

House Research Act Summary

CHAPTER: 6

SESSION: 2001 First Special Session

TOPIC: Omnibus K-12 Funding Legislation

Date: July 16, 2001

Analyst: House and Senate Education Staff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Provides funding and adopts policies for K-12 education.

Section

Article 1: General Education Revenue

(pg. 2)

- 1 **Disposition of payments.** Distributes payments made under state taconite as follows:
 - (1) for lands or minerals and mineral rights covered by a lease that are held by the state by virtue of a school, swamp, or internal improvement land grant of Congress, payments made under the lease shall be distributed annually on September 1 to the school fund mineral lease suspense account; and
 - (2) for lands or mineral and mineral rights covered by a lease that are held by the state by virtue of a university land grant of Congress, payments made under the lease shall be distributed annually on September 1 to the University mineral lease suspense account.
- 2 **Mineral lease suspense accounts.**
 - Subd. 1. School fund mineral lease suspense account.** Creates the school fund mineral lease account in the state treasury for mineral lease money deposited. States that interest earned on money in the account accrues to the account. Requires the Commissioner of Finance to certify twenty percent of the payments made during the preceding fiscal year as costs for the administration and management of mineral leases on permanent school fund lands. Requires the Commissioner to transfer the certified amount from the school fund mineral lease suspense account to the general fund and the balance remaining in the account shall be annually transfer to the permanent school fund.
 - Subd. 2. University fund mineral lease suspense account.** Creates the university fund mineral

lease expense account in the state treasury for mineral lease money deposited. States that interest earned on money in the account accrues to the account. Requires the Commissioner of Finance to certify twenty percent of the payments made during the preceding fiscal year as costs for the administration and management of mineral leases on permanent university fund lands. Requires the Commissioner to transfer the certified amount from the university fund mineral lease suspense account to the general fund and the balance remaining in the account shall be annually transfer to the permanent university fund.

3 **Taconite mining grants; appropriations.**

Subd. 1. Commissioner. Requires the commissioner of finance to establish a program to award grants equal to the sum of money transferred to the general fund to taconite mining companies for: taconite pellet product improvements; value-added production of taconite ore; or cost-savings production improvements at Minnesota taconite plants.

Subd. 2. Colerane laboratory. Requires the director of the Colerane laboratory to establish a program to award grants equal to the sum of the money transferred to the general fund to the board of regents of the University of Minnesota to taconite mining companies for: taconite pellet production improvements; value-added production of taconite ore; or cost-savings production improvements at Minnesota taconite plants.

4 **Early graduation.** Allows a student who has completed all required course or standards to graduate before completing the school year.

5 **Contract; duties.** Simplifies the superintendent's annual "Set the Price" report on expenditures required to ensure various passage rates on the state's basic skills tests. Strikes the requirement that districts report the expected expenditures to reach a 90 percent passage rate and instead requires districts to identify the highest student passage rate the districts expect to attain on the basic standards test by grade 12.

6 **School boards may require fees.** Allows a school board to require fees for transporting pupils to and from school who live within two miles of the school and for all other transportation services not required by law.

7 **Boards shall not charge certain fees.** Prohibits a school board from charging fees for transporting pupils to and from school who live two or more miles from the school.

8 **Nonpublic costs.** Changes the date for CFL to certify nonpublic pupil aid rates for the upcoming school year from March 1 to February 1. This change aligns the aid certification date with the date on which CFL reports February forecast estimates to the Department of Finance, ensuring consistent data reporting.

9 **Computation of maximum allotment.** Changes the date the CFL must certify the expenditure for guidance and counseling from March 1 to February 1.

10 **Levy recognition.** Permits school districts to recognize cash receipts from the spring settlement, plus an additional amount of state aid received in July and August. Changes the calculation of the property tax shift for referendum levies.

11 **General education aid.** Permits districts to recognize cash receipts from the spring settlement plus an additional amount of state aid received in July and August.

12 **Providing transportation.** Clarifies that the board shall have the authority to determine fees for providing transportation of students.

13 **Alternative programs aid.** Raises the minimum percentage of general education revenue that a district must provide to a contract alternative program from 90 to 95 percent.

14 **Pupil units.** Clarifies the calculation of pupil units for prekindergarten pupils with a disability.

15 **General education revenue.** Strikes the referendum offset adjustment from general education

revenue for fiscal year 2002. Also removes supplemental and transition revenue for fiscal year 2003 and later.

- 16 **Basic revenue.** Increases the basic revenue formula allowance from \$3,964 in fiscal year 2001, to \$4,068 in fiscal year 2002, and to \$4,601 in fiscal year 2003 and later.
- 17 **Basic skills revenue.** Removes assurance of mastery revenue from district's basic skills revenue for fiscal years 2003 and later.
- 18 **Supplemental revenue.** Clarifies the calculation of supplemental revenue.
- 19 **Total operating capital revenue.** Clarifies that operating capital revenue can be used for data and video connections.
- 20 **Equity revenue.** Increases a school district's equity revenue by measuring the gap between the district's revenue and the 95th percentile (instead of the 90th percentile). Raises the multiplier for the equity index from \$30 to \$55.
- 21 **Regional equity gap.** Raises the equity gap percentile from the 90th percentile to the 95th percentile.
- 22 **Class size definitions.** Defines "classroom teacher" as a teacher licensed to teach all subjects in kindergarten through grade six and whose duties are full-time regular classroom instruction. Defines "class size" to mean the districtwide ratio of full-time students to full-time teachers in kindergarten through grade three at each grade level.
- 23 **Instruction contact time.** Defines instructional contact time as instruction provided by a classroom teacher or teacher resident. Requires schools to maximize the classroom teacher to student ratio in the subjects of math and reading.
- 24 **Class size revenue use.** Requires class size revenue to be used to reduce class sizes in kindergarten to grade three. Sets the target class size at 17 students to each classroom teacher.
- 25 **Additional revenue use.** Makes changes to align with changes in section 22 and 24.
- 26 **Annual report.** Requires school districts to report in the form and manner prescribed by the commissioner to the public on class sizes by December 1 of each year.
- 27 **Reallocating general education revenue for all-day kindergarten.** Allows a district to reallocate general education revenue attributable to twelfth grade students who graduate early to an optional all-day kindergarten program.
- 28 **Use of compensatory revenue.** Eliminates the catch-all phrase from the allowable uses of compensatory revenue. The catch-all phrase, clause (12), reads, "other methods to increase achievement, as needed."
- 29 **Building allocation.** Makes permanent the ability of a school district, upon approval of the commissioner of children, families, and learning, to allocate up to 5 percent of its compensatory revenue to school sites according to a plan adopted by the school board.
- 30 **Annual expenditure report.** Requires the annual report identifying compensatory revenue expenditures to include an analysis of the effects on the expenditures on student achievement levels.
- 31 **Referendum equalization levy.** Eliminates obsolete language. Makes the section effective for revenue for fiscal year 2002.
- 32 **Referendum revenue.** Deletes language related to referendum dates from the ballot questions subdivision. Moves the language to a separate subdivision on referendum dates.
- 33 **School referendum levy; market value.** Deletes obsolete language related to referendum levies. Makes this section effective for revenue for fiscal year 2002.
- 34 **Referendum date.** Deletes obsolete language related to operating referendums held in

conjunction with a bond election. Restates the language on the November election formerly contained in section 32.

- 35 **Data reporting.** Eliminates the requirement for school district to report "estimated" reallocations of general education revenue among buildings. Actual amounts initially allocated to each building and actual reallocations would still have to be reported.
- 36 **Retired employee health benefits.** Increases the maximum amount of the retired employee health benefits levy from \$300,000 to \$600,000 per year.
- 37 **Retirement levies.** Deletes obsolete language relating to a Minneapolis retirement levy. The levy authority under these paragraphs has expired.
- 38 **Tax levy for judgment.** Clarifies the process and language for the judgment levy.
- 39 **School district accounts and records.** Updates school record retention language to reflect the roll-in of transportation funding into the general education program in FY 1997.
- 40 **General education aid; annual appropriation.** Deletes obsolete language identifying estimated savings in FY 1998 and 1999 due to the general education revenue adjustment for changes in teacher retirement employer contribution rates.
- 41 **Statewide average revenue.** Changes components of general education revenue that are measured to determine the disparity in general education revenue.
- 42 **Repealer; general education revenue.** Strikes language repealing current general education funding formulas effective June 30, 2004.
- 43 **Training and experience replacement revenue.** Permits appropriations for training and experience replacement aid revenue to be adjusted for changes in pupil units.
- 44 **Richfield; airport runway impact aid.** Delays the payment of airport runway impact pupil aid to the Richfield school district by one year.
- 45 **Sparsity correction revenue.** Permits appropriations for sparsity correction aid to be adjusted for changes in pupil units.
- 46 **Sparsity correction revenue appropriation.** Amends Laws 2000, Chapter 489, to permit appropriations for 2000 for sparsity correction revenue to be available until June 30, 2001. Makes this section immediately effective.
- 47 **Special education cross-subsidy revenue.** Amends Laws 200, chapter 489, to permit appropriations for special education cross-subsidy revenue to be available until June 30, 2001. Makes this section immediately effective.
- 48 **Legislative task force.** Creates an eight-member legislative task force on K-12 funding composed of four representatives and four senators, with equal numbers of majority and minority caucus members. Requires the task force to examine changes in the K-12 education funding system including equity issues, regional cost variations, compensatory revenue, integration revenue, and other finance related matters.
- 49 **Tornado impact; Yellow Medicine East.** Creates additional declining pupil aid for the Yellow Medicine East school district.
- 50 **Supplemental revenue; Anoka and Duluth.** Authorizes an additional \$500,000 per year in supplemental revenue for the Anoka and Duluth school districts.
- 51 **Direction to commissioner; transportation.** Directs the CFL commissioner to prepare a report on pupil transportation costs that, among other things, identifies funding inequities, recommends equitable funding, and examines public transportation options.
- 52 **Aid repayment; Little Falls.** Directs the department of children, families, and learning to allow independent school district No. 482, Little Falls, to repay over a five-year period state aid

overpayments for fiscal years 1998 and 1999 resulting from the district's miscalculation of pupil units for those years.

