

HOUSE RESEARCH

Bill Summary

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Section

Article 1: Budget Modifications

- 1 **Federal and state law; appropriation of funds.** Requires that any federal funds that are received under the federal law designated as the Elementary and Secondary Education Act (ESEA) are not appropriated through the general statute regarding state funds and are available only after the funds have been specifically appropriated by legislative act.
- 2 **Tax and aid anticipation certificates.** Allows an intermediate school district to issue revenue anticipation certificates (certificates are a form of short-term borrowing) in the same manner as school districts issue aid and levy anticipation bonds.
- 3 **Total community education levy.** Narrows the gap between the community ed levy tax rate for districts with and without an after-school enrichment program so that there is not a disincentive for a district to operate an after-school enrichment program.
- 4 **Duties.** Strikes various duties of the Minnesota commission on national and community service, including developing and coordinating volunteer service learning programs; working with specified entities to identify mentoring and service learning opportunities, solicit and recruit program participants, and disseminate program information; and provide program oversight and support. Strikes language directing the commissioner of children, families and learning to consult with commission members before selecting the commission's executive director, who serves in the unclassified service. Makes this section, including the termination of the employment of the executive director in the state unclassified service, effective when section 4 is effective.
- 5 **Delegation to a nonprofit.** Allows the commission to create a private nonprofit corporation that is exempt from federal taxation. Makes the commission the corporation's board of directors if the commission creates a private nonprofit corporation. Exempts the private nonprofit corporation from laws governing state agencies or subdivisions. Allows the commission to delegate to the corporation its powers and duties under federal and state law if the corporation is

authorized to administer the National and Community Service Trust Act. Allows the commission to revoke a delegation of powers and duties at its discretion, and requires the commission to revoke the delegation of powers and duties if the corporation's authority to administer the National and Community Service Trust Act is removed. Makes this section immediately effective.

- 6 **Integration revenue.** Reduces integration revenue for the Duluth school district from \$207 per pupil to \$93 per pupil for FY 03 and later.
- 7 **Integration levy.** Permanently increases the levy share of integration revenue from 22% to 33% of integration revenue for FY 04 and later. Codifies the fiscal year 2003 aid/levy change that was passed by the 2002 legislature.
- 8 **Integration aid.** Permanently decreases the aid share of integration revenue from 78% to 67% of integration revenue for FY 04 and later.
- 9 **Learning year pupil units.** Limits the maximum average daily membership (ADM) of a pupil to 1.5. Approximately 2,000 pupils in the state exceed 1.5 in ADM.
- 10 **Referendum allowances.** Clarifies a cross reference.
- 11 **Compensatory education revenue.** Delinks compensatory revenue from the formula allowance. Under current law, compensatory revenue increases as the formula increases. This provision calculates compensatory revenue using a fixed allowance of \$4,601 per pupil.
- 12 **Referendum equalization revenue.** Increases the amount of referendum revenue per pupil subject to the first tier of equalization aid from \$126 per pupil to \$230 per pupil.
- 13 **Tax levy for judgment.** Allows an intermediate school district to levy for judgments in the same manner as school districts.
- 14 **Career and technical levy.** Makes permanent the career and technical levy. Sets the levy amount at the same amount as the district's levy for taxes payable in 2002 with the exception that the maximum levy amount for small districts is raised from \$7,500 to \$10,000.
- 15 **Tax and aid anticipation borrowing; definitions.** Includes intermediate school districts in the definition of "district" for purposes of issuing anticipation certificates.
- 16 **State property agreements.** Exempts agreements between MnSCU and intermediate school districts from a limited initial time duration of 10 years.
- 17 **Work study student compensation.** Sunsets the 1998 and 1999 appropriations for school district work study funds as of February 14, 2002 (current law allows these appropriations to be continued until the amounts are fully used).
- 18 **General education appropriation.** Adjusts the general education appropriation to match the November 2001 Forecast. Further reduces the appropriation by the savings attributable to limiting ADM to 1.5 and to eliminating the dedication of permanent school fund money to the taconite suspense accounts.
- 19 **Best practices seminars.** Reduces the FY 03 appropriation for best practices seminars to \$750,000 and dedicates the remaining amounts to special education teacher training and a grant for the chance to grow/new visions program.
- 20 **Integration aid.** Reduces the integration aid appropriation by \$956,000 in FY 03 to match the cut in Duluth's integration aid. Matches the aid estimate to the November 2001 forecast amounts.
- 21 **Youthworks program.** Reduces the base budget for the Youthworks program from \$1.788 million to \$1 million for FY 04 and FY 05.
- 22 **Education and employment transition programs.** Eliminates funding for the education and employment transition program for years after FY 02.

