies on a quarterly basis.
- An additional 1.00 FTE Revenue Tax Specialist to collect, audit, and oversee insurance companies to ensure compliance with this new assessment. Additional costs related to the new RTS position include, new workstations, computer equipment, travel expenses and office supplies.
- There will be costs for design, printing, and postage for a new form, fact sheet, and payment vouchers.
- There will be costs for the processing of payments and vouchers on a quarterly basis from 550 insurance companies.
- Additional costs will be incurred to modify DOR's computer systems and programs necessary to account for this new assessment. There will also be on-going maintenance costs to maintain them.

**Revenue Analysis Formula**

Analysis of S.F. 2941 (Rest), As Proposed to be Amended (DV0054)

	<b>Fund Impact</b>			
	<b>F.Y. 2006</b>	<b>F.Y. 2007</b>	<b>F.Y. 2008</b>	<b>F.Y. 2009</b>
			(000's)	
Repeal of Fire Insurance Tax	\$0	\$0	(\$3,300)	(\$5,100)
Transfer from Fire Safety Account	\$0	\$0	\$468	\$2,268
Reduction of Appropriation for Fire Marshal Program	<u>\$0</u>	<u>\$0</u>	<u>\$2,832</u>	<u>\$2,832</u>
<b>General Fund Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance Surcharge	\$0	\$0	\$7,400	\$11,600
Transfer to General Fund	<u>\$0</u>	<u>\$0</u>	<u>(\$468)</u>	<u>(\$2,268)</u>
<b>Fire Safety Account Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,932</b>	<b>\$9,332</b>

Effective for policies written or renewed on or after July 1, 2007

**Fiscal Impact Formula**

<b>Expenditures/Savings</b>	<b>FY '06</b>	<b>FY '07</b>	<b>FY '08</b>	<b>FY '09</b>	<b>FY '10</b>
1) Salaries – RTS Int.	\$0	\$0	\$55,564	\$55,564	\$55,564
2) Computer Equipment	\$0	\$0	\$1,526	\$0	\$0
3) Workstations	\$0	\$0	\$5,175	\$0	\$0
4) Office Supplies & Machine	\$0	\$0	\$1,000	\$0	\$0
7) Travel	\$0	\$0	\$5,000	\$10,000	\$10,000
6) Systems Development	\$0	\$0	\$15,000	\$1,500	\$1,500
7) Salaries – Processing	\$0	\$0	\$1,100	\$1,100	\$1,100
8) Printing & Postage	\$0	\$0	\$1,298	\$1,298	\$1,298
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$85,663</b>	<b>\$70,462</b>	<b>\$70,462</b>

- 1) Salaries: 1 Revenue Tax Specialist Intermediate
- 2) Computer Equipment: 1 - Laptop Workstation
- 3) Workstations: 1 - 8 X 10 Work station
- 4) Office Supplies & Machines: For RTS position
- 5) Travel: RTS travel expenses
- 6) Systems Development – Screens, programs, reports and tables to be created or changed. Coding, Testing, & Ongoing Maintenance
- 7) Salaries – Processing Mail Proc, Exceptional Proc, Hand Numbered, Batched and Deposited
- 8) Printing & Postage: New M11 form 2,000 @ \$\$50/M=\$100, Fact sheet 2,000 @ \$100/M=\$100  
 Payment Vouchers (generic) 2,000 @ \$\$125/M=\$250, #10 mail envelopes 2,000 =\$68  
 1st Class Postage 2,000 @ \$.39 each=\$780

**Long-Term Fiscal Considerations**

Costs will continue beyond FY2010.

**References/Sources**

FN Coord Signature: JOHN POWERS  
 Date: 05/09/06 Phone: 556-4054

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ALEXANDRA BROAT  
 Date: 05/09/06 Phone: 296-1700

**Consolidated Fiscal Note – 2005-06 Session**

**Bill #: H2916-2A (R) Complete Date: 05/01/06**

**Chief Author: SMITH, STEVE**

**Title: FIRE SAFETY ACCOUNT ESTABLISHED**

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

**Agencies:** Public Safety Dept (03/24/06)  
Commerce (03/17/06)

Revenue Dept (04/25/06)

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
<b>Net Expenditures</b>					
New Fund				86	70
Revenue Dept				86	70
General Fund				(2,832)	(2,832)
Public Safety Dept				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
Public Safety Dept				2,832	2,832
<b>Revenues</b>					
New Fund		0	0	6,100	9,600
Revenue Dept		0	0	6,100	9,600
General Fund		0	0	(2,900)	(4,500)
Revenue Dept		0	0	(2,900)	(4,500)
<b>Net Cost &lt;Savings&gt;</b>					
New Fund		0	0	(6,014)	(9,530)
Revenue Dept		0	0	(6,014)	(9,530)
General Fund		0	0	68	1,668
Revenue Dept		0	0	2,900	4,500
Public Safety Dept				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
Public Safety Dept				2,832	2,832
<b>Total Cost &lt;Savings&gt; to the State</b>		0	0	(3,114)	(5,030)

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
New Fund			0.00	1.00	1.00
Revenue Dept			0.00	1.00	1.00
General Fund				(29.60)	(29.60)
Public Safety Dept				(29.60)	(29.60)
Misc Special Revenue Fund				29.60	29.60
Public Safety Dept				29.60	29.60
<b>Total FTE</b>			0.00	1.00	1.00

**Consolidated EBO Comments**

The Department of Public Safety has assumed that the current appropriation for the State Fire Marshall from the General Fund would be discontinued and replaced with funding of the same amount from the new fire safety account in the special revenue fund. The bill language does not contain language that explicitly makes this change.

EBO Signature: NORMAN FOSTER  
Date: 05/01/06 Phone: 215-0594

**Fiscal Note – 2005-06 Session**

**Bill #: H2916-2A (R) Complete Date: 03/24/06**

**Chief Author: SMITH, STEVE**

**Title: FIRE SAFETY ACCOUNT ESTABLISHED**

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

**Agency Name:** Public Safety Dept

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

<b>Dollars (in thousands)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund				(2,832)	(2,832)
Misc Special Revenue Fund				2,832	2,832
<b>Total Cost &lt;Savings&gt; to the State</b>					

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
General Fund				(29.60)	(29.60)
Misc Special Revenue Fund				29.60	29.60
<b>Total FTE</b>					

### **Bill Description**

This bill would abolish the fire insurance tax provided for in M.S., Section 2971.05, Subd. 6., and replace it with an assessment on homeowner and commercial insurance policies. Revenue generated by the assessments would be deposited in a Fire Safety Account to be established in the state treasury. Other bill provisions germane to the Department of Public Safety (DPS) are: 1.) (Assessment) revenue in excess of \$250,000 is to be appropriated to DPS and "...used for the activities and programs identified by the commissioner of the Department of Public Safety as essential fire service programs within Minnesota"; 2.) The DPS commissioner is to expend (assessment) revenue for activities and programs identified and recommended by a Fire Service Advisory Committee, as established in Subd. 4 of the bill; 3.) The activities and programs are to be "...of the Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are fulfilled"; 4.) The Advisory Committee is to provide funding recommendations to the commissioner from the Fire Safety Account for: a.) The MN Board of Firefighter Training and Education (which currently receives no State funds), b.) Programs and staffing for the Fire Marshal Division, and c.) For fire-related regional response team programs and any other fire service programs that have the potential for statewide impact; 5.) The commissioner is to report funds not spent in a fiscal year to the applicable House and Senate committee chairs; any such unspent funds remain available for expenditure for the purposes identified in the bill and summarized above.

### **Assumptions**

1. The current General Fund appropriation for the Fire Marshal Division would be replaced, beginning in FY 2008, by funding from the Fire Safety Account in the Special Revenue Fund. The appropriation for the Fire Marshal Division supports 29.6 FTEs.
2. The Fire Service Advisory Committee would likely propose that additional programs and/or enhancements to existing programs be funded, utilizing Fire Safety Account monies. Additional program costs for fire-related regional response team and any other fire service programs that have the potential for statewide impact may also be funded through the Fire Safety Account in the Special Revenue Fund.

An assumption is made that the fiscal impact on revenues from this bill will to be presented by the Department of Revenue.

### **Expenditure and/or Revenue Formula**

The current General Fund appropriation for the Fire Marshal Division is \$2,832,000/year.

### **Long-Term Fiscal Considerations**

Program expenditures will continue beyond FY2009.

### **Local Government Costs**

There is no local government costs associated with this legislation

### **References/Sources**

Agency Contact Name: Bob Dahm 215-0505  
FN Coord Signature: FRANK AHRENS  
Date: 03/24/06 Phone: 296-9484

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER  
Date: 03/24/06 Phone: 215-0594

**Fiscal Note – 2005-06 Session**

**Bill #: H2916-2A (R) Complete Date: 03/17/06**

**Chief Author: SMITH, STEVE**

**Title: FIRE SAFETY ACCOUNT ESTABLISHED**

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
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.

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

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					



**Bill Description**

This bill abolishes the fire safety tax and replaces it with a surcharge that will be added to all homeowner's fire insurance policies and commercial fire policies. It appears this bill, as amended, will have impact on the Departments of Public Safety and Revenue and no fiscal impact on the Department of Commerce.

**Assumptions**

No additional regulation required by the department. The tax abolished will be equivalent to the new assessment added to insurance policies making this bill fiscally neutral.

**Assumptions**

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Government Costs**

**References/Sources**

FN Coord Signature: DENNIS MUNKWITZ  
Date: 03/17/06 Phone: 297-1335

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT  
Date: 03/17/06 Phone: 296-7642

**Fiscal Note – 2005-06 Session**

**Bill #: H2916-2A (R) Complete Date: 04/25/06**

**Chief Author: SMITH, STEVE**

**Title: FIRE SAFETY ACCOUNT ESTABLISHED**

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

**Agency Name: Revenue Dept**

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

<b>Dollars (in thousands)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
New Fund				86	70
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
New Fund				86	70
<b>Revenues</b>					
New Fund		0	0	6,100	9,600
General Fund		0	0	(2,900)	(4,500)
<b>Net Cost &lt;Savings&gt;</b>					
New Fund		0	0	(6,014)	(9,530)
General Fund		0	0	2,900	4,500
<b>Total Cost &lt;Savings&gt; to the State</b>		0	0	(3,114)	(5,030)

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
New Fund			0.00	1.00	1.00
<b>Total FTE</b>			0.00	1.00	1.00

**Bill Description** – As proposed to amended. The proposed bill would abolish the fire insurance tax and create a new statutory provision for a fire safety account funded by an insurance assessment on homeowners and on commercial policies. The balance of collected funds would be appropriated to the Public Safety Department for essential fire service programs.

**Current Law:** Besides the general 2% gross premium tax, fire insurance premiums are subject to an additional 0.5% gross premium tax.

**Proposed Law:** For most companies, the additional 0.5% gross premium tax on fire insurance is repealed. However, mutual insurance companies subject to the general 1% and 1.26% gross premium tax can elect to continue to pay the lesser of the 0.5% gross premium tax on fire premiums or the surcharge proposed by the bill.

Under the bill companies subject to the general gross premium tax rate of 2% would pay a 0.75% surcharge on premiums for homeowner policies and commercial fire policies. The proceeds from the surcharge are dedicated to a fire safety account. The tax base for the surcharge differs from the tax base used to compute the present law 0.5% tax on fire premiums.

For homeowners, the tax base for the surcharge is approximately three times as large as the tax base under the present law. All of the premiums from homeowner multi-peril policies would be subject to the surcharge. Under current law, 1/3 of premiums for homeowner multi-peril policies are subject to tax because that is the portion deemed to cover fire peril.

For commercial policies, the tax base for the surcharge covers ¼ of the of the tax base under current law. However, the extent of the coverage for commercial policies under the bill is unclear. It appears to define the tax base in a narrow fashion. Unlike homeowner policies, the base includes policies written exclusively to cover fire peril. Commercial multi-peril policies are not part of the tax base for the surcharge.

The tax base for the surcharge does not include the fire peril portion of auto insurance. Current law includes this type of insurance. Current law also includes the fire peril portion from a miscellaneous assortment of other insurance risks.

There will be a negative revenue impact to the state's general fund and a positive revenue impact to a new fire safety account.

There will be a fiscal impact to the Department of Revenue if the proposed bill passes.

#### **Revenue Analysis Assumptions**

##### *0.5% Gross Premium Tax on Fire Premiums*

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The reduction in tax was calculated on a per-firm basis.
- The revenue loss associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.
- The effect of retaliatory taxation was computed using the tax rates in effect during calendar year 2004. Retaliatory taxation reduces the revenue loss from this bill about \$0.4 million per year. This analysis assumes that other states will keep their present rates at the same level as under current law. If tax rates in retaliatory states were reduced to match the repeal of 0.5% tax, the revenue loss from this bill would increase by about \$0.4 million per year.
- Revenue losses from calendar year 2007 policies are reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.