53 **Referendum conversion adjustment for interest earned.** Directs the CFL commissioner to calculate the change in districts' estimated net interest earnings attributable to the repeal of the general education levy under this section.

54 **Appropriations.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.

55 **Repealer.**

Subd. 1. Education repealers. (a) Repeals the following statutes July 1, 2001:

§ 124D.07. Obsolete provision authorizing the commissioner to permit enrollment in a nonresident district.

§ 126C.01, subd. 10. Obsolete provision related to training & experience index calculations.

§ 126C.16, subd. 2. Obsolete provision for referendum and desegregation revenue conversion.

§ 126C.18. Obsolete provision for conversion of referendum authority from tax capacity to market value basis. The conversion process has been completed.

§ 126C.22. Obsolete provision regarding school district cooperation revenue, which was folded into the general education formula in FY 2001.

§§ 126C.30 - 126C.36. The Minnesota Education Finance Act of 1992. This chapter creates a legislative task force to examine changes in the K-12 education system.

§ 127A.44. Aid reduction and levy revenue recognition change.

(b) § 126C.10, subds. 12 and 23. Supplemental revenue reduction and referendum offset adjustment.

§ 126C.17, subd. 12. Referendum allowance reduction.

The repeal is effective for revenue for fiscal year 2002.

(c) § 126C.42, subds. 2 and 3. 1983 and 1985 operating debt.

§ 126C.47 obsolete language relating to judgement levy.

The repeal is effective for revenue for fiscal year 2002.

Subd. 2. Tax bill provisions; repealed without effect. Repeals article 2, sections 1, 5, 7, 9, 10, 20, 21, and 23 in the tax bill enacted during the 2002 First Special Session.

Makes this subdivision immediately effective.

Article 2: Education Excellence

(pg. 42)

1 **Extended school calendar.** Permits school boards to have extended calendars to provide time for additional staff development and to enter into teacher contracts based on the extended calendar.

Makes this section effective for the 2001-2002 school year.

2 **Program structure; training programs for teachers.** (a) States that the advanced placement and international baccalaureate programs are well-established academic programs for mature, academically-directed high school students. States that the programs provide academic rigor, and offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and an opportunity to compete academically on a global level. States

that the programs allow students to leave high school with the academic skills and self-confidence to succeed in college.

(b) Declares that ongoing advanced placement/international baccalaureate-approved teacher training is critical to schools' educational success. Allows interested educators, in addition to advanced placement/international baccalaureate teachers, to participate in training programs. Allows the state to pay a portion of the tuition, room and board costs a teacher or other interested educators incurs in participating in a training program. Directs the commissioner to select teachers and other interested educators to participate in a training program. Allows teachers and other interested educators to participate in a training program paid by nonstate sources.

Makes this section effective July 1, 2001.

- 3 **Involuntary career tracking prohibited.** Allows a school district to develop grade-level curricula and provide instruction on careers but prohibits the district from requiring curriculum instruction or employment-related activities that obligate students to involuntarily select a career or job training.

Makes this section immediately effective.

- 4 **Statewide testing; seventh grade.** Requires statewide tests aligned with the state's graduation standards to be administered to all seventh grade students in addition to all third, fifth, and eighth grade students. Strikes language allowing a student beginning in grade 5 to take the basic skills reading, math, or written composition test. Requires additional demographic data to be reported.

Makes this section immediately effective except the seventh grade testing requirement applies to the 2002-2003 school year and later.

- 5 **School district system accountability and educational improvement plan.**

Subd. 1. Adequate yearly progress of schools and students. Directs the commissioner of children, families and learning to develop and implement a system for measuring and reporting students' academic achievement and individual student progress, consistent with the statewide educational accountability and reporting system. Requires system components to measure the adequate yearly progress of schools and individual students and to include statewide measures of student academic achievement that identify schools with high levels of achievement and schools with low levels of achievement that need improvement. Requires data to include statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Requires indicators of achievement and prior achievement to be based on highly reliable statewide or districtwide assessments. Prohibits using such indicators to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. Directs the commissioner by 1/15/02 to submit to the legislature a plan for integrating these components.

Subd. 2. Student academic achievement. (b) Requires school sites that fail to make adequate yearly progress for two consecutive school years to develop continuous improvement plans for meeting state and local expectations for student academic achievement.

(c) Directs the commissioner to assist school sites and school districts and provide technical assistance to schools that integrate student progress measures.

(d) Directs the commissioner to establish and maintain a continuous improvement Web site that makes data on schools and districts publicly available.

Subd. 3. Student progress assessment. (a) Requires measures of students' educational progress to be based, to the extent annual tests are administered, on indicators of achievement growth

that show an individual student's prior achievement. Requires indicators of achievement and prior achievement to be based on highly reliable statewide or districtwide assessments.

(b) Directs the commissioner to identify models for measuring individual student progress that permit gains-based analysis, including evaluating the effects of the teacher, school and school district on student achievement over time. Requires at least one model to be a "value-added" assessment model that estimates such effects for classroom settings involving a single teacher who teaches multiple subjects to the same student group, team teaching arrangements, and other teaching circumstances.

(c) Directs the commissioner, to the extent practicable, to incorporate gains-based analysis and value added assessments into measures determining whether the school site or school district meets expectations. Directs the department of children, families and learning to coordinate with a district in evaluating school sites and continuous improvement plans that must be consistent with best practices.

Subd. 4. Improving schools. Directs the commissioner to establish a second achievement benchmark to identify improving schools and to recommend to the legislature by 2/15/02 indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring schools to demonstrate use of best teaching practices.

Makes this section immediately effective.

6 **Student discipline; reasonable force.** Allows a school principal as well as a teacher, in exercising the person's lawful authority, to use reasonable force when necessary to discipline a student. Creates a defense against civil liability and criminal prosecution.

7 **Teacher and support personnel qualifications.** (b) Requires the board of teaching annually to report the following to the legislature:

the total number of teacher candidates taking the skills exam during the most recent school year;

the number of teacher candidates who passed the exam;

the number of teacher candidates who failed the exam;

the distribution of the scores of all the test takers;

the number of teacher candidates who failed the exam at least once before; and

the number of teacher candidates who failed the exam at least once before and passed.

(e) Requires the board of teaching annually to report to the legislature on the performance of teacher candidates on common core assessments of knowledge and skills during the most recent school year.

Makes this section effective for the 2001-2002 school year and later.

8 **Program approval.** Removes the requirement that alternative teacher preparation programs at a school district, group of schools or an education district be affiliated with a post-secondary institution having a teacher preparation program. Requires the board of teaching to allow demonstration of licensure competencies in school-based or other nontraditional pathways to licensure.

9 **Background check.** Requires school districts and charter schools to confirm to the board of teaching that criminal background checks have been completed for nonlicensed community experts.

10 **Termination of contract after probationary period.** (a) Requires continuing contract teachers to elect an employment contract based upon the length of the school year or an extended school calendar.

(b) Requires teachers electing employment under an extended school year calendar to

participate in staff development training and to receive an increased base salary.

Makes this section effective for the 2001-2002 school year and later.

- 11 **Additional staff development and salary.** (a) Requires teachers electing an employment contract under an extended school year calendar to participate in staff development training equal to the difference between the total number of student instruction days and 240 days. Allows the school board to schedule additional staff development days throughout the calendar year. Requires staff development programs to enable teachers to meet statutory staff development outcomes.

(b) Requires school districts and the teachers' exclusive representative to include in the collective bargaining agreement the terms needed to provide teachers electing an employment contract of 240 days with an increased base salary.

Makes this section effective for the 2001-2002 school year and later.

- 12 **Period of service after probationary period; discharge or demotion.** (a) For teachers in first class city school districts, requires the terms and conditions of teachers' employment contracts to be based on the length of time during the school year a teacher elects to be employed.

(c) Requires teachers electing an employment contract under an extended school year calendar to participate in staff development training. Increases the base salary of teachers with 240-day contracts.