- 23 **Web-based, individual interagency intervention plan.** Eliminates the funding for the web-based, individual interagency intervention plan for years after FY 02.
- 24 **DCFL appropriation.** Cuts the appropriation for the department of children, families and learning by 10 percent. Adds to this cut reductions of \$260,000 for the Minnesota children's museum, \$250,000 for the Minnesota academic excellence foundation (MAEF), and \$500,000 of the amount set-aside for upgrading the teacher licensing technology. Excludes from the approval of federal grants and aids federal funds for state assessments and enhanced assessment instruments.
- 25 **Perpich arts center appropriation.** Cuts the appropriation for the Perpich center for arts education by 10 percent.
- 26 **Excess cost aid adjustment; Cambridge-Isanti.** Makes a positive aid adjustment of \$748,000 in the special education excess cost aid for independent school district No. 911, Cambridge-Isanti, for FY 02 only.
- 27 **Transition.** On the effective date of section 28, removes all powers and duties of the commissioner of children, families and learning related to the Minnesota commission on national and community service except to assist in developing a comprehensive state plan to provide services under the Youthworks Act and to provide pass-through grant funds that are appropriated for the commission or the corporation.
- 28 **Appropriation transfer.** Transfers the remaining Youthworks programs appropriations from the commissioner of children, families and learning to the administrative entity that the Corporation for National and Community Service approves to carry out the National and Community Service Trust Act. Requires the governor's proposed budget for fiscal years 2004 and 2005 to show the appropriation amounts, adjusted for 2002 changes, as part of the base budget. Requires future appropriations to be shown as pass-through grants to the Minnesota commission on national and community service or to the nonprofit corporation the commission creates to carry out the National and Community Service Trust Act. Makes this section effective the day after the Minnesota commission on national and community service certifies to the finance commissioner that it created a nonprofit corporation, that the Corporation for National and Community Service authorized the corporation to carry out the National and Community Service Trust Act and the commission delegated duties to administer Youthworks programs to the corporation.
- 29 **Capital account transfers.** Allows the Butterfield school district to transfer up to \$117,000 from its reserved for operating capital account to the undesignated general fund balance. Allows the Truman school district to transfer up to \$500,000 from its reserved for operating capital account to its undesignated general fund balance.
- 30 **Appropriation; Minnesota association of alternative programs.** Appropriates \$250,000 in FY 03 from the general fund to the commissioner of children, families and learning for a grant to the Minnesota association of alternative programs to implement electronic continual learning plans at area learning centers (ALCs) and alternative programs.
- 31 **Repealers.**
Subd. 1. Fiscal year 2003.
123D.453-secondary vocational aid;
93.22, subdivision 2, 93.223, 93.2235-permanent school fund transfers into mineral lease suspense accounts for taconite mining grants.
Subd. 2. Fiscal year 2004.
123B.69, subdivisions 6 and 7-alternative facilities aid;

Laws 2000, chapter 489, article 2, section 36, as amended-Richfield airport impact aid.

Subd. 3. Retroactive to July 1, 2001.

Laws 2001, chapter 6, article 1, section 31-duplicative language for the referendum equalization levy calculation.

Article 2: Forecast Adjustments

Article 2 consists of adjustments to appropriations because of forecast changes. These changes are technical and except for section 11, which creates a budget tails of \$2 million per year for the grant for school evaluation services, do not reflect any policy changes.