##### *0.75% Surcharge on Selected Homeowner and Commercial Policies*

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The surcharge was calculated on a per-firm basis.
- The revenue loss associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.
- Most companies subject to the 1% and 1.26% gross premium tax would elect to pay a 0.5% gross premium tax on fire premiums instead of the surcharge.
- Farm owners policies are not subject to the surcharge because these policies are not assumed to be commercial insurance policies

- Revenue gains from calendar year 2007 policies are reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.
  - Number of Taxpayers: 421 taxpayers pay the fire premiums tax per year. About 200 taxpayers would pay no surcharge under the bill, because they lack premiums from homeowner policies or commercial policies subject to the surcharge. The 200 other taxpayers would pay more tax than under current law.
  - For the most part, companies subject to the 1% or 1.26% tax would pay the same tax as under current law. However, some of these companies would pay less tax than current law.

**Fiscal Impact Assumptions**

- The Department of Revenue currently collects the fire insurance tax which is collected on an annual basis. The department would have minimal cost savings as a result of not having to collect this tax effective July 1, 2007.
- The Department expects to collect this new assessment from approximately 550 insurance companies on a quarterly basis.
- An additional 1.00 FTE Revenue Tax Specialist to collect, audit, and oversee insurance companies to ensure compliance with this new assessment. Additional costs related to the new RTS position include, new workstations, computer equipment, travel expenses and office supplies.
- There will be costs for design, printing, and postage for a new form, fact sheet, and payment vouchers.
- There will be costs for the processing of payments and vouchers on a quarterly basis from 550 insurance companies.
- Additional costs will be incurred to modify DOR's computer systems and programs necessary to account for this new assessment. There will also be on-going maintenance costs to maintain them.

**Revenue Analysis Formula**

	Fund Impact			
	F.Y. 2006	F.Y. 2007	F.Y. 2008	F.Y. 2009
General Fund	\$0	\$0	(\$2,900)	(\$4,500)
Fire Safety Account	\$0	\$0	\$6,100	\$9,600

Effective for policies written or renewed on or after July 1, 2007.

**Fiscal Impact Formula**

<b>Expenditures/Savings</b>	<b>FY '06</b>	<b>FY '07</b>	<b>FY '08</b>	<b>FY '09</b>	<b>FY '10</b>
1) Salaries – RTS Int.	\$0	\$0	\$55,564	\$55,564	\$55,564
2) Computer Equipment	\$0	\$0	\$1,526	\$0	\$0
3) Workstations	\$0	\$0	\$5,175	\$0	\$0
4) Office Supplies & Machine	\$0	\$0	\$1,000	\$0	\$0
7) Travel	\$0	\$0	\$5,000	\$10,000	\$10,000
6) Systems Development	\$0	\$0	\$15,000	\$1,500	\$1,500
7) Salaries – Processing	\$0	\$0	\$1,100	\$1,100	\$1,100
8) Printing & Postage	\$0	\$0	\$1,298	\$1,298	\$1,298
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$85,663</b>	<b>\$70,462</b>	<b>\$70,462</b>

- 1) Salaries: 1 Revenue Tax Specialist Intermediate
- 2) Computer Equipment: 1 - Laptop Workstation
- 3) Workstations: 1 - 8 X 10 Work station
- 4) Office Supplies & Machines: For RTS position
- 5) Travel: RTS travel expenses
- 6) Systems Development – Screens, programs, reports and tables to be created or changed. Coding, Testing, & Ongoing Maintenance
- 7) Salaries – Processing Mail Proc, Exceptional Proc, Hand Numbered, Batched and Deposited
- 8) Printing & Postage: New M11 form 2,000 @ \$50/M=\$100, Fact sheet 2,000 @ \$100/M=\$100  
Payment Vouchers (generic) 2,000 @ \$125/M=\$250, #10 mail envelopes 2,000 =\$68  
1st Class Postage 2,000 @ \$.39 each=\$780

**Long-Term Fiscal Considerations**

Costs will continue beyond FY2010.

**References/Sources**

FN Coord Signature: JOHN POWERS  
Date: 04/25/06 Phone: 556-4054

**EBO Comments**

According to the Department of the Revenue, the minimal savings that will result from not having to collect the fire insurance tax is in the range of a few thousand dollars. A revenue analysis was not included with this fiscal note.

EBO Signature: ALEXANDRA BROAT  
Date: 04/25/06 Phone: 296-1700

# MINNESOTA · REVENUE

**GROSS PREMIUM TAX  
INSURANCE SURCHARGE**  
Repeal 0.5% Tax on Fire Insurance  
Enact Insurance Surcharge

May 10, 2006

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S.F. 2941 (Rest), As Proposed to be Amended (DV0054) **Analysis Revised to Include  
Base Funding from Fire Safety  
Account**

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
			(000's)	
Repeal of Fire Insurance Tax	\$0	\$0	(\$3,300)	(\$5,100)
Transfer from Fire Safety Account	\$0	\$0	\$468	\$2,268
Reduction of Appropriation for Fire Marshal Program	<u>\$0</u>	<u>\$0</u>	<u>\$2,832</u>	<u>\$2,832</u>
<b>General Fund Net Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance Surcharge	\$0	\$0	\$7,400	\$11,600
Transfer to General Fund	\$0	\$0	(\$468)	(\$2,268)
Base Funding for Fire Marshal Program	<u>\$0</u>	<u>\$0</u>	<u>(\$2,832)</u>	<u>(\$2,832)</u>
<b>Fire Safety Account Net Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,100</b>	<b>\$6,500</b>

Effective for policies written or renewed on or after July 1, 2007

**EXPLANATION OF THE BILL**

**Current Law:** Besides the general 2% gross premium tax, fire insurance premiums are subject to an additional 0.5% gross premium tax. The tax base is split evenly between individuals and businesses.

**Proposed Law:** The additional 0.5% gross premium tax on fire insurance is repealed. However, mutual insurance companies subject to the general 1% and 1.26% gross premium tax can elect to continue to pay a surcharge that is the lesser of the 0.5% gross premium tax on fire premiums or the surcharge proposed by the bill.

Under the bill (except as noted above), a 0.65% surcharge would be levied on premiums from homeowner policies, commercial fire policies, and commercial non-liability policies. The tax base for the surcharge differs from the tax base used to compute the current law 0.5% tax on fire premiums. Under the bill, the tax base is split 70% / 30% between individuals and businesses.

**EXPLANATION OF THE BILL (Continued)**

The proceeds from the surcharge are dedicated to a newly-created fire safety account. In FY 2008, \$468,000 is transferred from the account to the general fund. In each subsequent year, \$2,268,000 is transferred. The general fund base appropriation for the fire marshal program is reduced by \$2,832,000 each year, beginning in FY 2008. Beginning with FY 2008, the base funding for the fire marshal program from the fire safety account is \$2,832,000 for each year.

When compared to the tax base under current law, the surcharge tax base for individuals is approximately two times as large. Under current law, the tax base for individuals extends to a portion of premiums beyond homeowner multi-peril policies such as the fire peril portion of auto insurance. Under the bill, the tax base for individuals includes only homeowner multi-peril policies. The entire value of these policies would be subject to the surcharge. Under current law, 1/3 of premiums for homeowner multi-peril policies are subject to fire premium tax because that is the portion deemed to cover fire peril.

The tax base for businesses under the surcharge is approximately the same as the tax base for the current law 0.5% fire premium tax. Under current law, the tax base for business extends to a portion of premiums beyond commercial fire and commercial non-liability multi-peril policies such as the fire peril portion of auto insurance, allied lines and commercial liability multi-peril.

Under the bill, the tax base for business includes only commercial fire and commercial non-liability policies. Commercial non-liability policies are assumed to be commercial multi-peril non-liability policies. Under the bill, 100% of commercial multi-peril non-liability premiums would be subject to the surcharge. Under current law, 55% of commercial multi-peril non-liability premiums is subject to the fire premium tax.

The bill defines the tax base for business as commercial policies. Since there is no definition of the term commercial, its application remains unclear. Because its application remains unclear, farm owner insurance was excluded from tax base subject to the surcharge because it is neither commercial nor homeowner insurance.

**REVENUE ANALYSIS DETAIL***0.5% Gross Premium Tax on Fire Premiums*

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The reduction in tax was calculated on a per-firm basis.
- The revenue loss associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.

**REVENUE ANALYSIS DETAIL (Continued)**

- The effect of retaliatory taxation was computed using the tax rates in effect during calendar year 2004. Retaliatory taxation reduces the revenue loss from this bill about \$0.4 million per year. This analysis assumes that other states will keep their present rates at the same level as under current law. If tax rates in retaliatory states were reduced to match the repeal of 0.5% tax, the revenue loss from this bill would increase by about \$0.4 million per year.
- The revenue loss associated with calendar year 2007 premiums is reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.

*0.65% Surcharge on Selected Homeowner and Commercial Policies*

- Tax year 2004 data from returns filed in 2005 was used to make the estimate. The surcharge was calculated on a per-firm basis.
- The revenue gain associated with tax year 2004 is projected to grow by the projected rate of growth in insurance premium tax collections that was published in the February 2006 Department of Finance forecast.
- Most companies subject to the 1% and 1.26% gross premium tax would elect to pay a 0.5% gross premium tax on fire premiums instead of the surcharge.
- Farm owners policies are not subject to the surcharge because these policies are not assumed to be commercial insurance policies
- Surcharge revenue associated with calendar year 2007 premiums is reduced 50% to account for the effective date of policies written or renewed after July 1, 2007.

**Number of Taxpayers:** 421 taxpayers pay the fire premiums tax per year. About 170 taxpayers would pay no surcharge under the bill, because they lack premiums from homeowner policies or commercial policies subject to the surcharge. The 250 other taxpayers would pay more tax than under current law.

For the most part, companies subject to the 1% or 1.26% tax would pay the same tax as under current law. However, some of these companies would pay less tax than current law because they have the option of paying the lesser of 0.5% fire premium tax or the 0.65% surcharge.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)



# HOUSE OF REPRESENTATIVES

EIGHTY-FOURTH  
SESSION

## HOUSE FILE No. 2916

March 1, 2006

Authored by Smith, Davids, Powell, Hackbarth, Jaros and others  
The bill was read for the first time and referred to the Committee on Public Safety Policy and Finance  
By motion, recalled and re-referred to the Committee on Commerce and Financial Institutions

March 13, 2006

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Public Safety Policy and Finance

March 20, 2006

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on State Government Finance

April 19, 2006

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Rules and Legislative Administration

May 1, 2006

Committee Recommendation and Adoption of Report: To Pass and Read Second Time

May 2, 2006

By motion, re-referred to the Committee on Ways and Means

May 8, 2006

Committee Recommendation and Adoption of Report:  
To Pass as Amended  
Read Second Time

A bill for an act

relating to public safety; establishing the fire safety account from revenues on fire premiums and assessments; abolishing the fire insurance tax; amending Minnesota Statutes 2004, section 297I.30, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 297I; 299F; repealing Minnesota Statutes 2004, section 297I.05, subdivision 6.

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

**Section 1. [297I.06] SURCHARGES ON FIRE SAFETY PREMIUMS.**

**Subdivision 1. Insurance policies surcharge. (a) Except as otherwise provided in subdivision 2, each insurer engaged in writing policies of homeowner's insurance authorized in section 60A.06, subdivision 1, clause (1)(c), or commercial fire policies or commercial nonliability policies shall collect a surcharge equal to 0.65 percent of the gross premiums and assessments, less return premiums, on direct business received by the company, or by its agents for it, for homeowner's insurance policies, commercial fire policies, and commercial nonliability insurance policies in this state.**

**(b) The surcharge amount collected under paragraph (a) may not be considered premium for any other purpose. The surcharge amount must be separately stated on either a billing or policy declaration sent to an insured.**

**(c) Amounts collected by the commissioner under this section must be deposited in the fire safety account established pursuant to subdivision 3.**

**Subd. 2. Exemptions. (a) This section does not apply to a farmers' mutual fire insurance company or township mutual fire insurance company in Minnesota organized under chapter 67A.**

**(b) An insurer described in section 297I.05, subdivisions 3 and 4, authorized to transact business in Minnesota shall elect to remit to the Department of Revenue for**

2.1 deposit in the fire safety account either (1) the surcharge amount collected under this  
2.2 section, or (2) a surcharge of one-half of one percent on the gross fire premiums and  
2.3 assessments, less return premiums, on all direct business received by the insurer or agents  
2.4 of the insurer in Minnesota, in cash or otherwise, during the year.

2.5 (c) For purposes of this subdivision, "gross fire premiums and assessments" includes  
2.6 premiums on policies covering fire risks only on automobiles, whether written or under  
2.7 floater form or otherwise.