Makes this section effective for the 2001-2002 school year and later.

- 13 **Additional staff development and salary.** (a) For teachers in first class city school districts, requires teachers electing an employment contract of 240 days to participate in staff development training equal to the difference between the total number of student instruction days and 240 days. Allows the school board to schedule additional staff development days throughout the calendar year. Requires staff development programs to enable teachers to meet statutory staff development outcomes.

(b) Requires school districts and the teachers' exclusive representative to include in the collective bargaining agreement the terms needed to provide teachers electing an employment contract under an extended school year calendar with an increased base salary.

Makes this section effective for the 2001-2002 school year and later.

- 14 **Probationary period for principals hired internally.** Allows the school board and the exclusive representative of the school principals in a first class city school district to negotiate a plan for a probationary period for licensed teachers employed by the board who are subsequently employed by the board as a licensed school principal.

Makes the section effective for the 2001-2002 school year and later.

- 15 **Hearing of charges against teacher.** Clarifies the hearing process for teachers employed in cities of the first class who are discharged or demoted. Allows the teacher to request a hearing before final action is taken. Does not require the district to provide a hearing unless the teacher requests a hearing.

Makes the section effective for the 2002-2003 school year and later.

- 16 **Hearing and determination by arbitrator.** Requires a teacher employed in a city of the first class, who is discharged or demoted, to request a hearing before the arbitrator in order to be entitled to a hearing.

Makes this section effective for the 2002-2003 school year and later.

- 17 **Best practices.** Defines best practices to mean research-based proven practices.

- 18 **Definitions.** Makes a technical change to include charter schools within the definition of "school" for purposes of requiring criminal background checks for teachers and other school

staff.

- 19 **Desegregation district transfers.** Modifies the open enrollment statute to conform with the state desegregation rule by eliminating the application procedures and updating the language.
- 20 **Conflict of interest.** (a) Prohibits a member of a charter school board of directors from serving as a member of the board of directors or as an employee or agent of or a contractor with a for-profit entity with whom the charter school contracts, directly or indirectly, for professional services, goods or facilities. Makes a contract that violates this prohibition voidable at the commissioner's option. Makes a member of a charter school board of directors who violates this prohibition individually liable to the charter school.
- (b) Allows an individual without a conflict of interest to serve as a board member.
- (c) Requires a charter school board member who serves as a board member or employee or agent of or contractor with a nonprofit entity with whom the charter school contracts to disclose all potential conflicts of interest to the commissioner.
- (d) Excludes from conflict of interest provisions the compensation paid to a teacher employed by a charter school who also serves as a charter school board member.
- (e) Excludes from conflict of interest provisions a teacher who provides services to a charter school through a chapter 308A cooperative when the teacher also serves as a charter school board member.
- Makes this section effective for the 2001-2002 school year.
- 21 **Formation of a school.** (a) Allows the commissioner to elect to sponsor a charter school or to assist the applicant in finding an eligible sponsor. Binds a charter school organized and operated as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A to the provisions of the applicable chapter except as provided under the charter school law. Allows a charter school to create a corporation for the purpose of creating a charter school.
- (c) Requires charter school operators to incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and to establish an initial five-member board of directors before entering into a contract or other agreement for professional or other services, goods or facilities. Requires teachers to be a majority of the members of the five-member board of directors before the charter school completes its third year of operation unless the commissioner waives this requirement. Strikes language allowing a provisional board to operate.
- (e) Directs the commissioner annually to provide timely financial management training to newly elected members of a charter school board of directors and on-going training to other members of a charter school board of directors. Requires the training to address ways to:
- (1) maximize available revenue sources;
 - (2) establish and maintain auditable records;
 - (3) establish proper filing techniques;
 - (4) document formal charter school actions;
 - (5) manage and retain school and student records;
 - (6) comply with payroll recordkeeping requirements; and
 - (7) address other factors related to establishing and maintaining records on school operations.
- Makes this section effective for the 2001-2002 school year and later.
- 22 **Audit report.** Requires a charter school to submit an audit report to the commissioner by December 31 each year. Requires the charter school, with its auditor's assistance, to include with the report a copy of all agreements for corporate-management services and, if the provider

is a nonprofit corporation, a copy of that provider's annual tax return must be filed with the commissioner by February 15. Requires a charter school to submit a written report to the commissioner addressing any material weaknesses indicated in the audit. Requires a charter school, upon request by an individual, to make available accounting records, minutes of meetings and financial statements.

Makes this section effective for the 2001-2002 school year and later.

- 23 **State and local requirements.** (b) Strikes language allowing a sponsoring school board to appeal to the commissioner the decision of a local school board to deny the sponsor's request to locate a charter school within the district's boundaries and requiring the commissioner to sponsor a charter school the commissioner authorizes.
- (i) Requires charter school audits to be conducted according to generally accepted governmental auditing standards. Requires the commissioner to approve deviations.
- 24 **Review and comment.** Allows a sponsor to monitor and evaluate the fiscal and student performance of a charter school and to assess the school for this service up to \$30 per student up to \$10,000 in a school's first, second, or third year of operation and up to \$10 per student up to \$3,500 in a fourth or subsequent year of a school's operation.
- 25 **Related party lease costs.** (a) Prohibits a charter school from entering into a lease of real property with a related party unless the lessor is a chapter 317A nonprofit corporation or a chapter 308A cooperative and the lease cost is reasonable.
- (b) Defines, related party, affiliate, close relative, person, and control.
- (c) Requires a real property lease under this subdivision to state that the lease is subject to this provision.
- (d) Gives the commissioner the right, if a charter school closes, to recover excessive lease payments made under a lease with a related party.
- Makes this section immediately effective and applicable to any lease entered into on or after that date.
- 26 **Charter school advisory council.** Establishes a seven-member charter school advisory council to bring to the commissioner's attention matters related to charter schools and to:
- (1) encourage school boards to make full use of charter school opportunities;
 - (2) encourage the creation of innovative schools;
 - (3) provide leadership and support for charter school sponsors to improve charter schools;
 - (4) serve an ombudsman function;
 - (5) promote timely financial management training;
 - (6) review charter school applications; and
 - (7) facilitate compliance with reporting requirements.
- Directs the advisory council to refer all its proposals to the commissioner who must provide time for council reports.
- Makes this section effective immediately.
- 27 **Building lease aid.** Directs the commissioner to review and either approve or deny a lease aid application based on:
- (1) the reasonableness of the price;
 - (2) the appropriateness of the space;
 - (3) the extent to which the lease conforms to applicable state laws and rules; and
 - (4) the appropriateness of the lease given the school's space needs and financial circumstances.

Prohibits a charter school from using building lease aid for custodial, maintenance service, utility, or other operating costs.

- 28 **Payment of aids to charter schools.** (b) Allows up to 90 percent of aid for a school year to be paid to a charter school ceasing operation during that school year after an audit of prior and current fiscal year pupil counts.
- (d) Predicates a charter school's state aid payments during its first three years of operation on timely quarterly filings of enrollment counts. Requires the enrollment report to show each student's start and end data (if any), and for any charter school offering a learning year program, the hours and times of learning year activities. Requires the DCFL to develop a web-based application for charter schools to use to file enrollment information. Allows a charter school that has been in operation for more than three years to submit enrollment data in the form and manner requested by the DCFL.
- 29 **Program established.** Strikes certain residency requirements for students to participate in a learning year program.
- 30 **Commissioner designation.** (a) Requires the record system for the learning year program to include specific information about the participating pupil and the program.
- (b) Allows a participating pupil to continue to enroll in courses required for graduation until the pupil satisfies the graduation requirements or the student is 21, whichever comes first.
- Makes this section immediately effective.
- 31 **Student planning.** Requires a school district to inform parents that participation in the learning year program is optional. Requires a continual learning plan to be developed at least annually and obligates each participant to sign and date the plan, which covers an entire fiscal year. Specifies the plan's contents.
- 32 **Revenue computation and reporting.** Requires average daily membership under the learning year program to be computed under the provision governing learning year pupil units. Requires the dates a pupil is promoted to be reported to the department.
- 33 **Process to address audit findings.** (a) Requires the commissioner to notify the board of a district in writing if, during an audit of a district's learning year program, the commissioner finds that the district is not meeting program requirements. Requires the notice to specify the findings in detail, set a reasonable time within which the district must correct the specified findings, describe the correction required and advise that if the correction is not made within the time allowed, general education revenue to the district will be reduced. Permits the commissioner to extend the time allowed for the correction.
- (b) Allows a board that receives a notice under paragraph (a) to decide, by a majority vote of the whole board, to dispute that:
- (1) the specified finding exists;
 - (2) the time allowed is reasonable; or
 - (3) the commissioner may reduce district general education revenue.
- Requires the board to give the commissioner written notice of the board's decision. After making any further investigations the commissioner deems necessary, requires the commissioner to decide whether or not to adhere to the commissioner's original notice and notify the board of the commissioner's decision.
- (c) Prohibits the commissioner from reducing a district's general education revenue if the district corrects the specified finding within the time permitted or, after receiving a district's notice disputing the finding, the commissioner decides the finding does not exist.
- Makes this section effective immediately.

