

House Research Act Summary

CHAPTER: 9

SESSION: 2003 Special Session

TOPIC: Education Finance Omnibus Bill

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Table of Contents

Article 1: General Education	2
Article 2: Education Excellence.....	7
Article 3: Special Programs	15
Article 4: Facilities and Technology.....	19
Article 5: Nutrition; School Accounting; Other Programs	22
Article 6: Libraries.....	25
Article 7: Early Childhood Family Support.....	25
Article 8: Prevention	26
Article 9: Self-Sufficiency and Life Long Learning	27
Article 10: State Agencies	28
Article 11: Deficiencies	30
Article 12: Technical Amendments	30

Section**Article 1: General Education**

(Pg 2)

- 1 **Hours of instruction exemption.** Removes references to the hours of service for area learning centers.
- 2 **Extended year instruction.** Removes obsolete language relating to the number of hours required in the school year.
- 3 **Voluntary dissolution referendum revenue.** Eliminates obsolete language relating to referendum revenues for reorganized districts.
- 4 **Consolidation; maximum authorized referendum revenues.** Eliminates obsolete language relating to referendum revenues for reorganized districts.
- 5 **Alternative method.** Eliminates obsolete language relating to referendum revenue for reorganized districts.
- 6 **Student training.** Modifies school bus safety training requirements for students. Requires students in kindergarten through 10th grade to receive school bus safety training. Requires 9th and 10th grade students to receive instruction in the laws and proper procedures when operating a vehicle near a school bus. Requires each school transportation safety director to certify the student's bus safety training to the superintendent of the school district instead of the commissioner of children, families and learning.
- 7 **Model training program.** Eliminates training on the appropriate use of seat belts from the model training program developed by the commissioner.
- 8 **Comprehensive policy.** Eliminates a requirement that each district's comprehensive pupil transportation safety policy include:
 - ▶ a provision for notification regarding the district's seat belt policy;
 - ▶ a statement of bus driver duties;
 - ▶ provisions for annual bus driver in-service training; and
 - ▶ requirements for basic first aid training.

Eliminates the recommendation that school districts use the model policy developed jointly by the Minnesota School Boards Association and the Departments of Public Safety and Children, Families and Learning.
- 9 **Transportation definitions.** Clarifies the definitions of regular and excess transportation.
- 10 **Alternative attendance programs.** Clarifies that transportation services for students in alternative attendance programs are provided at the same level of service as residential pupils within the attendance area.
- 11 **Nonpublic pupil transportation aid.** Changes the calculation of nonpublic pupil transportation aid for FY 2004 to use the basic formula allowance minus \$415 to exclude the \$415 "roll-in." For FY 2005 and later, the \$415 roll-in has no impact, because the nonpublic pupil transportation aid formula uses the ratio of the formula for the current

Section

year to the formula for the second prior year.

- 12 **Financial arrangements.** Beginning in FY 2004, lowers the payments made to post-secondary institutions under the PSEO program by excluding the \$415 “roll-in” of referendum revenue from the basic formula allowance.
- 13 **Pupil of limited English proficiency (LEP).** Limits the length of time that an LEP pupil may be counted for funding purposes to not more than five years. Specifies that a pupil enrolled in a Minnesota public school during the prior school year when the test of emerging academic English was given who scores above the state cutoff score on the test does not qualify for aid.
- 14 **School district LEP revenue.** Increases the basic LEP funding formula allowance from \$584 per identified LEP pupil to \$700 in FY 04 and later per eligible LEP pupil in average daily membership to accommodate the smaller number of eligible to the five year limit established in section 13. Strikes obsolete language.
- 15 **Average daily membership.** Prohibits a school district from counting a student as more than 1.2 pupils in average daily membership (ADM) for a fiscal year. Provides for allocation of ADM for students served by more than one district during a fiscal year. Authorizes any pupil’s average daily membership between 1.0 and 1.2 to count only for purposes of calculating extended time revenue.
- 16 **Computing pupil units for a prior year.** Provides for the adjustment of prior year pupil data used in the calculation of current funding for changes in the number of ADM that can be generated by a student in a fiscal year.
- 17 **Learning year pupil units.** Eliminates the authority for school districts to count pupils in the learning year program as more than one ADM for a fiscal year except for purposes of calculating extended time revenue (this is the funding mechanism used by most school districts to fund summer school and other extended day and week programs).
- 18 **Free and reduced price lunches.** Moves forward the date by which school districts must submit their count of children eligible for free or reduced price meals from January 15 to December 15.
- 19 **LEP pupil units.** Changes calculation of LEP pupil units to correspond to changes made in section 13.
- 20 **General education revenue.** Beginning in FY 2004, adds extended time revenue and a new transition revenue to the list of components of general education revenue.
- 21 **Extended time revenue.** Creates a new component of general education revenue called extended time revenue. Sets extended time revenue equal to \$4,601 times the sum of the number of additional hours of programming provided to each student through learning year programs. Caps the maximum programming time at not more than 1.2.
- 22 **Compensatory education revenue.** Changes the calculation of compensatory education revenue to use the basic formula allowance minus \$415 to exclude the \$415 “roll-in.”
- 23 **Basic skills revenue.** Beginning in FY 2004, increases the LEP concentration aid allowance from \$190 to \$200 per eligible pupil to compensate for the smaller number of pupils eligible for funding. Strikes obsolete language.

Section

- 24** **Operating capital levy.** Requires a district to levy for a portion of its operating capital revenue. Sets the levy equal to the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per pupil to \$22,222.
- 25** **Operating capital aid.** Establishes operating capital aid equal to the difference between the district's operating capital revenue and its operating capital levy.
- 26** **Transportation sparsity definitions.** Strikes obsolete language.
- 27** **Equity revenue.** Beginning in FY 05, increases the minimum equity revenue from \$10 to \$13 per pupil. Increases the maximum equity revenue from \$55 to \$75 per pupil.
- 28** **Equity levy.** Beginning in FY 2005, adds an equalized levy to the equity revenue component of general education revenue. Equalizes the levy on referendum market value at \$476,000 per pupil unit, the same as Tier 1 referendum levies.
- 29** **Equity aid.** Calculates equity aid as the difference between equity revenue and equity levy.
- 30** **Transition revenue.** Defines the calculation of transition revenue for FY 2004 through FY 2008. Transition revenue expires after FY 2008. The transition allowance equals the greater of zero or the product of the ratio of the district's old formula adjusted marginal cost pupil units (AMCPU) to new formula AMCPU times the difference between (i) the lesser of the district's general education revenue per AMCPU in FY 2003 or the district's general education revenue per AMCPU for FY 2004 under Minnesota Statutes 2002, and (ii) the district's general education revenue per old formula AMCPU for FY 2004, excluding transition revenue. The statutory definition of general education revenue, as referenced in this section, excludes referendum revenue and enrollment options adjustments. A district's transition revenue equals the product of the transition allowance times the district's AMCPU. Transition revenue expires beginning in FY 2009.
- 31** **Transition levy.** Beginning in FY 2005, requires school districts to levy on referendum market value to obtain transition revenue. The levy is equalized at \$476,000 per pupil unit, the same as Tier 1 referendum levies.
- 32** **Transition aid.** Calculates transition aid as the difference between transition revenue and transition levy.
- 33** **General education aid.** Beginning FY 2004, adds distance education aid to the definition of general education aid. Beginning in FY 2005, adds equity aid and transition aid to the definition of general education aid.
- 34** **Use of basic skills revenue.** Removes an obsolete reference to the old transition revenue, which was repealed in 2001.
- 35** **Referendum allowance.** Adjusts the operating referendum allowance for FY 2004 and later based on the ratio of a district's resident marginal cost pupil units (RMCPU) for FY 2004 under Minnesota Statutes 2002 to the district's RMCPU for FY 2004, to adjust for the elimination of additional ADM for students enrolled more than full time and the elimination of elementary pupil weights in excess of 1.0.
- 36** **Referendum allowance limit.** Adds an inflationary increase to the "grandfather" referendum cap. Raises the grandfather cap amount from 1.162 to 1.177 to adjust for changes in pupil weights. Sets the inflationary increase at the rate of change in the CPI for four years. In following years, the grandfather cap increases by 25% of the percentage

Section

increase in the formula allowance.