2.8 Subd. 3. Fire safety account, annual transfers, allocation. A special account, to  
2.9 be known as the fire safety account, is created in the state treasury. The account consists of  
2.10 the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008 and \$2,268,000 in  
2.11 each year thereafter is transferred from the fire safety account in the special revenue fund  
2.12 to the general fund to offset the loss of revenue caused by the repeal of the one-half of one  
2.13 percent tax on fire insurance premiums. The general fund base appropriation for the fire  
2.14 marshal program is reduced by \$2,832,000 in fiscal year 2008 and each year thereafter.  
2.15 The base funding for the fire marshal program from the fire safety account in the special  
2.16 revenue fund shall be \$2,832,000 in fiscal year 2008 and each year thereafter.

2.17 Sec. 2. Minnesota Statutes 2004, section 297I.30, is amended by adding a subdivision  
2.18 to read:

2.19 Subd. 8. Fire insurance surcharge. On or before May 15, August 15, November  
2.20 15, and February 15 of each year, every insurer required to pay the surcharge under section  
2.21 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the preceding  
2.22 three-month period ending March 31, June 30, September 30, and December 31, setting  
2.23 forth any information the commissioner reasonably requires on forms prescribed by the  
2.24 commissioner.

2.25 Sec. 3. [299F.012] FIRE SAFETY ACCOUNT.

2.26 Subdivision 1. Authorized programs within department. From the revenues  
2.27 appropriated from the fire safety account, established under section 297I.06, subdivision  
2.28 3, the commissioner of public safety may expend funds for the activities and programs  
2.29 identified by the advisory committee established under subdivision 2 and recommended to  
2.30 the commissioner of public safety. The commissioner shall not expend funds without the  
2.31 recommendation of the advisory committee established under subdivision 2. These funds  
2.32 are to be used to provide resources needed for identified activities and programs of the  
2.33 Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are  
2.34 fulfilled.

3.1 Subd. 2. Fire Service Advisory Committee. The Fire Service Advisory Committee  
3.2 shall provide recommendations to the commissioner of public safety on fire service related  
3.3 issues and shall consist of representatives of each of the following organizations: two  
3.4 appointed by the president of the Minnesota State Fire Chiefs Association, two appointed  
3.5 by the president of the Minnesota State Fire Department Association, two appointed by  
3.6 the president of the Minnesota Professional Fire Fighters, two appointed by the president  
3.7 of the League of Minnesota Cities, one appointed by the president of the Minnesota  
3.8 Association of Townships, one appointed by the president of the Insurance Federation  
3.9 of Minnesota, one appointed jointly by the presidents of the Minnesota Chapter of the  
3.10 International Association of Arson Investigators and the Fire Marshals Association of  
3.11 Minnesota, and the commissioner of public safety or the commissioner's designee. The  
3.12 commissioner of public safety must ensure that at least three of the members of the  
3.13 advisory committee work and reside in counties outside of the seven-county metropolitan  
3.14 area. The committee shall provide funding recommendations to the commissioner of  
3.15 public safety from the fire safety fund for the following purposes:

- 3.16 (1) for the Minnesota Board of Firefighter Training and Education;  
3.17 (2) for programs and staffing for the State Fire Marshal Division; and  
3.18 (3) for fire-related regional response team programs and any other fire service  
3.19 programs that have the potential for statewide impact.

3.20 Subd. 3. Report; accounting; carryover. The commissioner of public safety shall,  
3.21 by December 1 of each year, (1) provide an accounting of how the funds in the fire safety  
3.22 account were spent in the preceding fiscal year and (2) report any funds not spent in a  
3.23 fiscal year to the chairs of the committees of the house of representatives and the senate  
3.24 having jurisdiction over public safety finance. Money in the account does not cancel but  
3.25 remains available for expenditures for the programs identified in subdivisions 1 and 2.

3.26 **Sec. 4. REPEALER.**

3.27 Minnesota Statutes 2004, section 2971.05, subdivision 6, is repealed.

3.28 **Sec. 5. EFFECTIVE DATE; APPLICATION.**

3.29 Sections 1 to 4 are effective July 1, 2007, and apply to policies written or renewed  
3.30 on or after that date.

A bill for an act  
relating to public safety; establishing the fire safety account from revenues on  
fire premiums and assessments; abolishing the fire insurance tax; amending  
Minnesota Statutes 2004, section 297I.30, by adding a subdivision; proposing  
coding for new law in Minnesota Statutes, chapters 297I; 299F; repealing  
Minnesota Statutes 2004, section 297I.05, subdivision 6.

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

Section 1. 297I.06 SURCHARGES ON FIRE SAFETY PREMIUMS.

Subdivision 1. Insurance policies surcharge. (a) Except as otherwise provided  
in subdivision 2, each insurer engaged in writing policies of homeowner's insurance  
authorized in section 60A.06, subdivision 1, clause (1)(c), or commercial fire policies or  
commercial nonliability policies shall collect a surcharge equal to 0.65 percent of the  
gross premiums and assessments, less return premiums, on direct business received by  
the company, or by its agents for it, for homeowner's insurance policies, commercial fire  
policies, and commercial nonliability insurance policies in this state.

(b) The surcharge amount collected under paragraph (a) may not be considered  
premium for any other purpose. The surcharge amount must be separately stated on either  
a billing or policy declaration sent to an insured.

(c) Amounts collected by the commissioner under this section must be deposited in  
the fire safety account established pursuant to subdivision 3.

Subd. 2. Exemptions. (a) This section does not apply to a farmers' mutual fire  
insurance company or township mutual fire insurance company in Minnesota organized  
under chapter 67A.

(b) An insurer described in section 297I.05, subdivisions 3 and 4, authorized to  
transact business in Minnesota shall elect to remit to the Department of Revenue for

2.1 deposit in the fire safety account either (1) the surcharge amount collected under this  
2.2 section, or (2) a surcharge of one-half of one percent on the gross fire premiums and  
2.3 assessments, less return premiums, on all direct business received by the insurer or agents  
2.4 of the insurer in Minnesota, in cash or otherwise, during the year.

2.5 (c) For purposes of this subdivision, "gross fire premiums and assessments" includes  
2.6 premiums on policies covering fire risks only on automobiles, whether written or under  
2.7 floater form or otherwise.

2.8 Subd. 3. Fire safety account, annual transfers, allocation. A special account, to  
2.9 be known as the fire safety account, is created in the state treasury. The account consists of  
2.10 the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008 and \$2,268,000 in  
2.11 each year thereafter is transferred from the fire safety account in the special revenue fund  
2.12 to the general fund to offset the loss of revenue caused by the repeal of the one-half of one  
2.13 percent tax on fire insurance premiums. The general fund base appropriation for the fire  
2.14 marshal program is reduced by \$2,832,000 in fiscal year 2008 and each year thereafter.  
2.15 The base funding for the fire marshal program from the fire safety account in the special  
2.16 revenue fund shall be \$2,832,000 in fiscal year 2008 and each year thereafter.

2.17 Sec. 2. Minnesota Statutes 2004, section 297I.30, is amended by adding a subdivision  
2.18 to read:

2.19 Subd. 8. Fire insurance surcharge. On or before May 15, August 15, November  
2.20 15, and February 15 of each year, every insurer required to pay the surcharge under section  
2.21 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the preceding  
2.22 three-month period ending March 31, June 30, September 30, and December 31, setting  
2.23 forth any information the commissioner reasonably requires on forms prescribed by the  
2.24 commissioner.

2.25 Sec. 3. [299F.012] FIRE SAFETY ACCOUNT.

2.26 Subdivision 1. Authorized programs within department. From the revenues  
2.27 appropriated from the fire safety account, established under section 297I.06, subdivision  
2.28 3, the commissioner of public safety may expend funds for the activities and programs  
2.29 identified by the advisory committee established under subdivision 2 and recommended to  
2.30 the commissioner of public safety. The commissioner shall not expend funds without the  
2.31 recommendation of the advisory committee established under subdivision 2. These funds  
2.32 are to be used to provide resources needed for identified activities and programs of the  
2.33 Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are  
2.34 fulfilled.

3.1 Subd. 2. Fire Service Advisory Committee. The Fire Service Advisory Committee  
3.2 shall provide recommendations to the commissioner of public safety on fire service related  
3.3 issues and shall consist of representatives of each of the following organizations: two  
3.4 appointed by the president of the Minnesota State Fire Chiefs Association, two appointed  
3.5 by the president of the Minnesota State Fire Department Association, two appointed by  
3.6 the president of the Minnesota Professional Fire Fighters, two appointed by the president  
3.7 of the League of Minnesota Cities, one appointed by the president of the Minnesota  
3.8 Association of Townships, one appointed by the president of the Insurance Federation  
3.9 of Minnesota, one appointed jointly by the presidents of the Minnesota Chapter of the  
3.10 International Association of Arson Investigators and the Fire Marshals Association of  
3.11 Minnesota, and the commissioner of public safety or the commissioner's designee. The  
3.12 commissioner of public safety must ensure that at least three of the members of the  
3.13 advisory committee work and reside in counties outside of the seven-county metropolitan  
3.14 area. The committee shall provide funding recommendations to the commissioner of  
3.15 public safety from the fire safety fund for the following purposes:

- 3.16 (1) for the Minnesota Board of Firefighter Training and Education;  
3.17 (2) for programs and staffing for the State Fire Marshal Division; and  
3.18 (3) for fire-related regional response team programs and any other fire service  
3.19 programs that have the potential for statewide impact.

3.20 Subd. 3. Report; accounting; carryover. The commissioner of public safety shall,  
3.21 by December 1 of each year, (1) provide an accounting of how the funds in the fire safety  
3.22 account were spent in the preceding fiscal year and (2) report any funds not spent in a  
3.23 fiscal year to the chairs of the committees of the house of representatives and the senate  
3.24 having jurisdiction over public safety finance. Money in the account does not cancel but  
3.25 remains available for expenditures for the programs identified in subdivisions 1 and 2.

3.26 **Sec. 4. REPEALER.**

3.27 Minnesota Statutes 2004, section 297I.05, subdivision 6, is repealed.

3.28 **Sec. 5. EFFECTIVE DATE; APPLICATION.**

3.29 Sections 1 to 4 are effective July 1, 2007, and apply to policies written or renewed  
3.30 on or after that date.

APPENDIX

Repealed Minnesota Statutes: S2941-2

**2971.05 TAX IMPOSED.**

Subd. 6. **Fire insurance tax.** A tax is imposed on every licensed company, including reciprocals or interinsurance exchanges, doing business in this state, except farmers' mutual fire insurance companies and township fire insurance companies. The rate of tax is equal to one-half of one percent of the gross fire premiums and assessments, less return premiums, on all direct business received by the company in this state, or by its agents for it, in cash or otherwise, during the year. "Gross fire premiums and assessments" includes premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise.

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

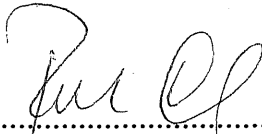
1.2 **H.F. No. 2916:** A bill for an act relating to public safety; establishing the fire safety  
1.3 account from revenues on fire premiums and assessments; abolishing the fire insurance  
1.4 tax; amending Minnesota Statutes 2004, section 297I.30, by adding a subdivision;  
1.5 proposing coding for new law in Minnesota Statutes, chapters 297I; 299F; repealing  
1.6 Minnesota Statutes 2004, section 297I.05, subdivision 6.

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

1.8 Page 2, delete lines 15 to 16 and insert "Beginning in fiscal year 2008 and each year  
1.9 thereafter, \$2,832,000 is appropriated from the fire safety account in the special revenue  
1.10 fund to the commissioner of public safety for the fire marshal program."

1.11 Amend the title accordingly

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

1.13   
1.14 .....  
(Committee Chair)

1.15 May 15, 2006 ..... 5-15-06  
1.16 (Date of Committee recommendation)



**Fiscal Note – 2005-06 Session**

**Bill #:** S2651-0 **Complete Date:** 03/22/06

**Chief Author:** BONOFF, TERRI

**Title:** MV LEASE SALES TAX DEPOSIT CHANGES

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

**Agency Name:** Revenue 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
<b>Expenditures</b>					
General Fund		0	7	3	3
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund		0	7	3	3
<b>Revenues</b>					
General Fund			(32,100)	(25,060)	(32,210)
Highway Users Tax Distribution Fund			18,400	14,920	19,330
Metropolitan Area Transit Fund			12,840	9,560	12,240
Greater Minnesota Transit Fund			850	580	640
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		0	32,107	25,063	32,213
Highway Users Tax Distribution Fund			(18,400)	(14,920)	(19,330)
Metropolitan Area Transit Fund			(12,840)	(9,560)	(12,240)
Greater Minnesota Transit Fund			(850)	(580)	(640)
<b>Total Cost &lt;Savings&gt; to the State</b>		0	17	3	3

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description** – The bill provides a phased allocation of the sales tax from vehicle leases from the general fund to transportation funds, as follows:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Highway User Tax Distribution Fund	30.82%	32.0%	44.25%	50.25%	56.25%	60.0%
Metropolitan Area Transit Fund	21.5%	20.5%	28.025%	31.825%	35.625%	38.0%
Greater Minnesota Transit Fund	1.43%	1.25%	1.475%	1.675%	1.875%	2.0%
General Fund	46.25%	46.25%	26.25%	16.25%	6.25%	0.0%

There will be a negative revenue impact to the state's general fund if the proposed bill passes.