- 34 **Program described.** Indicates that American Indian programs in public, nonsectarian nonpublic, community, tribal, and alternative schools, among other things, are designed to:
- (1) support students' post-secondary preparation;
 - (2) support American Indian students' academic achievement;
 - (6) supplement and not supplant state and federal educational and cocurricular programs.
- Allows program components to include, among other things, student support in the areas of academic achievement, retention and attendance and supplemental instruction in American Indian language, literature, history and culture. Allows school districts to contract for program components by establishing cooperative liaisons with tribal programs and American Indian social service agencies.
- 35 **Voluntary enrollment.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 36 **Enrollment of other children; shared time enrollment.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 37 **Location of programs.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs. Allows programs to operate on an extended day or extended year basis.
- 38 **Nonverbal courses and extracurricular activities.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 39 **Persons eligible for employment.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 40 **Teachers aides; community coordinators.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 41 **Parent committee.** Strikes language and culture education programs from the list of American Indian school programs that must provide for maximum parent involvement.
- 42 **Grants; procedures.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs. Directs the commissioner to submit all grant proposals to the state advisory committee on American Indian education programs instead of the state advisory task force.
- 43 **Additional requirements.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 44 **Records.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 45 **Money from other sources.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 46 **Exceptions.** Changes the name of the programs from American Indian language and culture education programs to American Indian education programs.
- 47 **Integration revenue.** Amends the integration revenue formula. (2) Lowers the amount of integration revenue for the Minneapolis school district from \$536 times the adjusted pupil unit to \$446 times the adjusted pupil unit. (3) Increases integration revenue for a district that files a plan with the commissioner, where enrollment of protected students in the district exceeds 15 percent from \$93 times the adjusted pupil unit to \$130 times the adjusted pupil unit. (5) Also authorizes integration revenue for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district.

Makes clause (2) effective for aid for fiscal year 2003 and for levy for taxes payable in 2002 and later. Makes clauses (3) and (5) effective for revenue for fiscal year 2002 and later.

48 **Pupil of limited English proficiency.** Modifies the definition of a limited English proficiency student. Requires a developmentally appropriate measure to be used for students in kindergarten through grade 2 and an assessment measuring emerging academic English for students in grades 3 through 12.

Makes this section effective for the 2001-2002 school year and later.

49 **Awards.** Requires Indian scholarships to be used only at accredited Minnesota schools, including those in candidacy status for obtaining accreditation, that are eligible for and receiving federal financial aid programs. Allows students receiving scholarships to enroll in Minnesota higher education institutions that have joint programs with other accredited higher education institutions.

50 **Establishment.** Strikes references to metropolitan school desegregation/integration efforts. Directs the office of desegregation/integration to consult with the metropolitan council to coordinate metropolitan school desegregation/integration efforts.

51 **Advisory board.** Extends the sunset date for the desegregation advisory board to June 30, 2003.

52 **State multicultural education advisory committee.** Extends the sunset date for the state multicultural education advisory board to June 30, 2003.

53 **Educational improvement plan.**

Subd. 1. Qualifying plan. Allows a school district to develop an educational improvement plan to qualify for alternative teacher compensation aid. Requires the plan to include measures for improving school district, school site, teacher and individual student performance.

Subd. 2. Plan components. Requires a school board to approve a plan, which must have at least:

- (1) assessment and evaluation tools;
- (2) performance goals and benchmarks for improvement;
- (3) measures of student attendance and completion rates;
- (4) a rigorous professional development system;
- (5) measures of student, family and community involvement and satisfaction;
- (6) a data system on student progress accessible to the public; and
- (7) a probationary teacher induction and mentoring program.

Requires district teachers to be involved in developing the plan.

Subd. 3. School site accountability. Requires participating school districts to ensure that each school site develops a board-approved educational improvement plan that is aligned with the district plan. Allows a school site to establish performance goals and benchmarks that meet or exceed those of the district. Requires site teachers to be involved in developing the plan.

54 **Alternative teacher compensation.**

Subd. 1. Restructured pay system. Establishes a restructured teacher compensation system to provide incentives for teachers to develop their knowledge and skills and for school districts to recruit and retain highly qualified teachers, and to support teachers' role in improving students' educational achievement.

Subd. 2. Alternative teacher professional pay system. (a) Requires an eligible school district to have an educational improvement plan and an alternative teacher professional pay system.

(b) Requires the pay system to:

- (1) describe the conditions needed for career advancement and additional compensation;
- (2) provide career advancement options for classroom teachers;
- (3) replace the step and lane salary schedule with a system not based on years of service;
- (4) encourage teachers' continuous improvement; and
- (5) implement an objective evaluation system.

Makes this section effective immediately.

55 **Alternative compensation aid.**

Subd. 1. Aid amounts. (a) Establishes conditions for eligibility: districts that meet the requirements of section 54 and submit jointly with the exclusive representative of the teachers a commissioner-approved application with accompanying documents that obligate the district to implement an alternative professional pay system covering all district teachers, all teachers at a school site or at least 25 percent of district teachers.

(b) Establishes the amounts of alternative compensation aid: where all district or site teachers participate, aid equals \$150 times the number of enrolled pupils in the district or at the site as of October 1 of the previous fiscal year; where at least 25 percent of district teachers participate, aid equals \$150 times the percentage of participating teachers times the number of enrolled pupils in the district as of October 1 of the previous fiscal year.

Subd. 2. Percentage of teachers. Establishes a calculation for determining the number of participating teachers.

Subd. 3. Aid timing. (a) Requires the commissioner by 1/15 to annually approve initial applications for qualifying school districts where all teachers participate in the pay system. If funds remain, requires the commissioner by 2/15 to annually approve initial applications for qualifying school districts where at least 25 percent of teachers participate in the pay system.

(b) Directs the commissioner to carry out activities related to implementing this program.

Makes this section effective 7/1/01.

56 **Learning year pupil units.** Makes computation of general education revenue for the learning year program consistent with the learning year program requirements. Requires a school district to develop a continual learning plan, consistent with program requirements.

57 **Pupil adjustment for closed charter schools and contracted alternative programs.** Uses prior year pupil data, which must be prorated based on the number of days of student instruction in the current school year, to compute revenues for the current school year for a charter school or a contracted alternative program that closes during a school year.

58 **Final adjustment payment.** (b) Allows a final adjustment payment from an open appropriation to be made to a charter school that closes during a school year after an audit of the prior and current fiscal year pupil counts is completed.

59 **Powers and duties of board.** Permits the Perpich center for arts education to accept up to 310 students in its arts program.

60 **Exceptions.** Allows the holder of a class D driver's license, without a school bus endorsement, to operate a type A school bus if the operator is an employee of an entity that owns, leases or contracts for the school bus and is not solely hired to provide transportation services under this statutory provision.

61 **Structurally balanced school district budgets.** (a) Before approving a collective bargaining agreement that does not result from an interest arbitration decision, requires a school board to adopt a resolution that the agreement will not cause structural imbalance in the district's budget during the term of the agreement.

(b) Allows a school board to determine that an agreement will not cause structural imbalance in the district's budget if expenditures will not exceed available funds. Expects that one-time revenue will not be used for ongoing expenditures. Requires the school board to make available a summary of the projections and calculations it used to make its determination. Requires projections and calculations to include state aid formulas, pupil units and employee costs.

(c) Requires the school board also to project revenues, expenditures and fund balances for one year following the term of the agreement.

(d) Requires all projections and calculations to be made available to the public.

(e) In an interest arbitration, requires the district to submit, and allows the exclusive bargaining representative to submit, proposed determinations with supporting projections and calculations of the effect of the potential decision on the structural balance of the district's budget. Requires the arbitrator's decision to describe the effect of the decision on the structural balance of the district's budget for the term of the agreement and the following one year. Directs the school board to adopt a resolution determining the effect of the decision on the structural balance of the district budget for the term of the agreement.

(f) Requires a school board to submit a copy of its resolution with supporting projections and calculations and the uniform collective bargaining agreement settlement to the commissioner of children, families and learning within 30 days of adopting its resolution. Directs the commissioner to develop a model form for reporting projections and calculations. Requires the commissioner to make the information available to the public.

(g) Declares that complying with this section by itself is not an unfair labor practice.

Makes this section effective immediately and applicable to 2001-2003 teacher contracts entered into after that date and contract periods thereafter. Excludes contracts entered into before the effective date of this section.

62 **Laboratory school; innovative teaching techniques.**

Subd. 1. Purpose. Seeks to provide children in kindergarten through grade 5 in the Randall area, the Little Falls school district and elsewhere with a high quality, innovative education experience.

Subd. 2. Joint office established. Directs the Little Falls school district, the department of children, families and learning, MNSCU, and the St. Cloud State school of education to collaborate in establishing a joint office, if funding is available, to evaluate curriculum, instruction and testing. Locates the office in Randall.