Increases the standard referendum allowance cap from 18.2% (\$837) to 18.6% (\$855) of the formula allowance to adjust for the change in pupil weights. Increases the standard referendum allowance cap by the greater of the increase in the rate of inflation or the percent increase in the formula allowance. Strikes obsolete language.

- 37 Referendum equalization revenue.** Increases first tier referendum equalization from \$126 per pupil unit in FY 2004 to \$405 per pupil unit in FY 2005 and to \$500 for FY 2006 and later. Adjusts the upper limit for second tier referendum equalization from 18.2% of the formula allowance to 18.6% of the formula allowance to correspond to the change made in section 36.
- 38 Referendum equalization aid.** Adjusts the upper limit for second tier referendum equalization for districts where the referendum equalization aid exceeds 90% of referendum revenue from 18.2% of the formula allowance to 18.6% of the formula allowance to correspond to the changes made in sections 36 and 37.
- 39 Referendum tax base replacement aid.** Makes the referendum tax base replacement aid permanent.
- 40 Referendum revenue.** Clarifies language and removes obsolete references.
- 41 Referendum conversion allowance.** Authorizes a school district to convert its transition revenue to referendum revenue with voter approval. The ballot language and procedures are the same as for a regular operating referendum election, except that the ballot may state that existing transition revenue authority is being cancelled or is expiring. Increases the referendum allowance limit for a district by the amount of the allowance converted from transition revenue.
- 42 County apportionment deduction.** Removes an obsolete reference to the old transition revenue, which was repealed in 2001.
- 43 Career and technical levy.** Makes the levy for career and technical programming (secondary vocational programming) permanent.
- 44 Stop required.** Makes a type III school bus exempt from the requirement of school buses to stop at railroad grade crossings.
- 45 Certification.** Allows a school bus dealer, or certified Minnesota commercial vehicle inspector who is also an employee of an organization purchasing a school bus to provide preliminary certification to the Department of Public Safety that the bus meets Minnesota standards. Requires final inspection to be granted within 30 days of reinspection by the Department of Public Safety.
- 46 Age of Vehicle.** Permits vehicles newer than 12 years, instead of ten, to be used as type III school buses.
- 47 Identification; type III vehicles.** Eliminates the requirement that a type III school bus display a sign that says the vehicle stops at all railroad crossings. This conforms to the change in section 44.
- 48 Annual evaluation aid license verification.** Eliminates the requirement for a school's pupil transportation safety director to certify that a school bus driver meets certain school bus

Section

driver training requirements since those requirements are eliminated in section 9.

- 49 Notice to Commissioner.** Requires school districts, at least 49 days prior to any school district referendum, to provide a written notice to the Commissioner of the date of the election and the title language for each ballot question to be voted on at the election. Also requires the district to provide the Commissioner with certified vote totals for each ballot question in a timely manner.
- 50 Nonpublic pupil materials and tests.** For FY 2004, requires the nonpublic pupil textbook and individualized instructional materials aid to be computed using the formula allowance minus \$415 to exclude the \$415 per pupil unit transferred to the basic formula from referendum revenue in the 2001 legislative session. For FY 2005 and later, the \$415 roll-in has no impact, because the nonpublic pupil aid formula uses the ratio of the formula for the current year to the formula for the second prior year.
- 51 Staff Development Reserve Revenue; Fiscal Years 2004 and 2005.** Suspends the requirement that a district reserve at least two percent of its basic formula revenue for staff development for fiscal years 2004 and 2005 only.
- 52 Lease Rate; Cook County.** Establishes the lease rate for lands that are located in a certain area of Cook county at two percent of the appraised value of the land as determined by the Commissioner of Natural Resources at the fifth anniversary of the lease. Specifies the amount payable for the leases for 2004 and later.
- 53 Appropriations.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 54 Repealer.**
- (a) Repeals the following Minnesota Statutes July 1, 2003:
- ▶ 123A.73, subdivision 7, 10, and 11 – unnecessary adjustments in consolidation referendum levy computation, supplemental revenue, and aid deductions for reorganized districts
 - ▶ 123B.81, subdivision 6 – obsolete reference to a one-time report
 - ▶ 124D.65, subdivision 4 – obsolete fiscal year 2000 LEP aid formula, which was replaced with a different formula in fiscal year 2001
 - ▶ 126C.01, subdivision 4 – obsolete definition of equalizing factor
 - ▶ 126C.125 – additional class size, all day kindergarten and special education reserve
- (b) Repeals the following Minnesota Statutes effective for revenue for fiscal year 2003:
- ▶ 126C.14 – obsolete because of the repeal of the general education levy in 2001
- (c) Repeals the following Minnesota Statutes for taxes payable in 2004:
- ▶ 122A.62 – staff development incentive levy
- (d) Repeals the following session laws:
- ▶ Laws 2001, First Special Session chapter 6, article 5, section 12, as amended by Laws 2002, chapter 377, article 12, section 15 – directing the department to

Section

recalculate tax rates due to the 2001 property tax changes.

- ▶ Laws 2000, chapter 489, article 2, section 36 as amended – Richfield Airport Impact Aid.

Article 2: Education Excellence**(Pg 45)**

- 1 **Middle School.** Modifies the definition of a middle school to include two consecutive grades, instead of three, above the 4th grade, but below the 10th grade.
Effective Date: Makes this section effective for the 2003-2004 school year and later.
- 2 **Reports to the state.** Requires school superintendents to report to the department only the number, and not the names, ages and addresses of children not complying with the state's compulsory attendance law.
- 3 **Length of school year; days of instruction.** Strikes the requirement that three days be added to the school year calendar.
Makes the section effective for the 2003-2004 school year.
- 4 **Policies to be established.** Strikes a requirement that the commissioner actively encourage and assist districts to cooperatively establish alternative educational services to pupils who are dismissed for engaging in dangerous, disruptive or violent behavior.
Requires districts to develop a policy on the appropriate use of peace officers and crisis teams to remove students with an individualized education plan.
Makes this section effective immediately.
- 5 **Policy Components.** Requires a school district's discipline policy to include procedures coordinating crisis services with the county board providing children's mental health services.
- 6 **Notification; teachers' legitimate educational interest.** (a) Declares that classroom teachers have a legitimate educational interest in knowing which students have a history of violent behavior and must be notified when such students are placed in the classroom.
(b) Directs school board members and the exclusive representative of the teachers to discuss a model policy on student records and modifications for notifying classroom teachers and other district employees about violent students, and permits discussion of the need for intervention services or other staff training related to placing students with a history of violent behavior in teachers' classrooms.
- 7 **License and rules.** Directs the Board of Teaching to adopt rules that require all licensed teachers who are renewing their license to include further preparation in understanding the key warning signs of early onset mental illness in children and adolescents.
- 8 **Report.** Requires school districts receiving alternative compensation aid to submit a biennial report to the commissioner.
- 9 **Aid amount.** Allows the commissioner to give preference to those school districts submitting an alternative compensation application that involves the entire district or school sites or aligns measures of teacher performance with student academic achievement and

Section

progress.

- 10 Aid timing.** Gives two years of alternative compensation aid to districts and school sites that applied to the commissioner before June 1 of the first year of a two-year contract. Gives alternative compensation aid in the second year of the contract to districts and school sites that applied to the commissioner after June 1. Gives aid to a qualifying district or site that received alternative compensation aid for the previous fiscal year if the district or site submits a timely application and the district or site continues to implement an alternative teacher professional pay system.
- 11 Review and comment.** Makes a technical change.
- 12 School sponsorship and advertising revenue.** Allows school districts to pursue additional sources of revenue through contracts with advertisers and others for advertising and naming rights to school facilities. Requires school boards to develop a plan for using the revenue.
- 13 Officer Selection.** Clarifies the date that school boards must meet and select officers from within ten days after the election of the board to the first Monday of January, or as soon thereafter as practicable.
- 14 Voluntary surrender of transportation privileges.** Extends to parents of elementary students the ability to surrender a student's busing privileges.
- 15 Reserve account.** Requires first grade preparedness revenue to be placed in a general fund reserve account and used only for first grade preparedness programs at qualifying school sites.
- 16 Enrollment priority.** Prohibits a post secondary institution participating in the post-secondary enrollment options program from recruiting secondary school students to enroll in its program based on financial grounds.
- 17 Courses according to agreements.** Makes a technical change.
- 18 Financial arrangements for courses provided according to agreements.** Makes a technical change.
- 19 Textbooks; materials.** Makes the textbooks and materials used by students participating in the post-secondary enrollment options program the property of the post-secondary institution providing the course or program.
- 20 On-line learning option.**
- Subd. 1. Citation.** Allows this section to be cited as the "On-line Learning Option Act."
- Subd. 2. Definitions.** Defines the following for purposes of this section:
- (a) "On-line learning" means an interactive course or program, that delivers instruction to a student by computer; is combined with traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.
- (b) "On-line learning provider" means a school district, a charter school, or two or more school districts organized under a joint powers agreement, located in Minnesota that provides learning to students.