There will be a fiscal impact to the Department of Revenue if the proposed bill passes.

**Revenue Analysis Assumptions**

- The estimate was based on lease payment data from the U.S. Bureau of Economic Analysis. In state fiscal year 2002, national personal consumption expenditures on vehicle leasing were \$31.5235 billion.
- This amount was increased by 25% to account for leases by businesses.
- The adjusted amount was apportioned to Minnesota at 1.72%, the state portion of new passenger car and truck registrations in 2002.
- Amounts were allocated to the funds by the percentages specified in the bill.
- Annual growth was at the same rate as for the motor vehicle sales tax according to the February 2006 state revenue forecast.
- The estimates reflect the effect of the 2005 law change which requires sales tax on vehicle leases to be paid in full at the beginning of the lease, effective for new leases entered into after September 30, 2005. This is the main reason why the estimates for fiscal year 2008 are lower than those for fiscal year 2007.

**Fiscal Impact Assumptions**

- Currently the revenue collected from motor vehicle leases is reported under the General Rate of Sales on the sales tax return, and is not separated out. In order to accommodate this change, the department will provide an additional line on the sales tax return for lessor's to report this amount separately.
- The department will notify lessor's of motor vehicles through the normal Sales Tax Law Change mailing that is sent out after the legislative session.
- There will additional computer systems development costs along with storage and on-going maintenance costs to capture this new tax type.
- There will also be additional accounting and distribution costs incurred.
- The effective date of this change is July 1, 2006

**Revenue Analysis Formula**

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
			(000's)	
General Fund	\$0	(\$32,100)	(\$25,060)	(\$32,210)
Highway User Tax Distribution Fund	\$0	\$18,400	\$14,920	\$19,330
Metropolitan Area Transit Fund	\$0	\$12,840	\$9,560	\$12,240
Greater Minnesota Transit Fund	\$0	\$850	\$580	\$640

Effective July 1, 2006

**Fiscal Impact Formula**

<b>Expenditures/Savings</b>	<b>FY '06</b>	<b>FY '07</b>	<b>FY '08</b>	<b>FY '09</b>	<b>FY '10</b>
1) Systems Development	\$0	\$3,500	\$0	\$0	\$0
2) Systems Support	\$0	\$1,400	\$1,400	\$1,400	\$1,400
3) Salaries – Acct & Distr.	\$0	\$2,000	\$2,000	\$2,000	\$2,000
<b>Total</b>	<b>\$0</b>	<b>\$6,900</b>	<b>\$3,400</b>	<b>\$3,400</b>	<b>\$3,400</b>

**Details**

- 1) Systems Development: Vendor cost to add a line to sales tax e-filings.
- 2) Systems Support: MA & ITS support throughout division to create specs and test various systems.
- 3) Salaries: Accounting Officer to account and distribute funds to correct accounts.

**Long-Term Fiscal Considerations**

None

**Local Government Costs**

None

**References/Sources**

FN Coord Signature: JOHN POWERS

Date: 03/21/06 Phone: 556-4054

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ALEXANDRA BROAT

Date: 03/22/06 Phone: 296-1700

1.2 A bill for an act  
 1.3 relating to taxation; changing the deposit of revenues from the sales tax on motor  
 1.4 vehicle leases; amending Minnesota Statutes 2004, section 297A.94; Minnesota  
 Statutes 2005 Supplement, section 297A.815, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2005 Supplement, section 297A.815, is amended by  
 1.7 adding a subdivision to read:

1.8 Subd. 3. Deposit of revenues. (a) Notwithstanding any law to the contrary, money  
 1.9 collected and received under this section must be deposited as provided in this subdivision.

1.10 (b) From July 1, 2007, to June 30, 2008, 32 percent of the money collected and  
 1.11 received must be deposited in the highway user tax distribution fund, 20.5 percent must be  
 1.12 deposited in the metropolitan area transit fund under section 16A.88, and 1.25 percent  
 1.13 must be deposited in the greater Minnesota transit fund under section 16A.88. The  
 1.14 remaining money must be deposited in the general fund.

1.15 (c) From July 1, 2008, to June 30, 2009, 44.25 percent of the money collected and  
 1.16 received must be deposited in the highway user tax distribution fund, 28.025 percent must  
 1.17 be deposited in the metropolitan area transit fund under section 16A.88, 1.475 percent  
 1.18 must be deposited in the greater Minnesota transit fund under section 16A.88. The  
 1.19 remaining money must be deposited in the general fund.

1.20 (d) From July 1, 2009, to June 30, 2010, 50.25 percent of the money collected and  
 1.21 received must be deposited in the highway user tax distribution fund, 31.825 percent must  
 1.22 be deposited in the metropolitan area transit fund under section 16A.88, 1.675 percent  
 1.23 must be deposited in the greater Minnesota transit fund under section 16A.88. The  
 1.24 remaining money must be deposited in the general fund.

2.1 (e) From July 1, 2010, to June 30, 2011, 56.25 percent of the money collected and  
2.2 received must be deposited in the highway user tax distribution fund, 35.625 percent must  
2.3 be deposited in the metropolitan area transit fund under section 16A.88, 1.875 percent  
2.4 must be deposited in the greater Minnesota transit fund under section 16A.88. The  
2.5 remaining money must be deposited in the general fund.

2.6 (f) On and after July 1, 2011, 60 percent of the money collected and received must  
2.7 be deposited in the highway user tax distribution fund, 38 percent must be deposited in the  
2.8 metropolitan area transit fund under section 16A.88, and two percent must be deposited in  
2.9 the greater Minnesota transit fund under section 16A.88.

2.10 Sec. 2. Minnesota Statutes 2005 Supplement, section 297A.815, is amended by adding  
2.11 a subdivision to read:

2.12 Subd. 4. Reporting of tax proceeds. A lessor must report taxes collected under  
2.13 this section separately from any other taxes collected and remitted under this chapter or  
2.14 chapter 297B.

2.15 Sec. 3. Minnesota Statutes 2004, section 297A.94, is amended to read:

2.16 **297A.94 DEPOSIT OF REVENUES.**

2.17 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
2.18 including interest and penalties, derived from the taxes imposed by this chapter in the state  
2.19 treasury and credit them to the general fund.

2.20 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
2.21 account in the special revenue fund if:

2.22 (1) the taxes are derived from sales and use of property and services purchased for  
2.23 the construction and operation of an agricultural resource project; and

2.24 (2) the purchase was made on or after the date on which a conditional commitment  
2.25 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

2.26 The commissioner of finance shall certify to the commissioner the date on which the  
2.27 project received the conditional commitment. The amount deposited in the loan guaranty  
2.28 account must be reduced by any refunds and by the costs incurred by the Department of  
2.29 Revenue to administer and enforce the assessment and collection of the taxes.

2.30 (c) The commissioner shall deposit the revenues, including interest and penalties,  
2.31 derived from the taxes imposed on sales and purchases included in section 297A.61,  
2.32 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them  
2.33 as follows:

3.1 (1) first to the general obligation special tax bond debt service account in each fiscal  
3.2 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

3.3 (2) after the requirements of clause (1) have been met, the balance to the general  
3.4 fund.

3.5 (d) The commissioner shall deposit the revenues, including interest and penalties,  
3.6 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
3.7 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
3.8 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
3.9 subdivision 5, for the previous calendar year.

3.10 (e) The commissioner shall deposit the revenues, including interest and penalties,  
3.11 collected under section 297A.815, subdivisions 1 and 2, as provided in section 297A.815,  
3.12 subdivision 3.

3 ~~(e)~~ (f) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent;  
3.14 and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest  
3.15 and penalties, transmitted to the commissioner under section 297A.65, must be deposited  
3.16 by the commissioner in the state treasury as follows:

3.17 (1) 50 percent of the receipts must be deposited in the heritage enhancement account  
3.18 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
3.19 protect fish and wildlife resources, including conservation, restoration, and enhancement  
3.20 of land, water, and other natural resources of the state;

3.21 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
3.22 may be spent only for state parks and trails;

3 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
3.24 may be spent only on metropolitan park and trail grants;

3.25 (4) three percent of the receipts must be deposited in the natural resources fund, and  
3.26 may be spent only on local trail grants; and

3.27 (5) two percent of the receipts must be deposited in the natural resources fund,  
3.28 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and  
3.29 Conservatory, and the Duluth Zoo.

3.30 ~~(f)~~ (g) The revenue dedicated under paragraph ~~(e)~~ (f) may not be used as a substitute  
3.31 for traditional sources of funding for the purposes specified, but the dedicated revenue  
3.32 shall supplement traditional sources of funding for those purposes. Land acquired with  
3.33 money deposited in the game and fish fund under paragraph ~~(e)~~ (f) must be open to public  
3.34 hunting and fishing during the open season, except that in aquatic management areas or  
3.35 on lands where angling easements have been acquired, fishing may be prohibited during  
3.36 certain times of the year and hunting may be prohibited. At least 87 percent of the money

4.1 deposited in the game and fish fund for improvement, enhancement, or protection of fish  
4.2 and wildlife resources under paragraph ~~(e)~~ (f) must be allocated for field operations.

4.3 **Sec. 4. REVISOR'S INSTRUCTION.**

4.4 In Minnesota Statutes 2004, section 97A.055, subdivision 2, clause (7), the revisor  
4.5 of statutes shall remove "297A.94, paragraph (e), clause (1)," and insert "297A.94,  
4.6 paragraph (f), clause (1)," to reflect the change made in section 3.

4.7 **Sec. 5. EFFECTIVE DATE.**

4.8 Sections 1 to 4 are effective July 1, 2006.

1.1 Senator ..... moves to amend S.F. No. 2651 as follows:

1.2 Page 4, line 8, delete "July 1, 2006" and insert "upon approval of the constitutional  
1.3 amendment proposed to the people by Laws 2005, chapter 80, section 9"



1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

2 **S.F. No. 2651:** A bill for an act relating to taxation; changing the deposit of revenues  
1.3 from the sales tax on motor vehicle leases; amending Minnesota Statutes 2004, section  
1.4 297A.94; Minnesota Statutes 2005 Supplement, section 297A.815, by adding subdivisions.

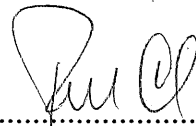
1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Page 4, line 8, delete "2006" and insert "2007, if the constitutional amendment  
1.7 proposed to the people by Laws 2005, chapter 88, article 3, section 9, is approved"

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

1.9 .....  
1.10 (Committee Chair)

1.11 May 15, 2006 .....  
2 (Date of Committee recommendation)



J-15-06

**Consolidated Fiscal Note – 2005-06 Session**

**Bill #:** S3049-2E **Complete Date:** 04/06/06

**Chief Author:** HOTTINGER, JOHN

**Title:** FINANCING STMTS JUDICIAL REVIEW PROC

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

**Agencies:** Supreme Court (04/06/06)  
Public Defense Board (04/05/06)

Corrections Dept (04/06/06)  
Sentencing Guidelines Comm (04/04/06)

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
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Consolidated EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING  
Date: 04/06/06 Phone: 296-7964

**Fiscal Note – 2005-06 Session**

**Bill #:** S3049-2E **Complete Date:** 04/06/06

**Chief Author:** HOTTINGER, JOHN

**Title:** FINANCING STMTS JUDICIAL REVIEW PROC

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

**Agency Name:** Supreme Court

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

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

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

### **Bill Description**

This bill establishes a process for expedited judicial review of financing statements in cases where there is reason to believe that a statement or other record is fraudulent or otherwise improper. A gross misdemeanor penalty is created for filing a fraudulent financing statement under the Uniform Criminal Code. The offense becomes a felony, with a statutory maximum of 5 years if: the violation is a subsequent offense, is committed with intent to influence or otherwise tamper with a juror or a judicial proceeding, or with intent to retaliate against a judicial officer, prosecutor, defense attorney, or officer of the court.

The effective date is August 1, 2006 and it applies to offenses committed on or after that date.

### **Assumptions**

It is not known how many new convictions will result from the provisions of this bill, but it is assumed that the number is limited, particularly for the felony provisions.

### **Expenditure and/or Revenue Formula**

Based on the assumption that the number of cases is likely to be small, the workload will be absorbed within existing court resources.