Subd. 3. Laboratory school. Directs the office under the authority of the Little Falls school district, if funds are available, to operate a K-5 laboratory school to develop innovative teaching techniques that enhance students' learning experiences. Directs the office to make the innovative teaching techniques available to all school districts.

Makes this section effective July 1, 2001.

63 **Alternative models for delivering education; expanding the flexible learning year program.**

Subd. 1. Establishment; goal. Establishes a three-year pilot project to permit participating school districts and school sites approved by the commissioner of children, families and learning to use alternative models for delivering education by expanding the flexible learning year program. Indicates that the project is intended to explore effective alternatives for delivering education, with the goal of improving instruction and students' educational outcomes and opportunities and increasing the cost-effectiveness of educational programs.

Subd. 2. Eligibility; applications. Directs the commissioner to make application forms

available to school districts and school sites interested in exploring effective alternative models for delivering instruction during a redefined flexible learning year. Requires interested school districts and school sites to have their application to participate in this program first approved by the local school board and a majority of teachers employed in the district or at the site, respectively, after a public hearing on the matter. Requires applications to be submitted to the commissioner by January 1, 2002. Requires the application to describe how the applicant proposes to realize the goal of this project, including what activities and procedures the applicant proposes to develop and implement and the specific changes in the learning year the applicant requires to accomplish those activities and procedures. Directs the commissioner to approve an unspecified number of applications before March 1, 2002.

Subd. 3. Exemptions. (a) Makes a participant in the pilot project exempt through the 2004-2005 school year from statutes governing the length of the school year and the school calendar. Makes statutory flexible learning provisions applicable except to the extent that the provisions of this program or the participant's learning year changes conflict with those statutory provisions.

(b) Allows a participant to adopt an alternative learning year calendar that suitably fulfills the educational needs of the participant's students. Requires the commissioner to provide participants with a formula for computing average daily membership so that all formulas based upon average daily membership are not affected as a result of participating in this pilot project.

Subd. 4. Technical assistance. Directs the commissioner, at the request of a participant, to provide technical assistance to the participant. Also requires the commissioner to assist participants in developing and implementing a valid and uniform procedure to evaluate the efficacy of their alternative learning year calendar.

Subd. 5. Evaluation; report. (a) Requires participants to complete a formative and summative evaluation of their experiences in delivering education under an alternative learning year calendar. Directs participants to focus the evaluation on the overall efficacy of the pilot project, including the cost-effectiveness of educational programs and the extent to which students' educational outcomes and opportunities improved. Directs participants to use their interim evaluations, with the commissioner's approval, to modify their project where appropriate.

(b) Requires participants to submit to the commissioner a progress report by September 1, 2004 and a final report by January 1, 2006, evaluating the cost-effectiveness of educational programs and the extent to which students' educational outcomes and opportunities improved. Directs the commissioner to compile the reports to present to the education committees by March 1, 2006. Directs the commissioner to recommend whether or not to continue or expand this pilot project.

Makes this section effective immediately.

64

Schools' academic and financial performance evaluation; independent contractor. (a) Directs the commissioner of children, families and learning to contract with an independent school evaluation services contractor to evaluate and report on the academic and financial performance of Minnesota school districts using six core categories of analysis:

- (1) school district expenditures;
- (2) students' performance outcomes based on multiple indicia including students' test scores, attendance rates, dropout rates and graduation rates;
- (3) return on resources to determine the extent to which student outcomes improve commensurate with increases in district spending;
- (4) school district finances, taxes and debt to establish the context for analyzing the district's

return on resources under clause (3);

(5) students' learning environment to establish the context for analyzing the district's return on resources under clause (3); and

(6) school district demographics to establish the socioeconomic context for analyzing the district's return on resources under clause (3).

(b) Directs the contractor to use the six core categories of analysis to:

(1) identify allocations of baseline and incremental school district spending;

(2) connect student achievement with expenditure patterns;

(3) track school district financial health;

(4) observe school district debt and capital spending levels; and

(5) measure the return on a school district's educational resources.

(c) Directs the contractor to evaluate and report on the academic and financial performance of all school districts.

(d) Requires the contractor complete its written report and submit it to the commissioner within 360 days of the date on which the contract is signed. Directs the commissioner to immediately make the report available to state and local elected officials, members of the public, educators, parents and other interested individuals. Requires the commissioner, upon receiving an individual's request, to make available all draft reports prepared by the contractor, consistent with Minnesota Statutes, chapter 13, governing government data practices.

65 **Excessive lease costs; recovery.** (a) Makes this section applicable only to charter school leases entered into before July 1, 2001, that are between related parties.

(b) Exempts unrelated parties and lessors organized under chapters 317A and 308A from the provisions of this subdivision.

(c) Defines related party, affiliate, close relative, person, and control for the purposes of this subdivision.

(d) Requires a charter school's lease of real property to state that the lease is subject to a lien claimed by the commissioner under this provision.

(e) Declares that a lien granted under this subdivision secures the commissioner's rights under paragraph (f).

(f) Allows the commissioner to recover lease payment amounts from the lessor to the extent that the payments exceed fair market rental value of the real property as determined by the commissioner. Extends the commissioner's right of recovery to the property owner if the lessor is not the property owner and the lessor and the property owner are related parties.

(g) Makes the lien applicable only to the equity in the real property. Subordinates the lien to mortgagees and other lienholders except where the mortgagee or other lienholder is a related party.

(h) Makes the lien in this subdivision unenforceable against, and subordinate to, the interest of a good faith purchaser for value of the real property if certain conditions are met.

(i) Directs the commissioner to provide to a lessor a release or partial release of the lien if the commissioner determines that the commissioner has no right of recovery. Makes the lessor responsible for filing and recording fees.

(j) Allows a commissioner action or decision to be appealed under chapter 14 governing the state's administrative procedures act.

(k) Allows a lien to be foreclosed.

(l) Directs the commissioner to withhold aid payments from a charter school if, during the

commissioner's annual review of building lease agreements, the commissioner determines that the lease does not contain the notice of lien under paragraph (d).

Makes this section effective immediately and applicable to any charter school organized as of January 1, 2001, or thereafter.

- 66 **Charter school advisory council; expiration.** Causes the charter school advisory council to expire 6/30/03.
- 67 **Test content.** (a) Directs the commissioner to include in third, fifth, seventh and eighth grade statewide assessments in math a sufficient number of test items to allow students to demonstrate computational skills without using a calculator.
(b) Directs the commissioner to evaluate the impact of including items from a variety of print sources in the basic skills reading tests.
Makes the requirements in paragraph (a) related to the math basic skills test effective 2/1/02.
Makes the requirements in paragraph (a) related to the Minnesota comprehensive assessments effective 2/1/04. Makes paragraph (b) immediately effective.
- 68 **Access to tests.** Directs the commissioner to adopt and publish a policy to provide public and parental access to statewide tests. Directs the commissioner to make a student's answer sheet available to the student's parent at the parent's written request.
Makes this section effective 2/1/02.
- 69 **Process to allow students to take the basic skills test as early as fifth grade.** Directs the commissioner of children, families, and learning to develop a process to allow students to take the test of basic requirements in reading, math, or writing beginning in fifth grade.
- 70 **Reading competency; St. Croix river education district.** Directs the St. Croix river education district to assist school sites and charter schools, including sites where at least 25 percent of K-3 students are eligible to receive a free or reduced price lunch, in achieving children's reading competency by the end of third grade. Also directs the education district to work with preschool program staff to develop reading-related skills.
- 71 **No department of children, families and learning audit penalty.** Prohibits the commissioner from imposing a financial penalty on the North Branch school district as a result of a 1998-1999 fiscal year audit of the pupil unit counts related to the district's learning year program.
Makes this section immediately effective.
- 72 **Deadline and penalty waived.** Waives for the 2002-2003 biennium the January 15 deadline for settling collective bargaining agreements and the accompanying aid penalty.
- 73 **Participation in athletic activities; Minnesota state high school league study.** Directs the Minnesota state high school league to prepare a written report by February 15, 2002, for the education committees indicating the interest of charter school students in participating in athletic activities available in the students' resident district. Specifies report components. Requires the league to pay the costs of the report.
- 74 **Science licensure.** Directs the board of teaching to issue a teaching license to an applicant who qualifies to teach general science to students in grades 5 to 8 or who qualifies to teach a science specialty in grades 9 to 12 if the applicant satisfies other licensure requirements.
- 75 **Career and technical levy.** Allows eligible school districts to levy for career and technical aid for fiscal year 2002 only equal to the amount of career and technical aid received in fiscal year 2001, or \$7,500, whichever is greater.
- 76 **Integration levy.** For taxes payable in 2002 only, makes a district's integration levy equal to 37 percent of the district's integration revenue. For fiscal year 2003 only, makes a district's integration aid equal to 63 percent of a district's integration revenue.

77 **Appropriations.** See attached fiscal worksheet or view spreadsheet online at <http://www.house.leg.state.mn.us/fiscal/files/k1201app.pdf>.