Section

(c) “Student” means a Minnesota resident enrolled in a school as defined in the compulsory instruction law in any grades kindergarten through 12.

(d) “On-line learning student” means a student enrolled in an on-line learning course or program delivered by an on-line provider.

(e) “Enrolling district” means a school district or charter school in which a student is enrolled for the purposes of compulsory instruction.

Subd. 3. Authorization; notice; limitations on enrollment. (a) Allows a student to apply to an on-line learning provider to enroll in on-line learning. Students under the age of 17 must have a parent’s written consent. Requires an on-line provider to notify a student and the enrolling district, if the enrolling district is not the on-line provider, that the student is accepted into the program.

(b) Directs and on-line learning student to notify the enrolling district at least 30 days before taking an on-line course or program if the enrolling district is not the provider. Directs on-line learning providers to notify the Commissioner that it is delivering on-line learning, including the courses it offers and report the number of students accepted in its program.

(c) Allows an on-line learning provider to limit enrollment if the provider’s school board or board of directors adopts a resolution of the specific standards for accepting and rejecting student applications.

(d) Permits an enrolling district to reduce an on-line learning student’s regular classroom instructional membership in proportion to the student’s membership in on-line learning courses.

Subd. 4. On-line learning parameters. (a) Requires a student to receive academic credit for completing the requirements of an on-line course or program and that secondary credit must count towards graduation and credit requirements of the enrolling district. Allows the enrolling district to reduce the teacher contact time of an on-line learning student in proportion to the number of on-line learning courses the student takes from and on-line provider that is not the enrolling district.

(b) Allows an on-line learning student to:

- (1) enroll in a maximum of 12 semester-long course or their equivalent during a single school year;
- (2) complete course work at a different grade level than the student’s current grade level; and
- (3) enroll in additional courses under a separate agreement that includes terms for paying tuition or course fees.

(c) Allows a student with a disability to enroll in an on-line learning course if the student’s individualized education plan team determines that on-line learning is appropriate education for the student.

(d) Allows an on-line learning student to have the same access to computer hardware and education software available in a school as all other students enrolled in the district. Directs the on-line learning provider to assist students whose family qualifies

Section

for the education tax credit to acquire computer hardware and educational software for on-line learning purposes.

(e) Allows an enrolling district to offer on-line learning to its enrolled students, without generating on-line learning funds. Requires that a teacher with a Minnesota license be the person that assembles and delivers instruction to enrolled student receiving on-line learning from an enrolling district.

(f) Requires a provider that is not the enrolling district to comply with the reporting requirements in subdivision 7. Requires that a teacher with a Minnesota license be the person that assembles and delivers instruction to on-line learning students. Limits the teacher-to-student ratio for an on-line course or program to 1 to 40, unless the Commissioner grants a waiver.

Subd. 5. Participation in extracurricular activities. Allows an on-line learning student to participate in the extracurricular activities of the enrolling district on the same basis as other enrolled students.

Subd. 6. Information. Directs school districts and charter schools to make information available to interested people.

Subd. 7. Department of education. (a) Directs the department to certify on-line learning providers. The courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progressions in a single subject. Provides the details that the provider must submit to the Commissioner regarding the courses and the teacher contact time included in their program.

(b) Allows an enrolling district to challenge the validity of a course offered by an on-line learning provider. The department must review such challenges.

(c) Allows the department to collect a fee of up to \$250 for certifying providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) Directs the Department to develop, publish, and maintain a list of approved providers, course, and programs.

Subd. 8. Financial arrangements. Directs the department to calculate the average daily membership for students enrolled in an on-line learning course and make payments according to this subdivision. Provides criteria for calculating average daily membership. Directs the department to pay 100% of the amount owed to the on-line learning provider as calculated under this subdivision within 45 days of receiving final enrollment and course completion information.

Subd. 9. Payment priority. Establishes priority for payment to providers in the order in which they submitted applications to the commissioner. Gives first priority to providers that delivered on-line learning in fiscal year 2003.

Effective Date. Makes this section effective for the 2003-2004 school year and later.

21

Charter school advisory council. Makes the terms of members of the charter school advisory council three years. Directs the commissioner to appoint the members. Strikes a direction to the council to review charter school applications and recommend their approval or disapproval. Causes the council to expire June 30, 2007.

Section

- 22 Sponsor.** Allows a nonprofit corporation that is a chamber of commerce, board of trade or exchange under Minnesota Statutes, chapter 317A, has existed for at least 25 years and is exempt from federal income tax to sponsor one or more charter schools that have operated at least three years under a different sponsor.
- Makes this section effective for the 2003-2004 school year.
- 23 Formation of a school.** Requires a sponsor to submit additional information before expanding the charter school to other sites or adding grades beyond what was approved in the initial charter school application.
- 24 Transportation.** Declares that matters related to transporting students are within the sole discretion, control and management of the school district, if the district provides the transportation.
- 25 Leave to teach in a charter school.** Limits to a total of five years the length of a teacher's leave of absence to teach at a charter school. Gives school boards the discretion to extend the leave of absence.
- Makes this section effective immediately and applicable to approval of leaves and extensions of leaves made after that date. Grants a one-year extension for the 2003-2004 school year only to a teacher on a leave of absence to teach at a charter school who has taught five or more years as of the 2003-2004 school year.
- 26 General education revenue.** Clarifies the formula for calculating the general education revenue paid to a charter school by removing obsolete references.
- 27 Transportation revenue.** Clarifies the formula for calculating transportation revenue paid to a charter school by removing obsolete references.
- 28 Building lease aid.** Lowers the maximum charter school building lease aid from \$1,500 per pupil to \$1,200 per pupil. Charter schools with lease aid amounts above the cap are grandfathered in at their current building lease aid amount.
- Makes this section effective for revenue for fiscal year 2004.
- 29 Other aid, grants, revenue.** Strikes language authorizing a charter school to apply for a grant to receive the aid portion of integration revenue for students it enrolls that reside in a school district eligible for integration revenue.
- Makes this section effective for revenue for fiscal year 2004.
- 30 Program training.** Allows Youth Works participants to receive training in evaluating early literacy skills and teaching reading to preschool children in order to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills.
- 31 Budget approval process.** Requires school districts obligated to prepare a school desegregation plan to submit to the department for review and approval a budget detailing the costs of the plan. Makes this section retroactively effective for revenue for fiscal year 2002 and later.
- 32 Integration revenue.** Increases school district integration revenue allowances to partially offset the revenue losses caused by the compression of pupil weights.

Section

Makes this section effective for revenue for fiscal year 2004.

- 33 Integration levy.** Increases the share of integration revenue paid through a local levy from 22 to 23 percent for FY 04 and from 29 to 30 percent for FY 05 and later.

Makes this section effective for revenue for fiscal year 2004.

- 34 Integration aid.** Defines integration aid as the difference between integration revenue and integration levy.

Makes this section effective for revenue for fiscal year 2004.

- 35 Alternative attendance programs.** Clarifies an erroneous cross-reference.

Makes this section retroactively effective for fiscal year 2002 and later.

- 36 On-line learning students.** Establishes the average daily membership for students participating in the distance education program.

- 37 On-line learning aid.** Establishes the formula for distance education aid. Sets the aid amount equal to the adjusted average daily membership for students participating in the program times each student's grade level weighting and the basic formula allowance. Establishes the payment schedule for distance education providers.

- 38 Safe schools levy.** Reduces the safe schools levy allowance from \$30 to \$27 per pupil.

Makes this section effective for taxes payable in 2004.

- 39 Decisions, policies, advisory committees.** Allows the Minnesota State High School League to adopt policies on corporate sponsorships and similar agreements.