### **Long-Term Fiscal Considerations**

### **Local Government Costs**

### **References/Sources**

FN Coord Signature: JUDY REHAK  
Date: 04/06/06 Phone: 297-7800

### **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING  
Date: 04/06/06 Phone: 296-7964

**Fiscal Note – 2005-06 Session**

**Bill #: S3049-2E Complete Date: 04/05/06**

**Chief Author: HOTTINGER, JOHN**

**Title: FINANCING STMTS JUDICIAL REVIEW PROC**

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

**Agency Name: Public Defense Board**

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

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

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

This bill version has no fiscal effect on our agency.

FN Coord Signature: KEVIN KAJER  
Date: 04/05/06 Phone: 349-2565

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING  
Date: 04/05/06 Phone: 296-7964

**Fiscal Note – 2005-06 Session**

**Bill #:** S3049-2E **Complete Date:** 04/06/06

**Chief Author:** HOTTINGER, JOHN

**Title:** FINANCING STMTS JUDICIAL REVIEW PROC

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

**Agency Name:** Corrections Dept

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

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

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description**

The proposed legislation will establish a process for expedited judicial review of financing statements in cases where there is reason to believe that a statement or other record is fraudulent or otherwise improper. Penalties are gross misdemeanors, and become felonies if the violation is a subsequent offense or is committed with intent to influence or otherwise tamper with a juror or a judicial proceeding, or with intent to retaliate against a judicial officer, prosecutor, defense attorney or officer of the court.

**Assumptions**

- It is not known how many new convictions will result from the provisions of this bill, but it is expected the number will be limited.
- Felony offenses are likely to be ranked at a severity level where most offenders will be recommended probation, therefore the projected impact on state correctional resources is minimal.
- There will be minimal impact on supervision caseloads statewide, however the cumulative effect could be significant as new offenses or penalty enhancements are enacted.
- The bill is effective August 1, 2006 and applies to crimes committed on or after that date.

**Expenditure and/or Revenue Formula**

N/A

**Long-Term Fiscal Considerations**

N/A

**Local Government Costs**

The fiscal impact of this bill on local correctional resources is expected to be minimal.

**References/Sources**

Department of Corrections Staff  
Minnesota Sentencing Guidelines

FN Coord Signature: DENNY FONSECA

Date: 04/06/06 Phone: 642-0220

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING

Date: 04/06/06 Phone: 296-7964



**Fiscal Note -- 2005-06 Session**

**Bill #:** S3049-2E **Complete Date:** 04/04/06

**Chief Author:** HOTTINGER, JOHN

**Title:** FINANCING STMTS JUDICIAL REVIEW PROC

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

**Agency Name:** Sentencing Guidelines Comm

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

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

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Fiscal Note for SF3049\_2E:**  
**Financing Statements: Criminal Penalties**  
Minnesota Sentencing Guidelines Commission  
April 3, 2006

---

*Minimal impact on state prison and local correctional resources.*

**Bill Description**

This bill establishes a process for expedited judicial review of financing statements in cases where there is reason to believe that a statement or other record is fraudulent or otherwise improper. A gross misdemeanor penalty is created for filing a fraudulent financing statement under the Uniform Criminal Code. The offense becomes a felony, with a statutory maximum of 5 years if: the violation is a subsequent offense, is committed with intent to influence or otherwise tamper with a juror or a judicial proceeding, or with intent to retaliate against a judicial officer, prosecutor, defense attorney, or officer of the court.

The effective date is August 1, 2006 and it applies to offenses committed on or after that date.

**Assumptions and Impact on State and Local Correctional Resources**

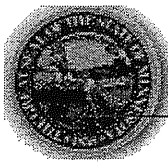
It is not known how many new convictions will result from the provisions of this bill, but it is assumed that the number is limited, particularly for the felony provisions. Because of the statutory maximum, the felony offense is likely to be ranked at a severity level where most offenders are recommended probation. Therefore, it is estimated that this bill will have minimal impact on state and local correctional resources.

FN Coord Signature: ANNE WALL  
Date: 04/04/06 Phone: 297-2092

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING  
Date: 04/04/06 Phone: 296-7964



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Secretary of State

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 The Current Available Balance in Your Client Account is: \$3,186.00

**Debtor Name Inquiry**

Records on file are current through: 4/24/2006 5:00:00 PM

This search debtor name search was performed on 4/27/2006 9:47:12 AM with the following search parameters:

**The page count next to the original UCC financing statement on this screen reflects the number of pages for the original and all amendments.**

**The page count listed next to the amendment line reflects the number of pages for each amendment.**

DEBTOR NAME: pawlenty

CITY: [Not Specified]

Records 1 to 1 of 1

<u>Order</u>	<u>Filing #</u>	<u>Cart &amp; Frame</u>	<u>DTN</u>	<u>Filing Type</u>	<u>Filing Date</u>	<u>Pages</u>	<u>Lapse Date</u>
<input checked="" type="checkbox"/>	200412034634	0	9273380002	Transmitting Utility	6/2/2004	105	n/a
<input type="checkbox"/>	20061164803	0	18233030002	Correction Statement	4/26/2006	1	n/a

Debtor	MICHAEL HATCH	445 MINNESOTA STR SAINT PAUL, MN, 55101	County:
Debtor	TIMOTHY PAWLENTY	130 STATE CAPITOL SAINT PAUL, MN, 55155	County:
Debtor	JOAN FABIAN	1450 ENERGY PK DRV SAINT PAUL, MN, 55108	County:
Debtor	SHERYL RAMSTAD HAVASS	1450 ENERGY PARK DRV SAINT PAUL, MN, 55108	County:
Debtor	DENNIS L BENSON	1450 ENERGY PARK DRV SAINT PAUL, MN, 55108	County:
Debtor	DAN HILLERIN	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	DALLAS C SAMS	RT 1 BOX 284 STAPLES, MN, 56479	County:
Debtor	MARTY SEIFERT	401 MASON STR MARSHALL, MN, 56258	County:
Debtor	THOMAS NEUVILLE	5119 EBEL WAY NORTHFIELD, MN,	County:

		55057	
Debtor	JANE RANUM	5045 ALDRICH AVE S MINNEAPOLIS, MN, 55419	County:
Debtor	DIANA LIND	1450 ENERGY PARK DRV SAINT PAUL, MN, 55108	County:
Debtor	GERALD SPIESS	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	BARBARA OVERLAND	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	BARBARA LARSON	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	MICHELL HENDRICKSON	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	RACHAEL CLAUSEN	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	JEAN RUDEBECK	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	BECKY LOUREY	BOX 100 STAR RT KERRICK, MN, 55756	County:
Debtor	MARY MC COMB	1450 ENERGY PK DRV SAINT PAUL, MN, 55108	County:
Debtor	MARK LEVINGER	445 MINNESOTA STR SAINT PAUL, MN, 55101	County:
Debtor	RANDAL LUNDBORG	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	JOHN SOMMERVILLE	300 S SIXTH STR MINNEAPOLIS, MN, 55487	County:
Debtor	MICHAEL CUNNIFF	300 S SIXTH STR MINNEAPOLIS, MN, 55487	County:
Debtor	ERIC BESTE	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	GARY FISHER	205 ELM AVE MOOSE LAKE, MN, 55767	County:
Debtor	THOMAS HEFFELFINGER	300 S FOURTH STR MINNEAPOLIS, MN, 55415	County:

Debtor	ELIZABETH FRIES	111 WASHINGTON AVE S MINNEAPOLIS, MN, 55401	County:
Debtor	D STREBEL PIERCE	111 WASHINGTON AVE S MINNEAPOLIS, MN, 55401	County:
Debtor	ROCHELLE EASTMAN	100 S FIRST STR #127 MINNEAPOLIS, MN, 55401	County:
Debtor	ERIK SKON	1450 ENERGY PK DRV SAINT PAUL, MN, 55108	County:
Debtor	TERRY CARLSON	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Debtor	DWIGHT CLOSE	1450 ENERGY PK DRV SAINT PAUL, MN, 55108	County:
Debtor	JOAN HUME	300 S FOURTH STR MINNEAPOLIS, MN, 55415	County:
Debtor	MAVIS PRANGE	525 PORTLAND AVE S MINNEAPOLIS, MN, 55415	County:
Debtor	JAMES BENSON	1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:
Secured Party	DAVID JAMES JANNETTA	%1000 LAKESHORE DRV MOOSE LAKE, MN, 55767	County:

Records 1 to 1 of 1

Select All Filings:  Check this box to select all Original Filings WITHOUT Amendments.

Order COPIES of Selected Filings

Place Order for DEBTOR SEARCH

New Search

Instructions:

- Press 'New Search' if you wish to perform another web inquiry.
- Press 'Previous 15' or 'Next 15' to scroll through the results of this inquiry.
- Press 'Expand to Show Details' to show secured parties and filing history for this filing.
- Press 'Order Debtor Name Search' if you wish to have SOS perform a certified search of this debtor for a fee of \$20.00.
- Press 'Order Selected Filings' if you have clicked the order box for selected filings and wish to place a copy order for a fee of \$1.00 per page.
- Check 'Select All Filings' to indicate you want copies of all original filings without amendments, then Press 'Order Selected Filings'.

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**INVOICE**

CREDITOR		DATE	INVOICE NUMBER
David James Jannetta(c) c/o 1000 Lakeshore Drive Moose Lake, Minnesota Republic, usa Zip Exempt NON-DOMESTIC		April 26, 2004	04-1001
		<b>For Office Use Only</b>	
		M.H./MN ATT GEN/EXP: 06.01.04 7000 0600 0027 3571 6112	
<b>DEBITOR</b>		T.H./US ATT GEN/EXP: 06.01.04 700 0600 0027 3571 6129	
TIMOTHY PAWLENTY Timothy Pawlenty c/o 445 Minnesota Street 1100 NCL Tower St. Paul, Minnesota 55101-2128		C of C/4th JUD. DIST./EXP: 06.03.04 7000 0600 0027 3573 5755	
		<b>TERMS:</b> Cash	<b>FILE NO.:</b> 92036268
PRINCIPAL	DESCRIPTION	OCCURRANCES	EXTENDED AMOUNT
1,000,000.00	MAIL FRAUD	12	\$12,000,000.00
40,000.00	FORGERY	12	480,000.00
35,000.00	DISCRIMINATION	12	420,000.00
35,000.00	CONSPIRACY	12	420,000.00
20,000.00	COERCION	12	240,000.00
25,000.00	IMPEDING COMMERCE	12	300,000.00
75,000.00	SLANDER	12	900,000.00
500,000.00	RICO	12	6,000,000.00
	SUB TOTAL		\$20,760,000.00
	PUNITIVE DAMAGES		125,000.00
	LEGAL FEES		500,000.00
	SUB TOTAL		\$21,385,000.00
	TREBLE DAMAGES	X3	\$64,155,000.00
<b>TOTAL AMOUNT DUE</b> ----->			\$64,155,000.00

The total amount of this INVOICE is Sixty-four Million One Hundred Fifty-five Thousand United States Dollars (\$64,155,000.00). This amount is now due and owing. Payment is herewith demanded. Remit to CREDITOR.

SELF-EXECUTING SECURITY AGREEMENT

**WORDS DEFINED - GLOSSARY OF TERMS:** All. In this Self-executing Security Agreement the word "All" means everything one has; the whole number, totality, including both all and sundry; everyone; without restriction. **Authorized Representative.** In this Self-executing Security Agreement the term "Authorized Representative" means the Secured Party, David James Jannetta(c). **Debtor.** In this Self-executing Security Agreement the term "Debtor" means the person and/or persons listed under the heading of DEBITOR upon the face of this INVOICE. **CREDITOR.** In this Self-executing Security Agreement the term "Creditor" means the Secured Party, David James Jannetta(c). (c). In this Self-executing Security Agreement the term "(c)" means copyright - All Rights Reserved.

Upon receipt of this INVOICE, DEBITOR accepts the obligation of the consensual contract, whereby this INVOICE becomes the Security Agreement hereinafter "Security Agreement" wherein CREDITOR is the Secured Party, as of the date of this first INVOICE.