- 78 **Repealer.** (a) Repeals section 124D.85, the Indian post-secondary preparation grants, effective July 1, 2001.
- (b) Repeals section 124D.32, the learn and earn graduation achievement program, effective July 1, 2002.
- (c) Repeals section 124D.128, subdivision 7, the learning year program, and section 135A.081, the high school diploma warranty, effective immediately.
- (d) Repeals Minnesota Rules, part 3501.0280, subpart 3, report of LEP students' progress under the profile of learning.

Article 3: Special Programs

(pg. 116)

1 **Suspension.** Precludes school administrators from obligating a parent in a readmission plan to provide sympathomimetic medication to the parent's child as a condition of the child being readmitted to school after being suspended. This section is effective immediately.

Makes this section immediately effective.

2 **American sign language/English interpreters.**

Subd. 1. Requirements for American sign language/English interpreters. (d) Allows a person holding a provisional license to apply to the commissioner for one time-limited extension. Directs the commissioner, in consultation with the commission serving deaf and hard-of-hearing people, to grant the extension based upon letters of support, records about the person's education, training, experience and progress in obtaining certification, and an explanation as to why the extension is needed. Makes complying with a plan for obtaining certification a condition of receiving an extension. Directs a committee composed of the director of the Minnesota resource center serving deaf and hard of hearing, or the director's designee, a representative of the Minnesota association of deaf citizens, a representative of the Minnesota registry of interpreters of the deaf, and other appropriate persons selected by the commissioner to develop the plan and time line for the person receiving the extension.

Subd. 2. Oral or cued speech transliterators. (b) Directs the commissioner to grant a nonrenewable two-year provisional certificate on behalf of a qualified person who has not yet attained a transliterator certificate.

(c) Allows a person holding a two-year provisional certificate to apply to the commissioner for a time-limited extension. Directs the commissioner, in consultation with the commission serving deaf and hard-of-hearing people, to grant the extension based upon letters of support, records about the person's education, training, experience and progress in obtaining certification, and an explanation as to why the extension is needed. Makes complying with a plan for obtaining certification a condition of receiving an extension. Directs a committee composed of the director of the Minnesota resource center serving deaf and hard of hearing, or the director's designee, a representative of the Minnesota association of deaf citizens, a representative of the Minnesota registry of interpreters of the deaf, and other appropriate persons selected by the commissioner to develop the plan and time line for the person receiving the extension.

Subd. 4. Reimbursement. Allows a school district to be reimbursed for the services of a person holding a provisional certificate with a time-limited extension.

Makes this section effective for the 2001-2002 school year.

- 3 **Staff development revenue.** Includes pre-service and in-service education for special education professionals and paraprofessionals among the list of activities for which staff development revenue is available.
Makes this section immediately effective.
- 4 **School district LEP revenue.** (d) Causes a pupil to cease generating state LEP aid in the year following the school year in which the pupil attains the state cut-off score on a commissioner-provided assessment that measures the pupil's emerging academic English.
Makes this section effective July 1, 2002.
- 5 **State interagency committee.** Increases from 18 to 19 the number of state interagency committee members.
- 6 **Responsibilities of school and county boards.** Makes school and county boards in the Interagency Service System responsible for coordinating, providing, and paying for appropriate services, and facilitating payment for services from public and private sources by adding a representative of the Minnesota administrators of special education.
- 7 **School district obligations.** Requires an individual education plan team, when developing a student's individual education plan, to consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD). This section is effective immediately.
Makes this section immediately effective.
- 8 **Initial action; parent consent.** (b) Permits a parent, after consulting with health care, education or other professional providers, to agree or disagree to provide the parent's child with sympathomimetic medications unless the section governing emergency treatment applies. This section is effective immediately.
Makes this section immediately effective.
- 9 **Agreement between districts to provide special instruction and services.** Strikes language affecting the process for reimbursing a district that agrees to provide special instruction and services.
- 10 **Part C state plan.** Updates a federal law reference.
- 11 **Placement of children without disabilities; approval of education program.** Clarifies the scope of the commissioner's authority to approve programs in care and treatment facilities for placement of children without disabilities. Defines care and treatment facilities to include adult facilities that admit children and provide an education program, shelter care facilities, hospitals, correctional facilities, mental health programs, and detention facilities.
- 12 **Definitions.** Includes cultural liaisons and special education paraprofessionals or clericals providing support for teachers and students in the definition of essential personnel for purposes of special education revenue.
- 13 **Special education base revenue.** Indicates the procedure for deducting certain revenue when calculating the contracted services portion of special education base revenue.
- 14 **Truancy programs and services.** (b) Declares that a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect. This section is effective immediately.
Makes this section immediately effective.
- 15 **Presumptions regarding truancy or educational neglect.** (b) Declares that a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect. This section is effective immediately.
Makes this section immediately effective.

- 16 **Definitions.** Indicates that a parent's refusal to provide the parent's child with sympathomimetic medications is not part of the definition of educational neglect under the law governing maltreatment of minors.
Makes this section immediately effective.
- 17 **Special education cross-subsidy revenue.** (c) Indicates that fiscal year 2001 revenue is paid entirely in fiscal year 2001 based on estimated data. Directs the department of children, families, and learning by January 31, 2002, to recalculate the revenue using actual data and to adjust the general education aid paid to school districts for fiscal year 2002 by the amount of the difference between the estimated and actual revenue.
- 18 **Identify revenue options for coordination of services.** Requires the commissioner of children, families, and learning, in conjunction with the commissioner of human services, to develop a plan to identify possible revenue options from medical assistance funds, including targeted case management, and other federal funds and to develop a recommended procedure for a use at the local level.
- 19 **State billing process.** Directs the commissioner of children, families, and learning, in consultation with the commissioner of human services, to recommend a billing process to optimize processing third-party bills. Directs the commissioner to report to the legislature by February 1, 2002, on recommendations for a billing system.
- 20 **Board of teaching.** Requires the board of teaching to review and report to the education committees of the 2002 legislature on rules that would require board-approved teacher preparation programs to include in their teacher preparation programs information on special education laws, teaching strategies, and positive behavior interventions.
- 21 **Appropriations.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.

Article 4: Facilities and Technology

(pg. 141)

- 1 **Enforcement; bleacher safety.** Permits a nonpublic school to designate its person responsible for buildings and grounds as the one who may certify compliance with bleacher safety requirements. This same authority was given to public school districts in Laws 2000, Chapter 417, Section 2 (M.S. 16B.616, Subdivision 4).
- 2 **Debt service aid appropriation.** Updates the fixed, standing, appropriation for debt service equalization aid.
- 3 **Health and safety revenue.** Clarifies provisions relating to health and safety revenue. Specifies that health and safety expenditures funded with bonds or other sources are not eligible for health and safety revenue. Excludes expenditures funded with certain bonds, certificates of indebtedness or capital notes, levies, and other federal, state, or local revenues from calculations that determine a district's revenue.
- 4 **Uses of health and safety revenue.** Specifies that health and safety revenue cannot be used to acquire school buildings or property through a deferred payments agreement.
- 5 **Health, safety and environmental management cost.** Prohibits the department of children, families, and learning from excluding private contractors from the opportunity to provide health and safety services to school districts.
- 6 **To qualify.** Amends the qualifying factors for a district to be able to participate in the alternative facilities bonding and levy program by adding a new qualifying factor for districts that have over 1,500,000 square feet of building space and the average age of the building space

is 35 years or older (this section is effective for revenue for fiscal year 2004).

- 7 **Review and comment; consultation.** Provides that school districts do not have to consult with the commissioner of CFL before developing plans unless the estimated costs of the project exceed \$250,000, instead of \$100,000.
- 8 **Review and comment; plan submittal.** Clarifies the materials that must be submitted for review and comment.
- 9 **Review and comment.** Requires the commissioner to perform a review and comment on any school facility project with costs in excess of \$500,000 (current law is \$400,000).
- 10 **Information required.** Clarifies the information that is required to be submitted as a part of the review and comment.
- 11 **Minnesota education telecommunications council.** Adds two members to the council, one selected from and representing the higher education regional coordinators and one selected from and representing the kindergarten through grade 12 cluster regions. Reestablishes the duties of the council to serve as forum to establish and advocate for a statewide vision and plans for the use of distance learning technologies, including:
- (1) the coordination and collaboration of distance learning opportunities;
 - (2) the implementation of the use of distance learning technologies;
 - (3) the collaboration of distance learning users;
 - (4) the implementation of educational policy relating to telecommunications;
 - (5) the exchange of ideas;
 - (6) the communications with state government and related agencies and entities;
 - (7) the coordination of networks for post-secondary campuses, kindergarten through grade 12 education, and regional and community libraries; and
 - (8) the promotion of consistency of the operation of the learning network with standards of an open system architecture.
- 12 **Telecommunications access revenue; costs to be submitted.** Changes references to data lines and video links, to data and video connections.
- 13 **Guaranteed minimum access.** Changes references to data lines and video links, to data and video connections.
- 14 **Revenue for charter schools.** Changes references to data lines and video links, to data and video connections.
- 15 **To lease building or land.** Authorizes a school district that is a member of an intermediate school district to levy up to an additional \$25 per adjusted marginal cost pupil unit for the lease expenses.
- 16 **Maximum effort debt service levy.** Sets the maximum effort for capital loans granted after January 1, 2001, at 30 percent of adjusted net tax capacity.
- 17 **Capital loan eligibility.** Limits eligibility for a maximum effort loan to a school district with a net debt service tax rate of 30 percent or greater.
- 18 **Loan amount limits.** Changes the amount of the maximum effort capital loan from the difference between the district's project cost and 363 percent of ANTC to the difference between the project cost and 450 percent of ANTC.
- 19 **One-time deferred maintenance aid.** Authorizes the DCFL to adjust each district's general education aid by the amounts necessary to correct each district's one-time deferred maintenance aid for fiscal year 2001 for any changes between the district's actual pupils for that year and the estimated number of pupils used to compute that aid during that year.