- 40 Supervised competitive high school diving.** (a) Allows pools built before January 1, 1987, that satisfy the swimming and diving rules of the national federation of the state high school associations to be used for supervised competitive high school diving provided that appropriate notice is sent to parents and participants, unless a pool that conforms with the requirements of Minnesota Rules is located within the school district.

(b) Applies to schools or districts that provided a high school diving program during the 2000-2001 school year.

Makes this section effective for the 2003-2004 school year and later.

- 41 Major political party.** Amends the election code definition of "major political party" that applies to ballot access and campaign finance eligibility. Requires a party to run a statewide partisan candidate at every general election in order to remain eligible to participate in the tax check off and political contribution refund program. In a year when there is no statewide partisan office on the ballot, a party may retain major party status for four years rather than two years. Under prior law, a party could retain major status for four years by running a statewide or U.S. Senate candidate every four years.

This section is effective August 1, 2003.

- 42 Minor political party.** Amends the election code definition of "minor political party" that applies to ballot access and campaign finance eligibility. Requires a party to run a statewide partisan candidate at every general election in order to remain eligible to participate in the tax check off and political contribution refund program. In a year when there is no statewide partisan office on the ballot, a party may retain minor party status for four years rather than

Section

two years. Under prior law, a party could retain minor status for four years by running a statewide or U.S. Senate candidate every four years.

- 43 Required primary in certain circumstances.** Strikes the current optimal school primary provision. Requires a primary if there are more than two candidates for a specific school board position or over twice as many candidates as will be elected to an at-large board. Makes this section apply immediately to the St. Cloud school district. Takes effect January 1, 2004, for all other school districts and applies to school elections beginning in 2004.
- 44 Candidates, filing.** Amends the statute on the school primary ballot to conform to changes made according to section 41.
- 45 Results.** Amends the school primary returns statute to conform to changes made in section 41.
- 46 Filing period.** Makes a technical conforming amendment. Makes this section apply immediately to the St. Cloud school district. Takes effect January 1, 2004, for all other school districts and applies to school elections beginning in 2004.
- 47 Membership.** Removes the commissioner of education from the Crime Victim Services Roundtable. This proposal is part of a general effort to eliminate statutory requirements for the commissioner of education that are obsolete, difficult, or impossible for the agency to accomplish because of budget reductions.
- 48 Deadline and penalty waived.** Waives the January 15 settlement deadline and aid penalty for the 2004-2005 biennium.
- 49 Charter school advisory board member terms.** Directs the commissioner to appoint charter school advisory board members to staggered three-year terms.
- 50 Pilot project to evaluate parental involvement policies and strategies.**
- Subd. 1. District and school site policy evaluation.** Permits school boards, with the participation of a parent involvement review committee, to implement a two-year pilot project to evaluate parental involvement policies and strategies.
- Subd. 2. Parent involvement review committees.** Directs a participating school board and interested school sites to allow parent involvement review committee(s) composed of teachers and parents to evaluate the ability of parental involvement programs and strategies to involve parents in meaningful ways in the educational process. Requires a majority of the committee board to be parents of enrolled students. Requires school districts to assist school site committees.
- Subd. 3. Notification of participation; notice to parents.** Requires participating school districts to notify the commissioner. Allows the commissioner to assist districts, upon request, to develop and implement a district or school committee.
- Subd. 4. Report.** Requires district and school committees to report on the effectiveness of local parental involvement programs to the school board and make annual recommendations by March 1. Directs the school board to transmit a summary of findings and recommendations to the commissioner, who may use the information to modify guidelines and model plans.

Makes this section effective immediately and applicable for the 2003-2004 and 2004-2005

Section

school years.

- 51 Charter school start-up aid.** Makes a charter school first operating in fiscal year 2004 or 2005 ineligible for start-up aid.
- 52 Alternative attendance adjustments for fiscal year 2002.** Clarifies integration aid calculations for fiscal year 2002.
- 53 Policy on students with a history of violent behavior.** (a) Directs representatives of the Minnesota School Boards Association, Education Minnesota, and the Information Policy Analysis Division of the Department of Administration, the parent of a child who has participated in the Title I delinquent education program, minority and majority members from the state house and senate and the education commissioner to develop a model policy by August 1, 2003 on notifying classroom teachers and other interested school district employees when a student with a history of violent behavior is placed in the classroom. Lists a minimum of seven policy components the task force must address.
- (b) Directs the Information Policy Analysis Division of the Department of Administration by August 15, 2003 to post the model policy on its web site.
- (c) Causes the task force to expire on August 1, 2003.
- 54 At-Large School Board Members; Independent School District No. 709, Duluth.**
- (a) Allows the Duluth school district to, by resolution, reduce from five to three the number of at-large school board members.
- (b) Requires that if the school board adopts the resolution under paragraph (a), for the November 2003 election and each four years thereafter, the three positions elected at-large whose terms expire on December 31, 2003, be reduced to one member at-large.
- (c) States that nothing in this section prevents a member of the school board on the effective date of this act from running for reelection upon the expiration of that member's term.
- Effective Date: Makes this section effective the day following final enactment.
- 55 Appropriations.** See attached fiscal summary. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 56 Repealer.** (a) Repeals:
- ▶ 122A.64 – teachers of color program;
 - ▶ 122A.65 – minority teacher incentives program;
 - ▶ 124D.84, subdivision 2 – American Indian scholarship committee;
 - ▶ 124D.89 – summer cultural exchange grant program.
 - ▶ 124D.93 – Minnesota local partnership program
- (b) Repeals:
- ▶ 128C.01, subdivision 5 – High school league; certain commercial relationships prohibited

Section

- ▶ 128C.02, subdivision 8 – High school league; budget
- ▶ 128C.13 – High school league; investment

(c) Repeals Laws 1993, chapter 224, article 8, section 20, subdivision 2 - fellowship grants.

Article 3: Special Programs
(Pg 92)

- 1 Suspension.** Includes “other qualified personnel” as part of the individualized education plan team, consistent with federal law requirements.
- 2 District report; career and technical education.** Requires school districts and cooperative centers to report data on career and technical education programs, consistent with federal law requirements.
- 3 Purpose.** Refers to career and technical education programs, instead of transition programs, for purposes of funding the components of a transition plan for children with disabilities.
- 4 Definitions.** Strikes obsolete language. Defines essential personnel to mean a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel. Clarifies that the definitions of the term “essential personnel” under this section does not change the definition of “essential employee” for purposes of labor relations under chapter 179A.
- 5 Base revenue.** Refers to transition-disabled program base revenue instead of transition program disabled base revenue. Includes approved paraprofessionals in the base revenue calculation. Makes a technical change.
- 6 Use of aid.** Makes technical changes.
- 7 Exclusion.** Makes a technical change.
- 8 Compliance with rules.** Directs the commissioner to pay career and technical education aid only for services provided by and costs incurred by essential licensed personnel under an approved career and technical education program, consistent with department rules.
- 9 Alternative dispute resolution and due process hearings.**

Subd. 1. District obligation. Requires school districts to use federal and state mandated procedures to reach decisions affecting the education of a child with disabilities.

Subd. 2. Prior written notice. Requires that a parent receive timely prior written notice before a district proposes or refuses to initiate or change aspects of how a child with disabilities is being educated.

Subd. 3. Content of notice. Lists the information that a district must include in its written notice to the parent of a child with disabilities.

Subd. 4. Understandable notice. Requires the written notice be understandable and available in the parent’s native language or through another communication form.

Subd. 5. Initial action; parent consent. Requires a parent to give prior written consent to a district’s initial actions affecting the education of a child with disabilities. Prevents a district from overriding a parent’s written refusal to consent to an initial evaluation or to a reevaluation.

Section

Subd. 6. Dispute resolution processes; generally. Encourages parties to use alternative dispute resolution processes to resolve disputes affecting the education of a child with disabilities. Declares that alternative dispute resolution processes are voluntary, cannot be used to deny or delay the right to a due process hearing and are provided at no cost to the parent.

Subd. 7. Conciliation conference. Entitles a parent who objects to a district proposal affecting the education of a child with disabilities to at least one conciliation conference. Declares that a parent's refusal to conciliate a dispute satisfies the conciliation requirement. Requires a district to prepare a memo describing the district's final offer of service. Makes the memo admissible evidence.