- 1 **Debt service appropriation.** Changes the amount of the fixed, standing appropriation for debt service equalization aid to match the November 2001 forecast.
- 2 **Abatement aid.** Changes the amount of the line item appropriation for abatement aid to match the November 2001 forecast.
- 3 **Nonpublic pupil aid.** Changes the amount of the line item appropriation for nonpublic pupil aid to match the November 2001 forecast.
- 4 **Nonpublic pupil transportation aid.** Changes the amount of the line item appropriation for nonpublic pupil transportation aid to match the November 2001 forecast.
- 5 **Consolidation transition aid.** Changes the amount of the line item appropriation for consolidation transition aid to match the November 2001 forecast.
- 6 **Charter school building lease aid.** Changes the amount of the line item appropriation for charter school building lease aid to match the November 2001 forecast.
- 7 **Charter school startup grant aid.** Changes the amount of the line item appropriation for charter school startup grant aid to match the November 2001 forecast.
- 8 **Magnet school startup aid.** Changes the amount of the line item appropriation for magnet school startup aid to match the November 2001 forecast.
- 9 **Success for the future aid.** Changes the amount of the line item appropriation for the success for the future (American Indian) aid to match the November 2001 forecast.
- 10 **Tribal contract schools aid.** Changes the amount of the line item appropriation for tribal contract schools aid to match the November 2001 forecast.
- 11 **School evaluation services.** Adds a base budget amount of \$2 million per year for FY 04 and FY 05 for the school evaluation services appropriation.
- 12 **Special education aid.** Changes the amount of the line item appropriation for special education aid to match the November 2001 forecast.
- 13 **Aid for children with a disability.** Changes the amount of the line item appropriation for aid for children with a disability to match the November 2001 forecast.
- 14 **Travel for home-based services aid.** Changes the amount of the line item appropriation for travel for home-based services aid to match the November 2001 forecast.
- 15 **Special education excess cost aid.** Changes the amount of the line item appropriation for special education excess cost aid to match the November 2001 forecast.
- 16 **Transition programs; students with disabilities.** Changes the amount of the line item appropriation for transition programs for students with disabilities to match the November 2001 forecast.
- 17 **Health and safety aid.** Changes the amount of the line item appropriation for health and safety aid to match the November 2001 forecast.
- 18 **Debt service equalization aid.** Changes the amount of the line item appropriation for debt

service equalization aid to match the November 2001 forecast.

19 **Alternative facilities bonding aid.** Changes the amount of the line item appropriation for alternative facilities bonding aid to match the November 2001 forecast.

20 **Telecommunications access cost revenue (TARP) aid.** Changes the amount of the line item appropriation for telecommunications access aid to match the November 2001 forecast.

21 **School lunch aid.** Changes the amount of the line item appropriation for school lunch aid to match the November 2001 forecast.

22 **Fast break to learning grants.** Changes the amount of the line item appropriation for the fast break breakfast program aid to match the November 2001 forecast.

Article 3: Education Policy

Proposes policy amendments to the education code.

1 **American heritage education.** (a) Directs school districts to adopt a policy for grade level instruction to enable students to read and study documents relevant to America's founders, including documents that contributed to the representative republican form of limited government, the Bill of Rights, the free-market economic system and patriotism. Requires districts to permit principals and teachers to use, read or post in a public school building or

classroom national or state documents, writings, speeches, proclamations, such as the:

(1) Mayflower Compact;

(2) Declaration of Independence;

(3) U.S. and Minnesota Constitutions;

(4) Northwest Ordinance of 1787;

(5) original Pledge of Allegiance and national anthem;

(6) various specified writings; and

(7) records of Congress and U.S. Supreme Court decisions.

(b) Precludes school districts from prohibiting the use of documents under paragraph (a) based on religious references. Requires the documents to be used for educational purposes and not religious indoctrination.

(c) Allows students to voluntarily choose to study a religious topic if other students have the same opportunity to freely choose a topic.