DEBITOR authenticates this Security Agreement wherein CREDITOR is Secured party; and wherein DEBITOR pledges all of DEBITORS property, i.e. all: motor vehicles; aircrafts; vessels; ships; trademarks; copyrights; patents; consumer goods; firearms; farm products; inventory; equipment; money; investment property; commercial tort claims; letters of credit; letter-of-credit rights; chattle paper; electronic chattel paper; tangivle chattel paper; certified securities; uncertified securities; promissory notes; payment intangibles; software; health-care-insurance receivables; instruments; deposit accounts; accounts; documents; livestock; real estate and real property - including all buildings, structures, fixtures, and appurtenances situated thereon, as well as affixed thereto - fixtures; manufactured homes; timber; crops; and as-extracted collateral, i.e. all oil, gas, and other minerals, as well as any and all accounts arising from the sale of the substances, both at wellhead and minehead; accessions, increases, and additions, replacements of, and substitutions for any of the property described hereinabove in this paragraph; products, produce, and proceeds of any of the property described hereinabove in this paragraph; accounts; general intangibles; instruments; monies; payments and contract rights; and all other rights, arising out of sale, lease and other disposition of any of the property described hereinabove in this paragraph; proceeds, including insurance, bonds, general intangibles, and account proceeds, from the sale, destruction, loss, and other disposition of any of the property described hereinabove in this paragraph; records and data involving any of the property described hereinabove in this paragraph, such as in the form of a writing, photograph, microfil, microfiche, tape, electronic media, and the like, together with all of DEBITORS rights, title, and interest in all computer software and hardware required for utilizing, creating, maintaining, and processing any such records and data in any electronic media, and all of DEBITORS interest in all such foregoing property in this paragraph, now owned and hereafter acquired, now existing and hereafter arising, and wherever located, as collateral for securing DEBITORS contractual obligations in favor of Secured Party.

DEBITOR consents and agrees with Secured Party's filing of any and all U.C.C. Financing Statements; that any such filings above are not and may not be considered bogus; to waive all defenses; to appoint CREDITOR as Authorized Representative for DEBITOR.

**STRICT FORECLOSURE:** Non-payment in full of fees itemized in this INVOICE within thirty (30) days authorizes Secured Party's immediate **NON-JUDICIAL** strict foreclosure on any and all remaining property and interest in property which is not in the possession of, nor otherwise disposed of by, Secured Party upon expiration of said thirty (30) days grace period.



A bill for an act

relating to commerce; providing an expedited process for the judicial review of financing statements; establishing civil and criminal liability for fraudulent or otherwise improper financing statements; proposing coding for new law in Minnesota Statutes, chapters 545; 604; 609.

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

**Section 1. [545.05] EXPEDITED PROCESS TO REVIEW AND DETERMINE THE EFFECTIVENESS OF FINANCING STATEMENTS.**

**Subdivision 1. Definitions.** (a) As used in this section, a financing statement or other record is fraudulent or otherwise improper if it is filed without the authorization of the obligor, person named as debtor, or owner of collateral described or indicated in the financing statement or other record, or by consent of an agent, fiduciary, or other representative of that person or without the consent of the secured party of record in the case of an amendment or termination.

(b) As used in this section, filing office or filing officer refers to the office or officer where a financing statement or other record is appropriately filed or recorded as provided by law, including, but not limited to, the county recorder, the secretary of state, and other related filing officers.

**Subd. 2. Motion.** An obligor, person named as a debtor, or owner of collateral described or indicated in a financing statement or other record filed under sections 336.9-101 to 336.9-709 (Uniform Commercial Code - Secured Transactions), who has reason to believe that the financing statement or other record is fraudulent or otherwise improper may complete and file at any time a motion for judicial review of the effectiveness of the financing statement or other record. A secured party of record who

2.1 believes that an amendment or termination of a financing statement or other record is  
2.2 fraudulent or otherwise improper may also file a motion.

2.3 Subd. 3. Service and filing. (a) The motion under subdivision 2 must be mailed  
2.4 by certified United States mail to the person who is indicated as the secured party on  
2.5 the allegedly fraudulent or improper record at the address listed on the record or, in the  
2.6 case of a filing by the secured party of record, to the address of the person who filed  
2.7 the amendment or termination in question, as listed on the record. The motion must be  
2.8 accompanied by a copy of the record in question, an affidavit of mailing, the form for  
2.9 responding to the motion under subdivision 6, and a copy of the text of this section.

2.10 (b) On the day the motion is mailed, a copy of the materials must be filed with the  
2.11 district court of the county in which the financing statement or other record has been filed  
2.12 or in the county of residence of the moving party. The motion must be supported by  
2.13 the affidavit of the moving party or the moving party’s attorney setting forth a concise  
2.14 statement of the facts upon which the claim for relief is based. There is no filing fee for a  
2.15 motion or a response filed under this section.

2.16 Subd. 4. Motion form. The motion must be in substantially the following form:

2.17 In Re: A Purported Financing Statement in the district court of ..... County,  
2.18 Minnesota, Against [Name of person who filed the financing statement]

2.19 MOTION FOR JUDICIAL REVIEW OF A FINANCING STATEMENT FILED  
2.20 UNDER THE UNIFORM COMMERCIAL CODE - SECURED TRANSACTIONS

2.21 ..... (name of moving party) files this motion requesting a judicial  
2.22 determination of the effectiveness of a financing statement or other record filed under the  
2.23 Uniform Commercial Code - Secured Transactions in the office of the ..... (filing  
2.24 office and location) and in support of the motion provides as follows:

2.25 I.

2.26 ..... (name), the moving party, is the [obligor, person named as a debtor, or  
2.27 owner of collateral described or indicated in] [secured party of record listed in] a financing  
2.28 statement or other record filed under the Uniform Commercial Code.

2.29 II.

2.30 On ..... (date), in the exercise of the filing officer’s official duties as .....  
2.31 (filing officer’s position), the filing officer received and filed or recorded the financing  
2.32 statement or other record, a copy which is attached, that purports to [perfect a security  
2.33 interest against the obligor, person named as debtor, or the owner of collateral described or  
2.34 indicated in the financing statement or other record] or [amend or terminate the financing  
2.35 statement in which the moving party is listed as the secured party of record].

2.36 III.

3.1 The moving party alleges that the financing statement or other record is fraudulent  
or otherwise improper and that this court should declare the financing statement or other  
3.3 record ineffective.

3.4 IV.

3.5 The moving party attests that the assertions in this motion are true and correct.

3.6 V.

3.7 The moving party does not request the court to make a finding as to any underlying  
3.8 claim of the parties involved and acknowledges that this motion does not seek review of  
3.9 an effective financing statement. The moving party further acknowledges that the moving  
3.10 party may be subject to sanctions if this motion is determined to be frivolous. The moving  
3.11 party may be contacted by the respondent at:

3.12 Mailing Address: (required)

3.13 Telephone Number:

3.14 Facsimile Number: (either facsimile or e-mail contact is required)

3.15 E-Mail Address: (either facsimile or e-mail contact is required)

3.16 REQUEST FOR RELIEF

3.17 The moving party requests the court to review the attached documentation and enter  
3.18 an order finding that the financing statement or other record is ineffective together with  
3.19 other findings as the court deems appropriate.

3.20 Respectfully submitted, ..... (Signature and typed name and address).

3.21 Subd. 5. Motion acknowledgment form. The form for the certificate of  
3.22 acknowledgment must be substantially as follows:

3.23 AFFIDAVIT

3.24 THE STATE OF MINNESOTA COUNTY OF .....

3.25 BEFORE ME, the undersigned authority, personally appeared ....., who, being by  
3.26 me duly sworn, deposed as follows:

3.27 "My name is ..... I am over 18 years of age, of sound mind, with personal  
3.28 knowledge of the following facts, and fully competent to testify.

3.29 I attest that the assertions contained in the accompanying motion are true and  
3.30 correct."

3.31 SUBSCRIBED and SWORN TO before me, this .... day of .....

3.32 NOTARY PUBLIC, State of [state name]

Notary's printed name: .....

3.34 My commission expires: .....

4.1 The motion must be supported by the affidavit of the moving party or the moving  
4.2 party's attorney setting forth a concise statement of the facts upon which the claim for  
4.3 relief is based.

4.4 Subd. 6. Motion affidavit of mailing form. The moving party shall complete an  
4.5 affidavit of mailing the motion to the court and to the respondent in substantially the  
4.6 following form:

4.7 State of Minnesota

4.8 County of .....

4.9 ....., the moving party, being duly sworn, on oath, deposes and says  
4.10 that on the .... day of ....., ....., the moving party mailed the motion to the court and  
4.11 the respondent by placing a true and correct copy of the motion in an envelope addressed  
4.12 to them as shown by certified United States mail at ....., Minnesota.

4.13 Subscribed and sworn to before me this .... day of ....., .....

4.14 Subd. 7. Response form. The person listed as [the secured party in] [filing] the  
4.15 record for which the moving party has requested review may respond to the motion and  
4.16 accompanying materials to request an actual hearing within 20 days from the mailing by  
4.17 certified United States mail by the moving party. The form for use by the person listed as  
4.18 [the secured party in] [filing] the record in question to respond to the motion for judicial  
4.19 review must be in substantially the following form:

4.20 In Re: A Purported Financing Statement in the district court of ..... County,  
4.21 Minnesota, Against [Name of person who filed the financing statement]

4.22 RESPONSE TO MOTION FOR JUDICIAL REVIEW OF A FINANCING  
4.23 STATEMENT FILED UNDER THE UNIFORM COMMERCIAL CODE  
4.24 - SECURED TRANSACTIONS

4.25 ..... (name) files this response to a motion requesting a judicial  
4.26 determination of the effectiveness of a financing statement or other record filed under the  
4.27 Uniform Commercial Code - Secured Transactions in the office of the ..... (filing  
4.28 office and location) and in support of the motion provides as follows:

4.29 I.

4.30 ..... (name), the respondent, is the person listed as [the secured party in]  
4.31 [filing] the record for which review has been requested by the moving party.

4.32 II.

4.33 On ..... (date), in the exercise of the filing officer's official duties as .....  
4.34 (filing officer's position), the filing officer received and filed or recorded the financing  
4.35 statement or other record, a copy which is attached, that purports to [perfect a security  
4.36 interest against] [amend or terminate a record filed by] the moving party.

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III.

Respondent states that the financing statement or other record is not fraudulent or otherwise improper and that this court should not declare the financing statement or other record ineffective.

IV.

Respondent attests that assertions in this response are true and correct.

V.

Respondent does not request the court to make a finding as to any underlying claim of the parties involved. Respondent further acknowledges that respondent may be subject to sanctions if this response is determined to be frivolous.

REQUEST FOR RELIEF

Respondent requests the court to review the attached documentation, to set a hearing for no later than five days after the date of this response or as soon after that as the court shall order and to enter an order finding that the financing statement or other record is not ineffective together with other findings as the court deems appropriate. Respondent may be contacted at:

- Mailing Address: (required)
- Telephone Number:
- Facsimile Number: (either facsimile or e-mail contact is required)
- E-Mail Address: (either facsimile or e-mail contact is required)
- Respectfully submitted, .....
- (Signature and typed name and address).

Subd. 8. Response acknowledgment form. The form for the certificate of acknowledgment must be substantially as follows:

AFFIDAVIT

THE STATE OF MINNESOTA COUNTY OF .....

BEFORE ME, the undersigned authority, personally appeared ....., who, being by me duly sworn, deposed as follows:

"My name is ..... I am over 18 years of age, of sound mind, with personal knowledge of the following facts, and fully competent to testify.

I attest that the assertions contained in the accompanying motion are true and correct."

SUBSCRIBED and SWORN TO before me, this .... day of .....

NOTARY PUBLIC, State of [state name]

Notary's printed name: .....

6.1 My commission expires: .....

6.2 Subd. 9. Response affidavit of mailing form. Respondent shall submit the  
6.3 response by United States mail to both the court and the moving party, and also by either  
6.4 e-mail or facsimile as provided by the moving party. The respondent shall complete an  
6.5 affidavit of mailing the response to the court and to the moving party in substantially  
6.6 the following form:

6.7 State of Minnesota

6.8 County of .....

6.9 ....., being the responding party, being duly sworn, on oath, deposes  
6.10 and says that on the .... day of ....., ....., respondent mailed the response to court  
6.11 and the moving party by placing a true and correct copy of the response in an envelope  
6.12 addressed to them as shown depositing the same with postage prepaid, in the U.S. Mail  
6.13 at ....., Minnesota.

6.14 Subscribed and sworn to before me this .... day of ....., .....

6.15 Subd. 10. Hearing. (a) If a hearing is timely requested, the court shall hold that  
6.16 hearing within five days after the mailing of the response by the respondent or as soon  
6.17 after that as ordered by the court. After the hearing, the court shall enter appropriate  
6.18 findings of fact and conclusions of law regarding the financing statement or other record  
6.19 filed under the Uniform Commercial Code.

6.20 (b) If a hearing request under subdivision 7 is not received by the court by the  
6.21 20th day following the mailing of the original motion, the court's finding may be made  
6.22 solely on a review of the documentation attached to the motion and without hearing any  
6.23 testimonial evidence. After that review, which must be conducted no later than five days  
6.24 after the 20-day period has expired, the court shall enter appropriate findings of fact and  
6.25 conclusions of law as provided in subdivision 11 regarding the financing statement or  
6.26 other record filed under the Uniform Commercial Code.

6.27 (c) A copy of the findings of fact and conclusions of law must be sent to the moving  
6.28 party, the respondent, and the person who filed the financing statement or other record at  
6.29 the address listed in the motion or response of each person within seven days of the date  
6.30 that the findings of fact and conclusions of law are issued by the court.