Subd. 8. Voluntary dispute resolution options. Requires a district to inform parents of other alternative dispute resolution options. Makes admissible the fact that parties used an alternative dispute resolution option. Prevents state-provided mediators and team meeting facilitators from being subpoenaed to testify and makes their records inaccessible to the parties.

Subd. 9. Mediation. Makes a voluntary mediation option available that cannot be used to deny or delay the right to a due process hearing. Makes mediation discussions confidential and inadmissible unless the parties agree otherwise, evidence is otherwise available or evidence is offered to prove the witness is biased or prejudiced.

Subd. 10. Mediated agreements. Makes mediated agreements inadmissible unless the parties agree otherwise or a party believes the agreement is not being implemented, which allows the aggrieved party to enter the agreement into evidence at a due process hearing. Allows parties to request mediation to resolve a dispute about the mediated agreement. Directs the commissioner to provide a mediator upon request, who must conduct a mediation session within three days.

Subd. 11. Facilitated team meeting. Declares that a state-provided facilitator leads facilitated team meetings to develop an individualized education plan.

Subd. 12. Impartial due process hearing. (a) Entitles parties to a state-conducted impartial due process hearing to resolve disputes affecting the education of a child with disabilities. Holds the hearing in the district responsible for FAPE. Requires the proceedings to be recorded and preserved at state expense pending a final outcome.

(b) Makes a due process hearing subject to federal law and state rules.

Subd. 13. Hearing officer qualifications. Requires the commissioner to appoint a qualified hearing officer. Lists the qualifications of a hearing officer.

Subd. 14. Request for hearing. Lists the requirements for a due process hearing request. Requires a district administrator to forward a hearing request to the commissioner, who must appoint a hearing officer within two business days. Prohibits the commissioner from denying an incomplete hearing request. Restricts a party's ability to disqualify a hearing officer.

Subd. 15. Prehearing conference. Establishes the conditions for a prehearing conference.

Subd. 16. Burden of proof. Places the burden of proof on the district to demonstrate that it offered or provided FAPE in the least restrictive environment.

Section

Places the burden of proof on a parent who wants a district that failed to offer or provide FAPE in the least restrictive environment to pay for a private placement.

Subd. 17. Admissible evidence. Allows a hearing officer to admit probative evidence. Requires a hearing officer to effect to the rules of privilege.

Subd. 18. Hearing officer authority. (a) Requires a hearing officer to limit a due process hearing to a sufficient time for the parties to present their case.

(b) Requires the hearing officer to control and manage the hearing.

Subd. 19. Expedited due process hearings. Entitles a parent to an expedited due process hearing if the dispute is about a manifestation determination or a proposed or actual placement in an interim alternative setting. Entitles a district to an expedited due process hearing if the dispute is about proposing or maintaining placement in an interim alternative educational setting. Requires a hearing officer to hold a hearing and issue a decision within 10 days and allows the hearing officer to extend an expedited due process hearing up to five additional days.

Subd. 20. Hearing officer's decision; time period. (a) Requires a hearing officer to issue a decision within 45 days and encourages the hearing officer to accelerate the time line to 30 days for a child under age three. Prevents the hearing officer from extending the time unless a party shows good cause. Limits an extended time line to an additional 30 days. Gives examples of good cause.

(b) Establishes parameters for the hearing officer's decision.

Subd. 21. Compensatory educational services. Allows the hearing officer to require a district to provide compensatory educational services to a child if the hearing officer finds that the district failed to offer or provide FAPE in the least restrictive environment and the child suffered a loss of educational benefits. Defines compensatory educational services to include direct and indirect special education and related services to address the child's loss of educational benefit. Requires the hearing officer's finding to be based on a present determination of loss of educational benefit.

Subd. 22. Child's educational placement during a due process hearing. Requires a child to remain in the child's current educational placement during a due process hearing, unless the parent and district agree otherwise. Requires a child to remain in the child's interim alternative educational setting until a proceeding challenging that setting is completed and a hearing officer issues a decision or the 45 days for an interim alternative educational setting expires, whichever is first, unless the parent and district agree otherwise.

Subd. 23. Implementation of hearing officer order. (a) Makes effective that portion of a hearing officer's decision granting a parent's relief when the decision is issued.

(b) Leaves a child in the child's interim alternative educational setting when a hearing officer grants the district's relief until the time to appeal the decision expires or the court issues its decision, whichever is later.

Subd. 24. Review of hearing officer decisions. Allows a parent or district to appeal a hearing officer's decision to state or federal court.

Subd. 25. Enforcement of orders. Directs the commissioner to ensure

Section

enforcement of hearing officer orders.

Subd. 26. Hearing officer and person conducting alternative dispute resolution are state employees. Makes a hearing officer and persons conducting alternative dispute resolution state employees for tort claim purposes only.

Subd. 27. Hearing officer training. Requires a hearing officer to participate in training and follow the commissioner's procedures.

Subd. 28. District liability. Declares that a district is not liable for harmless technical violations if the violations did not harm a student's educational progress or a parent's right to notice, participation or due process.

- 10 Third party reimbursement.** Makes a technical change.
- 11 State interagency coordinating council.** Changes references from children, families and learning to education. Extends the expiration date of the council to 2005.
- 12 Interagency early intervention committees.** Includes representatives of Head Start, childcare resource and referral agencies and school readiness programs as members of interagency early intervention committees for children with disabilities and their families. Requires the committees to review and comment on plans by these entities to serve children with disabilities.
- 13 Definitions.** Eliminates the inflationary growth in state total regular special education revenue by setting the program growth factor at 1.0 for fiscal year 2004 and later.
- 14 State total special education aid.** Freezes state total special education aid for fiscal year 2004 by setting statewide revenue equal to \$530,642,000 for fiscal year 2004 and \$529,164,000 for fiscal year 2005.
- 15 Definitions.** Eliminates the inflationary growth in the state total special education excess cost aid for fiscal year 2004 and later.
- 16 State total special education excess cost aid.** Freezes the state total special education excess cost aid at \$92,067,000 for fiscal year 2004 and \$91,811,000 for fiscal year 2005.
- 17 Special education cross-subsidy reduction aid.** Appropriates \$5 million in FY 04 and \$11 million in FY 05 for added special education cross-subsidy reduction aid.
- 18 Impact of waiving specific special education requirements that exceed federal law; three-year pilot project.**

Subd. 1. Establishment; goal. Establishes a three-year pilot project for the Rochester school district and up to three other school districts or cooperative units selected by the education commissioner to determine what impact waiving specific state special education requirements has on the quality and cost effectiveness of the instructional services provided to and the educational outcomes of eligible students in the participating districts.

Subd. 2. Eligibility; applications. Directs the commissioner to transmit information about the pilot project and make application forms available to interested districts. Requires applicants to submit an application by July 1, 2003, identifying the special education requirements listed in subdivision 3 from which the applicant seeks a waiver and indicating how the applicant proposes to modify the activities and procedures affected by the waiver. Requires the commissioner to approve the applications by August 1, 2003.

Subd. 3. Waivers. Waives four state special education requirements for the 2003-

Section

2004, 2004-2005, and 2005-2006 school years for the participating districts: pre-referral interventions, transitional services for students reaching age 14 or the ninth grade, community transition interagency committees, and coordinated interagency services affecting eligible students with disabilities who are age seven or older.

Subd. 4. Students' rights. States that eligible students with disabilities enrolled in a participating school district remain entitled to federal and state procedural protections. Requires project participants to protect students' civil rights, provide equal educational opportunities, and prohibit discrimination. Makes ineligible to continue participating any district participant that fails to comply with this subdivision.

Subd. 5. Technical assistance. Directs the commissioner to assist project participants at their request in developing an evaluation process.

Subd. 6. Evaluation; report. Requires participating districts to evaluate the impact of waiving the state special education requirements listed in subdivision 3 on the quality and cost effectiveness of the instructional services provided to and educational outcomes of eligible students in the participating districts. Requires participating districts also to document parents' responses. Directs participating districts to submit a progress report by September 1, 2004, and a final report by November 1, 2005. Directs the commissioner to present the results of the report to the legislature by February 1, 2006, and recommend appropriate statutory changes.

Makes this section effective immediately.