- 20 **Facilities needs; planning and expenses.** Allows a grant of \$100,000 to independent school district Nos. 411, Balaton; 402, Hendricks; 403, Ivanhoe; 404, Lake Benton; 418, Russell; 584, Ruthton; and 409, Tyler; to carry forward into fiscal year 2002. Broadens the use of the grant so that the districts may consider a variety of facilities options in addition to seeking a cooperative secondary facilities grant.
- 21 **Intermediate districts; levy without voter approval.** Authorizes intermediate school district, No. 916, to sell and issue up to \$2,000,000 of general obligation bonds for facilities purposes without voter approval.
Authorizes intermediate school district No. 917, to sell and issue up to \$5,000,000 of general obligation bonds without voter approval for facilities purposes.
- 22 **Environmentally sustainable school facilities.** Requires the department of administration to provide technical assistance to a school district interested in providing environmentally sustainable facilities.
- 23 **Bonding authorization.** Authorizes the St. Paul school district, by a two-thirds vote of the board of directors, to issue bonds general obligation bonds in one or more calendar years 2003 to 2008 up to \$15,000,000. Bonding authority in this section is not subject to the district's bonding limit.
- 24 **Tax levy for debt service.** Allows the St. Paul school district to levy for the amount to pay off the bonds authorized in section 23.
- 25 **Interactive web-based and independent study programs.**
Subd. 1. Pupil revenue. Requires that general education revenue for a pupil in an approved interactive web-based program offered by a school district or a charter school under the supervision of a licensed teacher must be paid for each hour of completed coursework needed for grade progression, credit, or alignment with state graduation standards. States that the courses must be approved by the Commissioner and that school districts or charter schools are not required to provide a pupil enrolled in a program with access to a computer or to the internet.
Subd. 2. Reimbursement. Requires the commission to establish a process for providing additional revenue to school districts or charter schools for students who take an approved interactive web-based program that otherwise would not receive additional funding.
- 26 **Building remodeling.** Allows independent school district No. 181, Brainerd, to authorize a levy in order to reimburse the commissioner of human services for repairs and betterments to remodel a building at the Brainerd regional human services center to make the structure suitable for school programs.
- 27 **Appropriations.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.
- 28 **Repealer.** Repeals the following effective July 1, 2001:
§ 123B.71, subdivision 3, indoor air quality, commissioner's role; and
§ 123B.71, subdivision 10, indoor air quality.

Article 5: Nutrition; School Accounting; and Other Programs

(pg. 164)

- 1 **Commissioner's authorization.** Strikes language prohibiting the commissioner from authorizing a fund transfer from the debt redemption fund.
- 2 **Fast break to learning breakfast program.** Creates a new aid program to replace the existing grant program that reimburses districts based on the number of breakfasts served.

- 3 **Commodity donated food revolving fund.** Establishes a revolving fund for depositing cash received for commodity donated foods that were lost, damaged, recalled or diverted for processing. Directs the state to use the funds to issue payments for those commodity donated foods and related costs.
- 4 **Appropriations transfers.** Includes special education aid in the list of aid subject to the excess and deficiency reallocation procedures.
- 5 **Reduction of aid for violation of law.** Makes the reduction of state aid for when a school board authorizes or permits violations of state law permissive instead of a requirement for the commissioner. Allows the commissioner to withhold a district's state aid for violation of state law. Deletes obsolete references to "special" state aid. Allows the commissioner to reduce or withhold state aid when a school board authorizes using state funds contrary to the statutory purpose of the funds. Adds additional dispute hearing requirements when a district disputes a reduction or withholding of state aids.
- 6 **Payment percentage for certain aids.** Strikes school lunch aid under section 124D.111 from the list of items for which 100 percent of aid for the current fiscal year must be paid.
- 7 **Payment percentage for certain aids; first grade preparedness.** (b) Requires 100 percent of the aid for the current fiscal year, based on enrollment in the previous fiscal year, to be paid for the first grade preparedness program.
- 8 **State nutrition programs.** Clarifies the payment of state aids for school nutrition programs.
- 9 **Irrevocability.** Strictly defines an excess in the debt redemption fund. Sets this amount as any balance in excess of the amounts necessary for the payment of bondholders during the prior and current school year and including a cushion of 5% for payment of the subsequent year's debt service levy. Requires the commissioner of children, families, and learning to determine and certify the amount of the excess for each school district. Authorizes a school district with a certified excess in the debt redemption fund to request that the commissioner authorize a transfer of the excess to the operating capital account in the general fund.
- 10 **Fund transfers.**
- Subd. 1. LaPorte.** Authorizes independent school district No. 306, LaPorte, to transfer up to \$141,000 from its bus purchase account to the capital expenditure account in the general fund.
- Subd. 2. Lac qui Parle Valley.** Authorizes independent school district No. 2853, Lac qui Parle Valley, to permanently transfer up to \$250,000 from its reserved account for disabled accessibility to its reserved account for operating capital in the general fund. Makes the transfer contingent on the district demonstrating that its buildings are accessible to the disabled.
- Subd. 3. Cleveland.** Authorizes independent school district No. 391, Cleveland, to transfer up to \$107,000 from its reserved operating capital account in its general fund to the undesignated balance in its general fund.
- Subd. 4. Lewiston.** Authorizes independent school district No. 857, Lewiston, to transfer up to \$175,000 per year (for up to ten years) from its reserved for capital account in the general fund to the debt service fund. Requires debt service equalization aid to be calculated prior to the addition of the transferred funds.
- Subd. 5. Russell.** Authorizes independent school district No. 418, Russell, to transfer up to \$160,000 from its reserved for capital account in its general fund without to the undesignated general fund balance.
- Subd. 6. Mountain Lake.** Authorizes independent school district No. 173, Mountain Lake, to transfer up to \$300,000 from its reserved capital accounts in its general fund to the undesignated balance in its general fund.

Subd. 7. Isle. Authorizes independent school district No. 473, Isle, to permanently transfer up to \$175,000 from its reserved account for disability access to its undesignated general fund balance. Requires the district to demonstrate to the commissioner's satisfaction that school buildings are accessible to students or employees with disabilities prior to making the fund transfer.

Makes this section immediately effective.

- 11 **Operating account deficit; exception.** Permits the commissioner to allow independent school district No. 492, Austin, to incur a deficit of up to \$4,200,000 in its reserve for capital operating account for the Westcott Field improvement project to account for donations or contributions received by the district for the project.

Makes this section immediately effective.

- 12 **School district formula adjustments.**

Subd. 1. Tax rate adjustment. Directs the commissioner to adjust tax rates that appear in chapters 120A to 127A by multiplying the rate of the ratio of the statewide net capacity, which is calculated using the class rates in effect for assessment year 2000, to the statewide total net tax capacity, which is calculated using the class rates in effect for assessment year 2001. Requires both calculations to use taxable market values for assessment year 2000.

Subd. 2. Equalizing factors. Directs the commissioner to adjust each equalizing factor based upon adjusted net tax capacity per actual pupil unit that appears in chapters 120A to 127A by multiplying the equalizing factor by the ratio of the statewide net capacity, which is calculated using the class rates in effect for assessment year 2001, to the statewide total net tax capacity, which is calculated using the class rates in effect for assessment year 2000. Requires both calculations to use taxable market values for assessment year 2000.

Subd. 3. Debt service tax rates and equalizing factors. States that subdivisions 1 and 2 do not apply to the equalizing factors and tax rates of the debt service equalization aid program.

- 13 **Appropriations.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.

- 14 **Repealer.** Repeals the following:

§ 124D.1155, fast break to learning grants.

Article 6: Fiscal Year 2001 Deficiencies

(pg. 176)

- 1 **Deficiency appropriations.** Appropriates the amounts necessary to eliminate deficiencies in appropriations for fiscal year 2001. Includes:

\$19,754,000 for general education aid

\$6,000 for secondary vocational aid

\$6,740,000 for special education excess cost aid

\$273,000 for health and safety aid

\$6,000 interactive television aid

\$68,000 for alternative facilities aid

Article 7: State Agencies

(pg. 177)

- 1 **Licensure rules.** Indicates that the commissioner does not make rules relating to licensure of school administrators. Makes this section effective September 1, 2001.