6.31 (d) In all cases, the moving party shall file or record an attested copy of the findings  
6.32 of fact and conclusions of law in the filing office in the appropriate class of records in  
6.33 which the original financing statement or other record was filed or recorded. The filing  
6.34 officer shall not collect a filing fee for filing a court's finding of fact and conclusion of  
6.35 law as provided in this section except as specifically directed by the court in its findings  
6.36 and conclusions.

7.1 Subd. 11. Order form; no hearing. The findings of fact and conclusion of law  
7.2 for an expedited review where no hearing has been requested must be in substantially  
7.3 the following form:

7.4 MISCELLANEOUS DOCKET No. ....

7.5 In Re: A purported Financing Statement in the district court of .....  
7.6 County, Minnesota, Against [Name of person who filed financing statement]

7.7 Judicial Finding of Fact and Conclusion of Law Regarding a Financing Statement or  
7.8 Other Record Filed Under the Uniform Commercial Code - Secured Transactions

7.9 On the (number) day of (month), (year), in the above entitled and numbered cause,  
7.10 this court reviewed a motion, verified by affidavit, of (name) and the documentation  
7.11 attached. The respondent did not respond within the required 20-day period. No testimony  
7.12 was taken from any party, nor was there any notice of the court’s review, the court  
7.13 having made the determination that a decision could be made solely on review of the  
7.14 documentation as provided in Minnesota Statutes, section 545.05.

7.15 The court finds as follows (only an item or subitem checked and initialed is a valid  
7.16 court ruling):

7.17 [.] The documentation attached to the motion IS filed or recorded with the  
7.18 authorization of the obligor, person named as debtor, or owner of collateral described or  
7.19 indicated in the financing statement or other record, or by consent of an agent, fiduciary, or  
7.20 other representative of that person, or with the authorization of the secured party of record  
7.21 in the case of an amendment or termination.

7.22 [.] The documentation attached to the motion IS NOT filed or recorded with the  
7.23 authorization of the obligor, person named as debtor, or owner of collateral described or  
7.24 indicated in the documentation, or by consent of an agent, fiduciary, or other representative  
7.25 of that person, or with the authorization of the secured party of record in the case of an  
7.26 amendment or termination and, IS NOT an effective financing statement or other record  
7.27 under the Uniform Commercial Code - Secured Transactions law of this state.

7.28 [.] This court makes no finding as to any underlying claims of the parties involved  
7.29 and expressly limits its findings of fact and conclusions of law to the review of a  
7.30 ministerial act. The filing officer shall remove the subject financing statement or other  
7.31 record so that the record is not reflected in or obtained as a result of any search, standard  
7.32 or otherwise, conducted of those records, but shall retain them and these findings of fact  
7.33 and conclusions of law in the filing office for the duration of the period for which they  
7.34 would have otherwise been filed.

7.35 SIGNED ON THIS THE ..... DAY of .....

7.36 ..... District Judge

8.1 ..... District

8.2 ..... County, Minnesota

8.3 Subd. 12. **Hearing determination.** If a determination is made after a hearing, the  
8.4 court may award the prevailing party all costs related to the entire review, including, but  
8.5 not limited to, filing fees, attorney fees, administrative costs, and other costs.

8.6 Subd. 13. **Subsequent motion.** If the moving party files a subsequent motion under  
8.7 this section against a person filing a financing statement or other record that is reviewed  
8.8 under this section and found to be filed or recorded with the authorization of the obligor,  
8.9 person named as debtor, or owner of collateral described or indicated in the financing  
8.10 statement or other record, or by consent of an agent, fiduciary, or other representative of  
8.11 that person, or with the authorization of the secured party of record in the case of an  
8.12 amendment or termination, the court may, in addition to assessing costs, order other  
8.13 equitable relief against the moving party or enter other sanctions against the moving party.

8.14 Subd. 14. **Judicial officers.** The chief judge of a district court may order that any  
8.15 or all proceedings under this section be conducted and heard by other judicial officers of  
8.16 that district court.

8.17 Sec. 2. **[604.18] CIVIL LIABILITY FOR FRAUDULENT OR OTHERWISE**  
8.18 **IMPROPER FINANCING STATEMENTS.**

8.19 Subdivision 1. **Definitions.** For purposes of this section:

8.20 (1) "financing statement" has the meaning given in section 336.9-102(a) of the  
8.21 Uniform Commercial Code; and

8.22 (2) "filing officer" is defined as Uniform Commercial Code filing officer in each  
8.23 jurisdiction.

8.24 Subd. 2. **Liability.** (a) A person shall not knowingly cause to be presented for filing  
8.25 or promote the filing of a financing statement that the person knows:

8.26 (1) is forged;

8.27 (2) is not:

8.28 (i) related to a valid lien or security agreement; or

8.29 (ii) filed pursuant to section 336.9-502(d); and

8.30 (3) is for an improper purpose or purposes, such as to harass, hinder, defraud, or  
8.31 otherwise interfere with any person.

8.32 (b) A person who violates paragraph (a) is liable to each injured person for:

8.33 (1) the greater of:

8.34 (i) nominal damages up to \$10,000; or

8.35 (ii) the actual damages caused by the violation;



- 9.1 (2) court costs;  
9.2 (3) reasonable attorney fees;  
9.3 (4) related expenses of bringing the action, including investigative expenses; and  
9.4 (5) exemplary damages in the amount determined by the court.

9.5 Subd. 3. Cause of action. (a) The following persons may bring an action to enjoin  
9.6 violation of this section or to recover damages under this section:

9.7 (1) the obligor, the person named as the debtor, any person who owns an interest  
9.8 in the collateral described or indicated in the financing statement, or any person harmed  
9.9 by the filing of the financing statement;

9.10 (2) the attorney general;

9.11 (3) a county attorney;

9.12 (4) a city attorney; and

9.13 (5) a person who has been damaged as a result of an action taken in reliance on the  
9.14 filed financing statement.

9.15 (b) A filing officer may refer a matter to the attorney general or other appropriate  
9.16 person for filing the legal actions under this section.

9.17 Subd. 4. Venue. An action under this section may be brought in any district court in  
9.18 the county in which the financing statement is presented for filing or in a county where  
9.19 any of the persons named in subdivision 3, paragraph (a), clause (1), resides.

9.20 Subd. 5. Filing fee. (a) The fee for filing an action under this chapter is \$..... The  
9.21 plaintiff must pay the fee to the clerk of the court in which the action is filed. Except as  
9.22 provided by paragraph (b), the plaintiff may not be assessed any other fee, cost, charge, or  
9.23 expense by the clerk of the court or other public official in connection with the action.

9.24 (b) The fee for service of notice of an action under this section charged to the  
9.25 plaintiff may not exceed:

9.26 (1) \$..... if the notice is delivered in person; or

9.27 (2) the cost of postage if the service is by registered or certified mail.

9.28 (c) A plaintiff who is unable to pay the filing fee and fee for service of notice may file  
9.29 with the court an affidavit of inability to pay under the Minnesota Rules of Civil Procedure.

9.30 (d) If the fee imposed under paragraph (a) is less than the filing fee the court imposes  
9.31 for filing other similar actions and the plaintiff prevails in the action, the court may order a  
9.32 defendant to pay to the court the differences between the fee paid under paragraph (a) and  
9.33 the filing fee the court imposes for filing other similar actions.

9.34 Subd. 6. Other remedies. (a) An obligor, person named as a debtor, owner of  
9.35 collateral, or any other person harmed by the filing of a financing statement in violation of  
9.36 subdivision 2, paragraph (a), also may request specific relief, including, but not limited

10.1 to, terminating the financing statement and removing the debtor named in the financing  
10.2 statement from the index under the provisions of section 545.05, paragraph (c), such that it  
10.3 will not appear in a search under that debtor name.

10.4 (b) This law is cumulative of other law under which a person may obtain judicial  
10.5 relief with respect to any filed or recorded document.

10.6 **Sec. 3. [609.7475] FRAUDULENT OR OTHERWISE IMPROPER FINANCING**  
10.7 **STATEMENTS.**

10.8 Subdivision 1. Definition. As used in this section, "record" has the meaning given  
10.9 in section 336.9-102.

10.10 Subd. 2. Crime described. A person who:

10.11 (1) knowingly causes to be presented for filing or promotes the filing of a record that:

10.12 (i) is not:

10.13 (A) related to a valid lien or security agreement; or

10.14 (B) filed pursuant to section 336.9-502(d); or

10.15 (ii) contains a forged signature or is based upon a document containing a forged  
10.16 signature; or

10.17 (2) presents for filing or causes to be presented for filing a record with the intent that  
10.18 it be used to harass or defraud any other person;

10.19 is guilty of a crime and may be sentenced as provided in subdivision 3.

10.20 Subd. 3. Penalties. (a) Except as provided in paragraph (b), a person who violates  
10.21 subdivision 2 is guilty of a gross misdemeanor.

10.22 (b) A person who violates subdivision 2 is guilty of a felony and may be sentenced  
10.23 to imprisonment for not more than five years or to payment of a fine of not more than  
10.24 \$10,000, or both, if the person:

10.25 (1) commits the offense with intent to influence or otherwise tamper with a juror or a  
10.26 judicial proceeding or with intent to retaliate against a judicial officer, as defined in section  
10.27 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's  
10.28 performance of official duties in connection with a judicial proceeding; or

10.29 (2) commits the offense after having been previously convicted of a violation  
10.30 of this section.

10.31 Subd. 4. Venue. A violation of this section may be prosecuted in either the county  
10.32 of residence of the individual listed as debtor or the county in which the filing is made.

10.33 EFFECTIVE DATE. This section is effective August 1, 2006, and applies to crimes  
10.34 committed on or after that date.

1.1 Senator Cohen from the Committee on Finance, to which was re-referred

1.3 S.F. No. 3049: A bill for an act relating to commerce; providing an expedited  
1.4 process for the judicial review of financing statements; establishing civil and criminal  
1.5 liability for fraudulent or otherwise improper financing statements; proposing coding for  
new law in Minnesota Statutes, chapters 545; 604; 609.


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

1.7 Page 10, after line 34, insert:

1.8 "Sec. 4. EFFECTIVE DATE.

1.9 Sections 1 and 2 are effective the day following final enactment."

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

1.11   
1.12 .....  
(Committee Chair)

1.13 May 15, 2006 ..... 5-15-06  
1.14 (Date of Committee recommendation)

**Fiscal Note – 2005-06 Session**

**Bill #:** S1640-1A **Complete Date:** 04/10/06

**Chief Author:** KISCADEN, SHEILA

**Title:** HEALTHCARE PROVIDER EXP REPORTING

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
<b>Expenditures</b>					
Misc Special Revenue Fund			3	3	3
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
Misc Special Revenue Fund			3	3	3
<b>Revenues</b>					
Misc Special Revenue Fund			3	3	3
<b>Net Cost &lt;Savings&gt;</b>					
Misc Special Revenue Fund			0	0	0
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

## **Bill Description**

### **Section 1**

Defines "major spending commitments" as those in excess of \$5 million. Requires providers who intend to make a major spending commitment to file a report with the Commissioner at least 60 days before committing to make the expenditure. Report to include information outlined in Minnesota statutes section 62J.17, subdivision 4a, paragraphs (b) and (c). Requires the Commissioner of Health to notify all persons who have registered to receive notice of major expenditure reports, via email communication and publication in the State Register. Permits third parties to request a public meeting on major expenditures within 30 days from the notice described above. Requires providers who are the subject of public meetings to provide information about the proposed project at the meeting, including information on need and access, impact of the proposed project on the quality of services provided by other providers, financial feasibility, costs, impact on charges for health services, and other factors. Costs of the meeting are to be paid by the requesting third party to the Commissioner. Directs the Commissioner to arrange for and coordinate the meetings.

## **Assumptions**

### **Section 1**

Under the current capital expenditure reporting act (Minnesota Statutes 62J.17), the Department of Health receives an average of 12 reports each year for projects with a cost that exceeds \$5 million. We estimate that the Department will continue to receive 12 reports per year, with six requests for public meetings. Costs for posting notices of all major expenditures filings in the State Register, finding/reserving space for meetings, posting public announcements of upcoming public meetings or hearings in the State Register and through other media as necessary, and other necessary preparations are estimated at \$100 per major expenditure report and \$300 per public meeting for a total of \$3,000 each fiscal year. These costs will be recovered through revenues from the requesting parties. It is assumed that payments from requesters will be directed to the miscellaneous special revenue fund.

## **Expenditure and/or Revenue Formula**

Costs amounting to \$3,000 each year will be recovered through revenues from the requesting parties.