- 19 Department responsibility.** Directs the commissioner to adopt rules by January 1, 2004, governing hearing officers, training for persons conducting due process hearings and standards for expedited due process hearings. Directs the commissioner by March 1, 2004, to notify participants in state-provided dispute resolution processes about their rights.
- 20 Appropriations.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 21 Repealer.** Repeals:
- ▶ 125A.023, subdivision 5 – intervention demonstration projects
 - ▶ 125A.09 – procedures for decisions
 - ▶ 125A.47 – data collection
 - ▶ 125A.79, subdivision 2 – special education excess cost aid for fiscal years 2000 and 2001

Article 4: Facilities and Technology

(Pg119)

- 1 Lease real property.** Clarifies that school districts have authority to lease land as well as buildings for school purposes.
- 2 Lease for nonschool purpose.** Clarifies that school districts have authority to lease land as

Section

well as buildings for nonschool purposes. Eliminates obsolete references to the capital expenditure fund and replaces with references to the operating capital account.

- 3 Project labor agreements; construction contracts.** Requires a school board to adopt a resolution at a public meeting before authorizing a project labor agreement to construct or repair a facility through a contractor bid. Requires the board to publish the notice of the meeting at least 30 days in advance.
- 4 Debt service equalization revenue.** Excludes alternative facilities levies under section 123B.59 from eligibility for second tier debt equalization revenue.
- 5 Health and safety program.** Excludes health and safety projects with estimated costs of \$500,000 or more per site from eligibility for health and safety revenue, and makes these projects eligible for alternative facilities bonding and levy revenue.
- 6 Health and safety levy.** Codifies the actual equalizing factor for the health and safety revenue program (the existing statutory equalizing factor was modified by the 2001 legislative changes to property tax class rates).
- 7 Uses of health and safety revenue.** Narrows the uses of health and safety revenue states that indoor air quality mold abatement, upgrades or replacement of mechanical ventilation systems to meet standards, changes to meet department of health food code, and changes to correct swimming pool hazards excluding depth correction are eligible for health and safety revenue. Specifies that health and safety revenue must not be used for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, non-health and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, building and heating, ventilating and air conditioning supplies, maintenance, cleaning, testing and calibration activities. States that all assessments, investigations, inventories and support equipment not leading to the engineering or construction of a project must be included in the health, safety and environmental management costs in section 123B.57, subd. 8(a), (this is a capped amount of funding).
- 8 To qualify.** Authorizes districts with approved health and safety projects with estimated costs of \$500,000 or more that do not otherwise qualify for alternative bonding to participate in the alternative bonding program for these projects only.
- 9 Facility plan.** Requires districts with approved health and safety projects with estimated costs of \$500,000 or more that do not otherwise qualify for alternative bonding to have a five-year plan approved by the commissioner that includes an inventory of health and safety projects with estimated costs of \$500,000 or more.
- 10 Bond authorization.** Effective for bonds issued under the alternative facilities bonding and levy program after April 15, 2003 for taxes payable in 2004 and later, requires a district to publish notice of intended projects.
- 11 Levy authorization.** Effective for annual levies made under the alternative facilities bonding and levy program for taxes payable in 2004 and later, requires a district to publish notice of intended projects.
- 12 Levy authorized.** Strikes references to local board approval and to alternative facilities aid.
- 13 Creation of a capital project referendum account.** Changes the name of the “down payment” levy to the “capital projects” levy. This more accurately reflects the current usage

Section

of this program by school districts.

- 14 **Uses of the account.** Changes the term “down payment” to “capital projects.”
- 15 **Capital project levy referendum.** Renames the down payment levy program the capital project program.
- 16 **Excess levy proceeds.** Makes conforming changes.
- 17 **To lease building or land.** Beginning with taxes payable in 2004, reduces the building lease levy from 100% of a district’s costs up to \$100 per pupil unit to 90% of costs up to \$90 per pupil unit. Additional levy authority for members of intermediate districts is reduced from 100% of cost up to \$25 per pupil unit to 90% of cost up to \$22.50 per pupil unit.
- 18 **Levy.** Clarifies a district’s maximum effort net debt service levy and codifies the actual maximum effort tax rate (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 19 **Maximum effort debt service levy.** Clarifies a district’s maximum effort net debt service levy and codifies the actual tax rate (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 20 **Capital loans eligibility.** Codifies the actual minimum tax rate needed to qualify for the maximum effort capital loan program (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 21 **Loan amount limits.** Codifies the actual loan amount limits for the maximum effort capital loan program (the existing statutory loan limits were modified by the 2001 legislative changes to property tax class rates).
- 22 **Debt service resolution.** Sets the maximum amount a district may levy for debt service to repay school building bonds at 105 percent of the principal and interest during the coming year. (Current law allows the district to levy an amount between 105 and 106 percent of the amount needed.)
- 23 **Irrevocability.** Clarifies that the education commissioner, instead of the county auditor, reduces a school district’s debt levy for an excess in the debt redemption fund.
- 24 **Bonds; Mounds View.** Notwithstanding section 10, authorizes independent school district, No. 621, Mounds View, to issue alternative facility bonds for projects approved before February 1, 2003.
- 25 **Lease levy exception.** Allows the Anoka school district to continue to levy 100 percent of the amount necessary to repay the bonds issued by the county for the secondary technical education program (STEP).
- 26 **Property sale; St. Francis School District.** Authorizes independent school district No. 15, St. Francis, to deposit the proceeds from the sale of land that was initially purchased in 1992 with funds from specially authorized bonds in the district’s reserved for operating capital account instead of in the district’s debt redemption fund.
- 27 **Disabled Access Levy Authority; Southland.** Allows the Southland school district to levy up to \$66,000 of its remaining disabled access levy authority over five or fewer years.
- 28 **Levy; Elgin-Millville.** Allows the Elgin-Millville school district to levy up to \$8,000 for

Section

handicapped access and for safety improvements.

- 29** **Garage Lease Levy; Sartell.** Allows the Sartell school district to levy up to \$107,000 for taxes payable in 2004, 2005, and 2006, for leasing a school bus storage facility. Allows the district to levy the stated amount only if it sells its current school bus storage site to the city of Sartell and prohibits the district from using this levy as part of a lease purchase agreement to replace its current school bus storage facility.
- 30** **Health and Safety Exception, Ulen-Hitterdahl.** Allows the Ulen-Hitterdahl school district to include in its health and safety revenue for fiscal year 2005 costs for the demolition of a portion of its high school building.
- 31** **Appropriations.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 32** **Repealer.** Repeals the following effective July 1, 2003:
- ▶ 125B.11 – regional clearinghouse for improving education technology

Article 5: Nutrition; School Accounting; Other Programs
(Pg 139)

- 1** **Specific authority.** Deletes a provision exempting school districts from state aid penalties for loss of instructional time as a result of emergency school closings ordered by the commissioner at the request of the governor. This exemption is obsolete because there is no longer a state aid penalty in law for operating schools fewer than a fixed minimum number of days.
- 2** **County’s use of funds.** Corrects an obsolete reference to the general education levy.
- 3** **Elementary school.** Deletes a sentence that does not conform to the current definition of “elementary school.”
- 4** **Levy recognition.** Requires school districts to recognize revenue from certain school levies in the previous fiscal year.
- 5** **Payment of aids to charter schools.** Changes payment schedules for charter schools to reflect the change from 83% current payments to 80% current payments.
- 6** **School breakfast program.** Breakfast program eligibility is simplified and reimbursements are revised. Reimbursement rates are 55 cents set for each fully paid breakfast served and 30 cents for each reduced price breakfast served. Prohibits a school district from charging a breakfast fee to any student who qualifies for free or reduced price meals.
- 7** **Milk reimbursement.** Reimburses school district nine cents for each half-pint of milk that is served to kindergarten students (this costs \$500,000 per year).
- 8** **Statutory operating debt.** Codifies the actual tax rate and the statutory operating debt levy (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).