2 **Teacher rule variances; commissioner.** Allows the commissioner to grant a variance to rules governing licensure of school administrators only upon agreement of the board of educational administration. Makes this section effective September 1, 2001.

3 **Authority to license.** Authorizes the board of school administrators to license supervisory personnel other than athletic coaches. Makes this section effective September 1, 2001.

4 **Expiration and renewal.** (a) Changes references from the commissioner of the department of children, families and learning to the board of school administrators in the provision governing the renewing of the licenses of supervisory personnel. Directs the board of teaching to establish requirements for renewing the licenses of athletic coaches.
Makes this section effective September 1, 2001.

5 **Definitions.**

Subd. 1. Scope. Defines the terms used in this act.

Subd. 2. Board. Defines "board" to mean the board of school administrators.

Subd. 3. Supervising personnel. Defines "supervising personnel" to mean personnel who perform supervisory duties.

6 **Board of school administrators.**

Subd. 1. Appointment of members; eligibility. Establishes a nine-member governor-appointed board of school administrators consisting of an elementary school principal, a secondary school principal, a higher education faculty member, a higher education administrator, a school superintendent, a classroom teacher, a community education director or a special education director, a member of the public, and one higher education representative, who must be a faculty member preparing school administrators. Directs the governor to seek recommendations for board appointments.

Subd. 2. Terms; compensation; removal. Causes membership terms, payment of expenses, removal of members and filling of membership vacancies to be governed by the statutory section governing licensing boards except that members' terms expire August 1. Requires the terms of the initial board members to be determined by lot: terms expire August 1, 2002, three members have terms expire August 1, 2003; and three members have terms expire August 1, 2004. Precludes members from receiving daily payment for serving on the board. Prohibits the employer of a board member from reducing the board member's compensation for the board member's absence from employment while engaged in board business. Causes other board terms and administrative matters to be governed by chapter 214.

Subd. 3. Vacant position. Declares vacant the position of a member who leaves Minnesota or whose employment status changes.

Makes this section immediately effective.

7 **Meetings.**

Subd. 1. Meetings. Causes the board to meet regularly at times and places the board determines. Directs the board to elect officers. Causes meetings to be called by the chair or at the written request of three board members.

Subd. 2. Executive secretary. Permits the board to hire an executive secretary in the unclassified service and other staff or to arrange to share a director and staff with the board of teaching.

8 **Duties of board of school administrators.**

Subd. 1. Licensing. Directs the board to adopt licensure rules and license school administrators. Other than rules transferred under section 5, the board may not adopt or amend rules until the rules are approved by law. Requires the licensure rules to include persons who successfully

complete alternative preparation programs. Allows the board to enter into agreements with the board of teaching regarding multiple licensure matters.

Subd. 2. Preparation programs. Directs the board to review and approve preparation programs and alternative preparation programs for school administrators.

Subd. 3. Rules for continuing education requirements. Directs the board to adopt rules for continuing education requirements that encourage school administrator to continuously improve and acquire new and relevant skills.

Subd. 4. Code of ethics. Directs the board to adopt by rule a code of ethics covering standards of professional practice and to advise school administrators in interpreting the code of ethics.

Subd. 5. Commissioner's representative to comment on proposed rule. Requires a representative of the commissioner to comment on the cost and educational implications of a proposed rule before the board adopts a rule submitted to public hearing.

Subd. 6. Register of persons licensed. Requires the board's executive director to keep a record of board proceedings and a register of licensed school administrators, which must show licensees' name, address, license number and license renewal. Requires the board to annually compile and transmit to the board a list of licensed school administrators, which must be available for inspection during office business hours.

Subd. 7. Commissioner's assistance; board money. Directs the commissioner to provide the board with material and assistance needed to transact board business. Directs the board to pay all money it receives into the state treasury. Pays for the board's administrative expenses through board appropriations.

Subd. 8. Accountability. Directs the board to develop program accountability measures for preparing students for licensure and to report annually to the legislature beginning in 2003..

Subd. 9. Annual fee. Directs administrators to pay an annual \$75 fee and allows a lower fee for retirees. Directs the board's executive secretary to deposit the fees in the state treasury.

Makes this section effective September 1, 2001, except that the fee under subdivision 9 is effective July 1, 2001.

9 **Mandatory reporting.** Requires school boards to report to the board of school administrators when an administrator is discharged or resigns after a charge is filed. Requires the board of school administrators to consider taking action to suspend or revoke an administrator's license after receiving a stipulation from the administrator or a recommendation from an administrative law judge that disciplinary action be taken.

10 **Teachers' and administrators' licenses; fees.** Requires applicants seeking the issuance, renewal or extension of a school administrator's license to include with the application to the board of educational administration a processing fee in the same amount as that set by the board of teaching.

11 **Contracts and grants unit; internal audits unit.** Directs the commissioner to establish a contracts and grants unit to manage the contracting process for the department. Directs the commissioner to establish an internal audits unit. Requires the internal audits unit to report any audit violations to the commissioner and to report annually on contract policies, procedures, and controls.

12 **Retroactivity.** Allows a contract or grant from the department to the Perpich center for arts education or the Minnesota state academies made before September 1, 2001, to be retroactive to July 1, 2001.

13 **Appropriations; DCFL.** See attached fiscal worksheet or view spreadsheet online at [www.house.state.mn.us/ fiscal/files/k1201app.pdf](http://www.house.state.mn.us/fiscal/files/k1201app.pdf) .

- 14 **Appropriations; Perpich center for arts education.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.
- 15 **Appropriations; Faribault academies.** See attached fiscal worksheet or view spreadsheet online at www.house.leg.state.mn.us/fiscal/files/k1201app.pdf.

Article 8: Technical Amendments

(pg. 188)

- 1 **English as a second language.** Replaces a former adult basic education provision citation with the current citation.
- 2 **Special education aid.** Strikes language relating to a repealed statutory provision.
- 3 **Revenue allocation from cooperative centers and intermediate districts.** Strikes a citation to a repealed statutory provision.
- 4 **Legal residence of a child with a disability placed in a foster facility.** Improves the clarity of a statutory provision.
- 5 **Appropriation transfers for community education programs.** Replaces a former adult basic education provision citation with the current citation.
- 6 **Repealer.** Repeals revisor notes related to statutory provisions already repealed.
- 7 **General effective date of act.** Declares that if a section does not specify its effective date, the section is effective July 1, 2001, unless the language or context clearly indicates that a different effective date is intended.

Additional K-12 Education Provisions contained in 2001 Special Session Chapter #13 (Revisor's Bill)

The following sections either were inadvertently omitted from the Omnibus K-12 Education Bill or are technical corrections to the Omnibus K-12 Education Omnibus Bill.

- 2 **Comprehensive, scientifically based reading instruction.** Defines "comprehensive, scientifically based reading instruction" to include instruction and practice in phonemic awareness, phonics, and other word-recognition skills, and guided oral reading for beginning readers, as well as extensive silent reading, vocabulary instruction, instruction in comprehension, and instruction that fosters understanding and higher-order thinking for readers of all ages and proficiency levels.
- 3 **License and rules.** Directs the board of teaching to adopt rules requiring all teachers who renew their continuing license to receive reading preparation. The rules do not take effect until approved by law.
Makes this section effective for teachers who renew their teaching licenses in 2004 and later.
- 4 **Reading strategies.** Directs board-approved teacher preparation programs to require instruction in applying comprehensive, scientifically based reading instruction.
- 5 **Reading specialist.** Directs the board of teaching to adopt rules for licensing reading teachers by July 1, 2002.
- 6 **Laboratory school study.** Clarifies that the appropriation for independent school district NO. 482, Little Falls, is to conduct a study for a laboratory school.
- 7 **Seventh grade testing.** Contains an appropriation for the development of the seventh grade test that was omitted in the omnibus bill.
- 8 **Effective date.** Clarifies and effective date.
- 9- **American Indian education committee.** Clarifies the appointment, membership, and duties of the

- 10 American Indian education committee.
- 11 **Expiration.** Extends the sunset of the American Indian education committee from June 30, 2001 to June 30, 2003.
- 12 **Reading intervention.** Requires districts, using a locally adopted assessment method, for the 2002-2003 school year and later, to identify before the end of first grade students who are at-risk of not learning to read before the end of second grade. Requires district to provide a reading intervention method or program to assist students identified as needing intervention. Requires districts to identify the staff development needs to ensure that: elementary teachers are able to implement comprehensive, scientifically based, and balanced reading instruction; elementary teachers who are instructing students identified as needing reading intervention are prepared to teach using district-selected intervention methods or programs; and all licensed teachers employed by the district have regular opportunities to improve reading instruction. Requires the commissioner to recommend to districts multiple assessment tools that will assist districts with identifying students who are at-risk of not learning to read before the end of second grade.
- 13 **Reading competency grants.** Corrects a reference to the appropriation for reading competency grants.
- 14 **School evaluation services.** Adds language allowing the appropriation for school evaluation services to be sued over a two-year period.
- 15 **Department appropriation.** Deletes the reference for the annual appropriation to the office of educational accountability. The appropriation for this office is part of a different appropriation.