## **Long-Term Fiscal Considerations**

## **Local Government Costs**

## **References/Sources**

Agency Contact Name: Scott Leitz (651-282-6361)  
FN Coord Signature: MARGARET KELLY  
Date: 04/03/06 Phone: 201-5812

## **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: CRAIG WIEBER  
Date: 04/10/06 Phone: 282-5065

1 A bill for an act  
1.2 relating to health; modifying certain provider, hospital, and outpatient surgical  
1.3 center reporting requirements; modifying requirements for health board  
1.4 directories of licensees; providing for a price disclosure reminder; amending  
1.5 Minnesota Statutes 2004, sections 144.698, by adding a subdivision; 144.99,  
1.6 subdivision 1; Minnesota Statutes 2005 Supplement, section 214.071; proposing  
1.7 coding for new law in Minnesota Statutes, chapters 62J; 214.

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

1.9 Section 1. 62J.18] PROVIDER REPORTING IN EXCESS OF \$5,000,000.

1.10 Subdivision 1. Applicability; definitions. (a) For purposes of this section, the  
1.11 terms used have the meanings given in section 62J.17, subdivision 2, except that "major  
1.12 spending commitment" means an expenditure in excess of \$5,000,000.

1.13 (b) This section applies to providers and to persons who would become providers  
1.14 after making the expenditures described in subdivision 2. This section does not apply  
1.15 to hospital construction projects subject to the hospital construction moratorium under  
1.16 section 144.551 or to the public interest review under section 144.552.

1.17 Subd. 2. Reporting requirement. (a) A provider that intends to make a major  
1.18 spending commitment in excess of \$5,000,000 for an acquisition, by purchase or lease,  
1.19 of a unit of medical equipment or in excess of \$5,000,000 for a single capital project for  
1.20 the purposes of providing health care services must file a report with the commissioner at  
1.21 least 60 days before committing to make the expenditure. The report must contain the  
1.22 information described in section 62J.17, subdivision 4a, paragraphs (b) and (c).

1.23 (b) The commissioner shall maintain a database to track expenditures reported  
1.24 under this subdivision.

2.1 (c) The commissioner shall maintain a list of all persons who have registered with  
2.2 the commissioner for the purpose of receiving notice by electronic mail of a report  
2.3 filed under this subdivision. The commissioner shall, within 15 days of receiving an  
2.4 expenditure report, provide notice of such report by electronic mail to all persons on its  
2.5 list, and by publication in the State Register. The notice must include either a copy of the  
2.6 report or an easily understandable description of the proposed expenditure in the report.  
2.7 The notice in the State Register must include a copy of the report, along with an easily  
2.8 understandable description of the proposed expenditure in the report. In addition, the  
2.9 commissioner shall make reasonable efforts to notify persons or classes of persons who  
2.10 may be significantly affected by the proposed expenditure in the report. The commissioner  
2.11 may recover the reasonable costs incurred in providing notice as required in this paragraph  
2.12 through costs paid by third parties involved in proceedings described in this section.

2.13 (d) No provider may commit to making the expenditure until the procedures  
2.14 described in this section are completed.

2.15 Subd. 3. Exceptions. (a) This section does not apply to an expenditure:

2.16 (1) to replace existing equipment with comparable equipment used for direct patient  
2.17 care. Upgrades of equipment beyond the current model or comparable model are subject  
2.18 to this section;

2.19 (2) made by a research and teaching institution for purposes of conducting medical  
2.20 education, medical research supported or sponsored by a medical school or by a federal or  
2.21 foundation grant, or clinical trials;

2.22 (3) to repair, remodel, or replace existing buildings or fixtures if, in the judgment  
2.23 of the commissioner, the project does not involve a substantial expansion of the service  
2.24 capacity or a substantial change in the nature of health care services provided;

2.25 (4) for building maintenance, including heating, water, electricity, and other  
2.26 maintenance-related expenditures;

2.27 (5) for activities not directly related to the delivery of patient care services, including  
2.28 food service, laundry, housekeeping, and other service-related activities; or

2.29 (6) for computer equipment or data systems not directly related to the delivery of  
2.30 patient care services, including computer equipment or data systems related to medical  
2.31 record automation.

2.32 (b) In addition to the exceptions listed in paragraph (a), this section does not apply to  
2.33 mergers, acquisitions, and other changes in ownership or control that, in the judgment  
2.34 of the commissioner, do not involve a substantial expansion of service capacity or a  
2.35 substantial change in the nature of health care services provided.

3.1 Subd. 4. Public meeting. (a) Within 30 days from the date the notice requirements  
3.2 of subdivision 2, paragraph (c), are satisfied, a third party may request a public meeting on  
3.3 expenditures that exceed \$5,000,000. The public meeting shall serve as an informational  
3.4 forum for the provider to answer inquiries of interested third parties.

3.5 (b) The commissioner shall arrange for and coordinate the meeting on an expedited  
3.6 basis. The party requesting the meeting shall pay the commissioner for the commissioner's  
3.7 cost of the meeting, as determined by the commissioner. Money received by the  
3.8 commissioner for reimbursement under this section is appropriated to the commissioner  
3.9 for the purpose of administering this section.

3.10 Subd. 5. Information required. If a public meeting is requested, the provider shall  
3.11 provide the following information to be presented at the meeting:

3.12 (1) need and access, including, but not limited to:

3.13 (i) the need of the population served or to be served by the proposed health services  
3.14 for those services;

3.15 (ii) the project's contribution to meeting the needs of the medically underserved,  
3.16 including persons in rural areas, low-income persons, racial and ethnic minorities, persons  
3.17 with disabilities, and the elderly, as well as the extent to which medically underserved  
3.18 residents in the provider's service area are likely to have access to the proposed health  
3.19 service; and

3.20 (iii) the distance, convenience, cost of transportation, and accessibility to health  
3.21 services for those to be served by the proposed health services;

3.22 (2) quality of health care, including, but not limited to:

3.23 (i) the impact of the proposed service on the quality of health services available to  
3.24 those proposed to be served by the project; and

3.25 (ii) the impact of the proposed service on the quality of health services offered  
3.26 by other providers;

3.27 (3) cost of health care, including, but not limited to:

3.28 (i) the financial feasibility of the proposal;  
3.29 (ii) probable impact of the proposal on the costs of and charges for providing health  
3.30 services by the person proposing the service;

3.31 (iii) probable impact of the proposal on the costs of and charges for health services  
3.32 provided by other providers;

3.33 (iv) probable impact of the proposal on reimbursement for the proposed services; and  
3.34 (v) the relationship, including the organizational relationship, of the proposed health  
3.35 services to ancillary or support services;

3.36 (4) alternatives available to the provider, including, but not limited to:



4.1 (i) the availability of alternative, less costly, or more effective methods of providing  
4.2 the proposed health services;

4.3 (ii) the relationship of the proposed project to the long-range development plan, if  
4.4 any, of the person or entity providing or proposing the services; and

4.5 (iii) possible sharing or cooperative arrangements among existing facilities and  
4.6 providers; and

4.7 (5) other considerations requested by the commissioner, including, but not limited to:

4.8 (i) the best interests of the patients, including conflicts of interest that may be  
4.9 present in influencing the utilization of the services, facility, or equipment relating to the  
4.10 expenditures;

4.11 (ii) special needs and circumstances of those entities that provide a substantial  
4.12 portion of their services or resources, or both, to individuals not residing in the immediate  
4.13 geographic area in which the entities are located, which entities may include, but are  
4.14 not limited to, medical and other health professional schools, multidisciplinary clinics,  
4.15 and specialty centers;

4.16 (iii) the special needs and circumstances of biomedical and behavioral research  
4.17 projects designed to meet a national need and for which local conditions offer special  
4.18 advantages; and

4.19 (iv) the impact of the proposed project on fostering competition between providers.

4.20 Subd. 6. Enforcement. The commissioner may enforce this section by denying or  
4.21 refusing to reissue the permit, license, registration, or certificate of a provider that does not  
4.22 comply with this section, according to section 144.99, subdivision 8.

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

4.24 Sec. 2. Minnesota Statutes 2004, section 144.698, is amended by adding a subdivision  
4.25 to read:

4.26 Subd. 6. Reporting on uncompensated care. (a) A report on the services provided  
4.27 to benefit the community, as required under subdivision 1, clause (5), must report charity  
4.28 care in compliance with the following requirements:

4.29 (1) For a facility to report amounts as charity care adjustments, the facility must:

4.30 (i) generate and record a charge;

4.31 (ii) have a policy on the provision of charity care that contains specific eligibility  
4.32 criteria and is communicated or made available to patients;

4.33 (iii) have made a reasonable effort to identify a third-party payer, encourage the  
4.34 patient to enroll in public programs, and, to the extent possible, aid the patient in the  
4.35 enrollment process; and

5.1 (iv) ensure that the patient meets the charity care criteria of this subdivision.

5.2 (2) In determining whether to classify care as charity care, the facility must consider  
5.3 the following:

5.4 (i) charity care may include services that the provider is obligated to render  
5.5 independently of the ability to collect;

5.6 (ii) charity care may include care provided to patients who meet the facility's charity  
5.7 care guidelines and have partial coverage, but who are unable to pay the remainder of their  
5.8 medical bills, but this does not apply to that portion of the bill that has been determined to  
5.9 be the patient's responsibility after a partial charity care classification by the facility;

5.10 (iii) charity care may include care provided to low-income patients who may qualify  
5.11 for a public health insurance program and meet the facility's eligibility criteria for charity  
5.12 care, but who do not complete the application process for public insurance despite the  
5 facility's reasonable efforts;

5.14 (iv) charity care may include care to individuals whose eligibility for charity care  
5.15 was determined through third-party services for information gathering purposes only;

5.16 (v) charity care does not include contractual allowances, which is the difference  
5.17 between gross charges and payments received under contractual arrangements with  
5.18 insurance companies and payers;

5.19 (vi) charity care does not include bad debt;

5.20 (vii) charity care does not include what may be perceived as underpayments for  
5.21 operating public programs;

5.22 (viii) charity care does not include unreimbursed costs of basic or clinical research  
5 or professional education and training;

5.24 (ix) charity care does not include professional courtesy discounts;

5.25 (x) charity care does not include community service or outreach activities; and

5.26 (xi) charity care does not include services for patients against whom collection  
5.27 actions were taken that resulted in a financial obligation documented on a patient's credit  
5.28 report with credit bureaus.

5.29 (3) When reporting charity care adjustments, the facility must report total dollar  
5.30 amounts and the number of contacts between a patient and a health care provider during  
5.31 which a service is provided for the following categories:

5.32 (i) care to patients with family incomes at or below 275 percent of the federal  
5.33 poverty guideline;

5.35 (ii) care to patients with family incomes above 275 percent of the federal poverty  
guideline; and

6.1 (iii) care to patients when the facility, with reasonable effort, is unable to determine  
6.2 family incomes.

6.3 (b) For the report required under subdivision 1, clause (5), the facility must, in  
6.4 determining whether to classify care as a bad debt expense:

6.5 (1) presume that a patient is able and willing to pay until and unless the facility has  
6.6 reason to consider the care as a charity care case under its charity care policy and the  
6.7 facility classifies the care as a charity care case; and

6.8 (2) include as a bad debt expense any unpaid deductibles, coinsurance, co-payments,  
6.9 noncovered services, and other unpaid patient responsibilities.

6.10 **EFFECTIVE DATE.** This section is effective for facility fiscal years ending on or  
6.11 after December 31, 2006.

6.12 Sec. 3. Minnesota Statutes 2004, section 144.99, subdivision 1, is amended to read:

6.13 Subdivision 1. **Remedies available.** The provisions of chapters 103I and 157 and  
6.14 sections 62J.18; 115.71 to 115.77; 144.12, subdivision 1, paragraphs (1), (2), (5), (6), (10),  
6.15 (12), (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1222; 144.35; 144.381 to  
6.16 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9509; 144.992;  
6.17 326.37 to 326.45; 326.57 to 326.785; 327.10 to 327.131; and 327.14 to 327.28 and all  
6.18 rules, orders, stipulation agreements, settlements, compliance agreements, licenses,  
6.19 registrations, certificates, and permits adopted or issued by the department or under any  
6.20 other law now in force or later enacted for the preservation of public health may, in  
6.21 addition to provisions in other statutes, be enforced under this section.

6.22 Sec. 4. Minnesota Statutes 2005 Supplement, section 214.071, is amended to read:

6.23 **214.071 HEALTH BOARDS; DIRECTORY OF LICENSEES.**

6.24 Each ~~health~~ health-related licensing board under chapters 147, 148, 148B, and 150A,  
6.25 as defined in section 214.01, subdivision 2, shall establish a directory of licensees that  
6.26 includes biographical data for each licensee.

6.27 Sec. 5. **[214.121] PRICE DISCLOSURE REMINDER.**

6.28 Each health-related licensing board shall at least annually inform and remind its  
6.29 licensees of the price disclosure requirements of section 62J.052 or 151.214, as applicable,  
6.30 through the board's regular means of communicating with its licensees.