Section

- 9 Payment to unemployment insurance program trust fund by state and political subdivisions.** Beginning with taxes payable in 2004, reduces the unemployment insurance levy from 100% of actual cost to 90% of actual cost in excess of \$10 per AMCPU.
- 10 Tax levy for judgment.** Beginning with taxes payable in 2004, reduces the judgment levy from 100% of actual cost to 90% of actual cost in excess of \$10 per AMCPU.
- 11 Aid reduction.** Reduces state aid payments in the current fiscal year by the amount of levies that are recognized early under section 4.
- 12 Ice arena levy.** Beginning with taxes payable in 2004, reduces the ice arena levy from 100% of actual cost to 90% of actual cost.
- 13 Adjustments.** Corrects an obsolete reference for general fund levy adjustments.
- 14 Definitions.** Lowers the percent of a district's aid entitlement paid in the current year from 83% to 80%.
- 15 Payment dates and percentages.** Beginning in FY 2003, increases the percentage of current aid payments made each pay period to offset the reduction from 83% to 80% current payments, in order to maintain the flow of aids during most of the fiscal year as close as possible to current levels, and have the payment reductions resulting from the change to 80% current funding occur toward the end of the fiscal year. Beginning in FY 2005, changes the payment schedule for final payments from 1/3 on August 30, 1/3 on September 30 and 1/3 on October 30 to 30% on August 30, 40% on September 30, and 30% on October 30. Strikes obsolete language relating to FY 2003.
- 16 Advance final payment.** Lowers the amount to make early advance payments to school districts in financial difficulty from \$17.5 million to \$12 million per year.
- 17 Payments to school nonoperating funds.** Lowers the percentage of non-operating fund aids paid during the current year from 83% to 80%.
- 18 Aid payment percentage.** Lowers the percentage of state aids paid during the current year from 83% to 80%.
- 19 Nonpublic aids.** Changes the payment schedule for nonpublic pupil aid to reflect an 80% current payment instead of an 83% current payment.
- 20 State nutrition programs.** Clarifies the aid payment schedule for school breakfast, school milk, and school lunch programs.
- 21 Payments to third parties.** Changes the payment schedule for payments to third parties to reflect an 80% current payment instead of an 83% current payment.
- 22 Alternative attendance programs.** Deletes obsolete reference to 124D.07, which was repealed in 2001. Clarifies that nonresident students enrolled into a district are to receive the same level of transportation service within the attendance area of the school they attend as resident students attending that school. This reflects current CFL practice in administering this law.
- 23 Charter schools.** Strikes an obsolete reference to the transportation transition allowance.
- 24 Abatements.** Deletes references to the community education grandfather levy and the adults with disabilities levy in the abatement aid computation. These levies were inadvertently added to the calculation. Eliminates obsolete references to general education levy.

Section

- 25 Excess tax increment.** Deletes references to the community education grandfather levy and the adults with disabilities levy in the excess tax increment computation. These levies were inadvertently added to the calculation. Eliminates obsolete references to general education levy.
- 26 Net debt limits; Minneapolis.** Adjusts the net debt limit for the Minneapolis school district to match the tax base changes that resulted from the 2001 legislative changes to property tax class rates.
- 27 Election by state or political subdivision to be a taxpaying employer.** Effective immediately, excludes school districts from authority to elect to be a taxpaying employer for unemployment insurance, instead of making an annual levy for actual costs.
- 28 Method of payment by political subdivision.** Excludes school districts from general authority for political subdivisions to levy for unemployment insurance costs, and authorizes school districts to levy.
- 29 Attached machinery aid.** Makes technical changes.
- 30 School districts.** Makes technical changes.
- 31 Surplus funds.** Makes technical changes.
- 32 St. Paul severance levy.** Updates a tax rate.
- 33 Fund transfers.** Authorizes permanent fund transfers: Chisholm, \$500,000 from reserved operating capital to unrestricted general fund; Swanville, \$61,000 from debt redemption to capital account without a levy reduction; and Westonka, \$170,000 from its debt redemption fund to its unrestricted general fund without a levy reduction.
- 34 Direction to commissioner.** Directs the commissioner to calculate the property tax recognition shift percentage that raises \$230,378,000 in fiscal year 2004.
- 35 Appropriations.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 36 Revisor instruction.** Directs the revisor to codify a session law authorizing St. Paul to levy for school severance pay obligations.
- 37 Repealer.** Repeals sections:
- ▶ 93.22, subdivision 2 – taconite lease revenue; mineral surplus account;
 - ▶ 93.223, subdivision 1 – school fund mineral lease suspense account;
 - ▶ 124D.115 – school breakfast program
 - ▶ 124D.1156 – fast break to learning program
 - ▶ 127A.41, subd. 6. – obsolete cross-reference

Section**Article 6: Libraries****(Pg 168)**

- 1 **Limitation.** For two years only, requires cities and counties to provide at least 90% (instead of 100%) of previous financial support for libraries in order to qualify for regional basic system support grants.
- 2 **Basic regional library system; support.** Names two appropriation sources for the basic regional library system.
- 3 **Eligibility.** Allows a regional public library system to apply for telecommunications aid to be used for maintenance, equipment or installation of telecommunications lines.
- 4 **Appropriations.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
 - ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 5 **Revisor Instruction.** Requires the Revisor to make indicated statutory changes.
- 6 **Repealer.** Repeals the changes made to section 1 effective July 1, 2005.

Article 7: Early Childhood Family Support**(Pg 171)**

- 1 **Head Start; distribution of appropriation and program coordination.** Eliminates the requirement that 11% of the state Head Start grant be used for grants for innovative programming. Requires Head Start grantees to submit a work plan to the education commissioner for approval. Describes the contents of the work plan.
- 2 **Federal Requirements.** Clarifies federal requirements.
- 3 **ECFE program characteristics.** Encourages early childhood family education (ECFE) programs to target resources for children from birth to age three if funding is insufficient to serve all children. Encourage ECFE programs to refer parents to other public and private programs for four and five year old children.
- 4 **Home visiting program.** Simplifies the statutory language describing the parent education component of the home visiting program.
- 5 **ECFE program coordination.** Modifies the ECFE program coordination language. Broadens ECFE program coordination with others from “special education and vocational education programs provided by other government agencies and nonprofit agencies” to “public and private community resources.”
- 6 **ECFE revenue.** Beginning in FY 05, reduces ECFE revenue from \$120 to \$96 times the greater of 150 or the number or people under age 5 residing in the district.
- 7 **ECFE reserve account limit.** Eliminates the reallocation of ECFE aid and levy reductions from districts with excess ECFE fund balances to districts without excess ECFE fund balances. Clarifies the calculation of the ECFE fund balance limit.
- 8 **Advisory council.** Adds local early intervention committees to school district school

Section

readiness advisory councils.

- 9 School readiness program review and approval.** Extends the commissioner's time to review and comment on school readiness programs from 30 to 90 days. Clarifies language.
- 10 School readiness reserve account limit.** Eliminates the reallocation of school readiness aid reductions from districts with excess school readiness fund balances to districts without excess fund balances. Clarifies the calculation of the school readiness fund balance limit.
- 11 Appropriation.** See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 12 Repealer.** Repeals the following:
- ▶ 124D.17 – Way to Grow program

**Article 8: Prevention
(Pg 181)**

- 1 Community education director.** Clarifies that a school board that requests a waiver to hire a nonlicensed person as a community education director should request the waiver from the Minnesota board of administrators, not the education commissioner.
- 2 Community education revenue.** Lowers the community education revenue allowance from \$5.95 per capita to \$5.23 per capita for FY 05 and later.
- 3 Total community education levy.** Changes the maximum community education levy from a split rate of 1.0017% of ANTC for districts with a youth after-school enrichment program or 0.6463% of ANTC for districts without a youth after-school school enrichment program to a single maximum rate of 0.985% of ANTC for all districts.
- 4 Reserve account limit.** Limits a school district's general community education fund balance to 25% of the district's community education revenue for the previous fiscal year. Reduces the current year community education aid and levy for districts with an excess fund balance.
- 5 Waiver.** Permits districts anticipating an excess community education fund balance because of extenuating circumstances to request a waiver from the commissioner.
- 6 School-age care levy.** Codifies the actual equalizing factor for the school age care revenue program (the existing statutory equalizing factor was modified by the 2001 legislative change to property tax class rates).
- 7 Appropriation.** See attached fiscal worksheet.
- 1 Repealer.** Repeals the following:
- ▶ 124D.21 – community education grandfather levy
 - ▶ 124D.221 – after school enrichment grants
 - ▶ 124D.93 – Minnesota local partnership program
 - ▶ 144.401, subdivision 5 – transfer of community prevention grants for federal drug free schools from the department of children, families and learning to