Makes this section effective immediately.

2 **Pledge of allegiance.** (a) Requires all public and charter school students to recite the pledge of allegiance at least one time each week. Allows the recitation to be conducted by a classroom teacher or over the school intercom system by the principal's designee. Allows a local school board or the charter school board of directors to waive this requirement by majority vote.

(b) Requires students and teachers who object to reciting the pledge to be excused from participating without penalty.

(c) Allows a local school board or the charter school board of directors that waives the requirement to recite the pledge to adopt a local policy on reciting the pledge.

Makes this section effective immediately.

3 **Instruction.** Requires a school district to instruct students in proper flag etiquette and in patriotic exercises unless a school board annually votes to waive this requirement. Recommends that the instruction be part of the fifth grade social studies curriculum.

Makes this section effective immediately and applicable to the 2003-2004 school year and later.

- 4 **Staff development revenue.** Allows, instead of requires, a school district to reserve revenue for staff development activities.
Makes this section effective for the 2002-2003 school year.
- 5 **Formation of school by school board.** (a) Allows a school district to create a school to implement the district's strategic public education plan.
(b) Allows a school board or one or more licensed teachers cooperating with the school board to initiate a proposal to operate a charter school. Indicates that the commissioner's approval to operate the school is not required.
(c) Subjects a charter school formed under this subdivision to all statutory charter school provisions in Minnesota Statutes, sections 124D.10 and 124D.11 unless specifically exempted.
(d) Requires the sponsoring school board to select up to two members of the charter school board of directors.
(e) Requires a charter school formed under this subdivision to submit its budget for review and comment to school district officials employed by the sponsoring school board. Requires the charter school to submit its learning program for review and comment to the sponsoring school board before implementing or significantly changing the program.
(f) Requires the sponsoring school district to provide facilities to the charter school, which must pay the school district for facility operating costs. Allows the charter school to apply to the commissioner for lease aid if the sponsoring school district does not have space for the charter school.
(g) Requires the charter school by-laws to include a teacher selection process. Allows teachers to be selected by: (1) contracting with a teachers' cooperative or similar organization for instructional services; (2) employing teachers under contract with the sponsoring school district, who retain their contractual rights in the district; or (3) employing teachers from outside the school district. Makes the charter school responsible for selecting, evaluating and terminating teachers employed under clause (2) or clause (3) of paragraph (g). Makes the teachers' cooperative or similar organization responsible for selecting, evaluating and terminating teachers employed under clause (1) of paragraph (g).
(h) Makes the nonrenewal or termination of the charter school subject to applicable provisions under existing law governing charter schools' nonrenewal and termination, except that the sponsoring school board, upon request, must provide interested members of the public with notice and an opportunity to testify before the school board votes to not renew or terminate the charter school contract.
- 6 **State and local requirements.** Makes charter schools subject to the pledge of allegiance requirement under section 2.
Makes this section effective immediately.
- 7 **Title.** Titles this section the American heritage education in Minnesota public schools act.
Makes this section effective immediately.

Article 4: Technical Amendments

- 1 **Alternative attendance programs.** Strikes an obsolete reference to a section repealed in 2001.
- 2 **Termination of enrollment.** Strikes an obsolete reference to a section repealed in 2001.
- 3 **Length of school year.** Corrects an incorrect cross reference.
- 4 **Related party lease costs.** Corrects an incorrect cross reference.
- 5 **Alternative attendance programs.** Strikes an obsolete reference.
- 6 **Attendance in another district.** Strikes an obsolete reference.

- 7 **Payment percentage for certain aids.** Strikes language made obsolete in 2001 when American Indian programs were combined and aid was paid according to a 90/10 split.
- 8 **Alternative attendance programs.** Strikes an obsolete reference.
- 9 **Disposition order; copy to school.** Corrects an incorrect cross reference.
- 10 **Repealer.** (a) Repeals provisions made obsolete by the repeal of the payment schedule underlying these provisions.
 (b) Repeals note on telecommunication access grants.