Section

health

**Article 9: Self-Sufficiency and Life Long Learning
(Pg 185)**

- 1 **Program requirements.** Permits a school board or the governing body of a consortium offering Adult Basic Education (ABE) to charge fees on a sliding scale to participants who are over age 21. Fees must be waived for participants who are unable to pay.
- 2 **Accounts; revenue; aid.** Requires districts to maintain a reserve account in the community service fund for receipts and disbursements related to ABE programs.
- 3 **State total adult basic education aid.** Eliminates the current law growth factor and sets the state total ABE aid for FY 2004 at \$34,388,000 and for FY 2005 and later at \$36,509,000.
- 4 **Basic population aid.** Reduces the basic population aid from the greater of \$4,000 or \$1.80 times the population of the district to the greater of \$3,844 or \$1.73 times the population of the district.
- 5 **Adult basic education program aid limit.** Beginning in FY 2004, reduces the maximum annual growth in contact hour aid for an individual district or consortium from the greater of 17% or \$20,000 to the greater of 8% or \$10,000. For FY 2005 only, includes the instructional hours for students participating in the adult graduation aid program (this is because the adult graduation aid program is eliminated and rolled into the ABE program).
- 6 **Program audits.** Eliminates the requirement for the commissioner to audit 50 percent of all ABE programs in FY 2003 and the remaining 50 percent of all ABE programs in FY 2004, and the requirement to audit ABE programs once every 5 years beginning in FY 2005.
- 7 **Adult basic education program approval and aid, fiscal year 2004.** For FY 2004 only, authorizes a district or consortium that provided a program funded with adult graduation aid in FY 2003 to request an extension of the application deadline for approval of an ABE program. Adjusts the attendance hours for students participating in a program funded in the previous fiscal year with adult graduation aid.
- 8 **Adult basic education transition aid.** Creates a one-time transition aid in fiscal year 2004 only to accommodate the “roll-in” of adult graduation aid into the adult basic education aid program.
- 9 **Appropriation.** See attached fiscal worksheet.
- 10 **Repealer.** Repeals the following:
 - ▶ 124D.09, subdivision 15 – PSEO, pupils age 21 and over,
 - ▶ 124D.54 – adult high school graduation aid, and
 - ▶ 126C.05, subdivision 12 – ADM, pupils 21 and over, are repealed.

Section**Article 10: State Agencies
(Pg 190)**

- 1** **Variiances.** (b) To meet the needs of students enrolled in an alternative education program, allows the board of teaching to permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed.
- 2** **Membership.** Adds a 10th member to the board of administrators. Current law puts either a community education director or a special education director on the board. This change places both directors on the board.
- 3** **Terms, composition, removal, administration.** Technical change to conform to section 2.
- 4** **Permission to substitute teach.** (b) Allows the board of teaching to issue a lifetime qualified short-call substitute teaching license to a person who: (1) applies to the board, was a qualified teacher while holding a continuing five-year license issued by the board and receives a retirement annuity; (2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or (3) held a continuing five-year license issued by the board, taught at least three years in an accredited nonpublic school in Minnesota and receives a retirement annuity as a result of the person's teaching experience. Exempts a person holding a lifetime qualified short-call substitute teaching license from having to complete continuing education clock hours. Allows a person holding this license to reapply for a continuing five-year license and requires the person to again complete continuing education clock hours one school year after receiving the continuing five-year license.
- Makes this section effective for the 2003-2004 school year and later.
- 5** **Teachers and administrators' licenses; fees.** Increases the teacher license processing fee from \$47 to \$57.
- 6** **District verification of teacher licenses.** Strikes a requirement that teachers file a certified copy of their teaching license in the employing school district. Requires employing school districts and charter schools to use the Minnesota education licensing system available on the education department website to verify that a teacher is fully licensed.
- Makes this section effective for the 2003-2004 school year and later.
- 7** **Driver training.** Clarifies that driver education courses are approved by the commissioner of public safety.
- 8** **Commissioner's authority; rules; curriculum.** Clarifies that standards for driver improvement clinics are established by the commissioner of public safety.
- 9** **Members.** Corrects the title of an official at the department of children, families and learning.
- 10** **Appropriations; department of education.** Appropriates \$23.653 million each year for operations of the department of education. Cancels two reserve accounts. Sets aside the following amounts:

Minnesota Children's Museum	\$260,000 per year
Minnesota Academy of Science	\$41,000 per year
Board of Teaching	\$621,000 per year

Section

Board of Administrators \$165,000 per year

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

11 Appropriations: Minnesota state academies for the deaf and blind. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

12 Appropriations: Perpich Center for Arts Education. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

13 Revisor instruction. Requires the revisor to change references from the commissioner of children, families and learning to the commissioner of public safety, for certain functions related to school buses and school bus drivers. Requires the revisor to change any references from the federal “part H” program to the federal “part C” program.

14 Repealer. (a) Repeals the following statutes:

- ▶ 15.014, subdivision 3 – curriculum development task force;
- ▶ 123B.90, subdivision 1 – school bus safety week;
- ▶ 169.441, subdivision 4 – Minnesota designation in school bus body serial number;
- ▶ 239.004 – public education about the metric system.

(b) Repeals the following obsolete Minnesota Rules:

- ▶ 3500.0600 – teachers’ duty free lunch
- ▶ 3520.0400 – transportation data reporting requirements
- ▶ 3520.1400 – regulations relating to equal transportation
- ▶ 3520.3300 – transportation of pupils with disabilities
- ▶ 3530.1500 – service for the blind and physically handicapped and institutions
- ▶ 3530.2700 – school lunch program
- ▶ 3530.4400 – civil defense; disaster plan
- ▶ 3530.4500 – civil defense; planning coordinator in districts
- ▶ 3530.4700 – civil defense school building construction
- ▶ 3550.0100 – training an experience index

NOTE: These rules have been reported as obsolete in CFL’s 2001 “Obsolete Rules Report” to the legislature.

Section**Article 11: Deficiencies****(Pg 197)**

- 1 Department of children, families and learning.** Appropriates the dollar amounts in section 2 to eliminate fiscal year 2003 appropriations.
- 2 Appropriates; department of children, families and learning.** Makes deficiency appropriations in the following amounts:

- ▶ community education aid \$219,000
- ▶ general education aid \$8,791,000
- ▶ nonpublic pupil aid \$437,000
- ▶ consolidation transition aid \$5,000
- ▶ interdistrict desegregation \$169,000
- ▶ travel for home-based services \$48,000
- ▶ debt service aid \$19,000
- ▶ school breakfast \$100,000
- ▶ fast break to learning \$1,081,000

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

- 3 Effective date.** Makes sections 1 and 2 effective the day following enactment.

Article 12: Technical Amendments**(Pg 198)**

- 1 Transition year families.** Strikes reference to repealed program.
- 2 School health services.** Strikes obsolete provision.
- 3 Probationary period; discharge or demotion.** Corrects incorrect cross reference.
- 4 Coaches; termination of duties.** Changes an incorrect reference from commissioner to local school board.
- 5 Board authority.** Inserts provision with statutory language adopted in 2002.
- 6 Certification.** Corrects incorrect cross reference.
- 7 Advertising on school buses.** Strikes reference to expired committee.
- 8 Termination of enrollment.** Strikes cross reference to repealed section.
- 9 Definitions.** Strikes duplicative language.
- 10 Length of school year.** Corrects incorrect cross reference.
- 11 Related party lease costs.** Corrects incorrect cross reference.

Section

- 12** **Method of special instruction.** Reflects recodification change.
- 13** **Attendance in another district.** Strikes repealed cross reference.
- 14** **Equity region.** Corrects incorrect cross reference.
- 15** **Aid reduction for repayment.** Strikes reference to repealed cross reference.
- 16** **Administrative rules.** Strikes reference to repealed cross reference.
- 17** **Payment percentage for certain aids.** Corrects changed reference reflecting amendments to American Indian grant programs.
- 18** **State school bus safety administration.** Strikes reference to expired committee.
- 19** **Rules.** Strikes reference to expired committee.
- 20** **Inspection manual.** Strikes reference to expired committee.
- 21** **Variance.** Strikes reference to expired committee.
- 22** **Repealer.** (a) Repeals the following:
- ▶ 126C.55, subdivision 5 – an obsolete provision
- (b) Repeals amended language of repealed sections in session laws.