

THIRTY-SEVENTH DAY

St. Paul, Minnesota, Wednesday, April 17, 2013

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Bakk imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Pastor Mike Smith.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Eaton	Johnson	Osmek	Skoe
Bakk	Eken	Kent	Pappas	Sparks
Benson	Fischbach	Kiffmeyer	Pederson, J.	Stumpf
Bonoff	Franzen	Koenen	Petersen, B.	Thompson
Brown	Gazelka	Latz	Pratt	Tomassoni
Carlson	Goodwin	Limmer	Reinert	Torres Ray
Chamberlain	Hall	Lourey	Rest	Weber
Champion	Hann	Marty	Rosen	Westrom
Clausen	Hawj	Metzen	Ruud	Wiger
Cohen	Hayden	Miller	Saxhaug	Wiklund
Dahle	Hoffman	Nelson	Scalze	
Dahms	Housley	Newman	Senjem	
Dibble	Ingebrigtsen	Nienow	Sheran	
Dziedzic	Jensen	Ortman	Sieben	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1086.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 16, 2013

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 19, 283, 369 and 450.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 16, 2013

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 19: A bill for an act relating to accounts; allowing agency designations in certain situations; providing form language; making clarifying changes; amending Minnesota Statutes 2012, sections 524.6-201, subdivision 7, by adding a subdivision; 524.6-203; 524.6-204; 524.6-211; 524.6-213, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 524.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 84, now on General Orders.

H.F. No. 283: A bill for an act relating to evidence; limiting availability of certain evidence arising from a collaborative law process; amending Minnesota Statutes 2012, section 595.02, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1108, now on General Orders.

H.F. No. 369: A bill for an act relating to community property; adopting the Uniform Community Property Rights at Death Act; proposing coding for new law as Minnesota Statutes, chapter 519A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 350, now on General Orders.

H.F. No. 450: A bill for an act relating to civil actions; modifying the limitations of actions for damages based on services or construction to improve real property; amending Minnesota Statutes 2012, section 541.051.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 392, now on General Orders.

REPORTS OF COMMITTEES

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 453: A bill for an act relating to education; providing funding for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special programs, facilities and technology, nutrition, accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2012, sections 120A.20, subdivision 1; 123A.73, subdivisions 3, 4, 5; 123B.42, subdivision 3; 123B.54; 123B.57, subdivision 4; 123B.59, subdivision 6; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.92, subdivisions 1,

9; 124D.02, subdivision 1; 124D.10, subdivisions 15, 17; 124D.11, subdivisions 1, 2, 4, 5; 124D.119; 124D.128, subdivision 2; 124D.4531, subdivision 1; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.86; 124D.98; 125A.11, subdivision 1; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6; 126C.10, subdivisions 1, 2, 2c, 3, 7, 8, 13, 13a, 17, 18, 24, 27, 29, 31, 32, 35, by adding subdivisions; 126C.12, subdivision 1; 126C.13, subdivisions 4, 5; 126C.15, subdivision 2; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.441; 127A.45, subdivisions 2, 13; 127A.47, subdivisions 7, 8; 127A.51; Laws 2011, First Special Session chapter 11, article 2, section 51; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; repealing Minnesota Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions 3, 10, 11; 124D.86, subdivision 6; 124D.98, subdivision 2; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a, 31b, 31c; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2012, section 120A.20, subdivision 1, is amended to read:

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

(b) A person shall not be admitted to a public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age under section 124D.02.

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

Sec. 2. Minnesota Statutes 2012, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.

A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the

school year. Nothing in this section permits a school district to adopt a four-day week schedule unless approved by the commissioner under section 124D.126.

Sec. 3. Minnesota Statutes 2012, section 123A.73, subdivision 3, is amended to read:

Subd. 3. **Voluntary dissolution; referendum revenue.** As of the effective date of the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 123A.46, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision, is canceled. However, if all of the territory of any independent district is included in the enlarged district, and if the adjusted net tax capacity of taxable property in that territory comprises 90 percent or more of the adjusted net tax capacity of all taxable property in an enlarged district, the enlarged district's referendum revenue shall be determined as follows:

The referendum revenue shall be the revenue per ~~resident marginal cost~~ adjusted pupil unit times the number of ~~resident marginal cost~~ adjusted pupil units in the enlarged district. Any new referendum revenue shall be authorized only after approval is granted by the voters of the entire enlarged district in an election pursuant to section 126C.17, subdivision 9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 123A.73, subdivision 4, is amended to read:

Subd. 4. **Consolidation; maximum authorized referendum revenues.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum revenues, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision shall be recalculated as provided in this subdivision. The referendum revenue authorization for the newly created district shall be the revenue per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation, unless the referendum revenue authorization of the newly created district is subsequently modified pursuant to section 126C.17, subdivision 9.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 123A.73, subdivision 5, is amended to read:

Subd. 5. **Alternative method.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant

to section 126C.17, subdivision 9, or its predecessor provision shall be combined as provided in this subdivision. The referendum revenue authorization for the newly created district may be any allowance per ~~resident marginal cost~~ adjusted pupil unit provided in the plan for consolidation, but may not exceed the allowance per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. The referendum revenue authorization for the newly created district may be modified pursuant to section 126C.17, subdivision 9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 123B.41, subdivision 7, is amended to read:

Subd. 7. **Elementary pupils.** "Elementary pupils" means pupils in grades kindergarten through 6; provided, each kindergarten pupil in a half-day program shall be counted as one-half pupil for all computations pursuant to sections 123B.40 to 123B.42, and 123B.44 to 123B.48.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015.

Sec. 7. Minnesota Statutes 2012, section 123B.42, subdivision 3, is amended to read:

Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year. Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus \$411 in determining the inflation adjustment for fiscal years 2015 and 2016.

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average

expenditure per pupil, according to clause (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 8. Minnesota Statutes 2012, section 123B.92, subdivision 9, is amended to read:

Subd. 9. **Nonpublic pupil transportation aid.** (a) A district's nonpublic pupil transportation aid for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal ~~year 2004~~ years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus ~~\$415~~ \$411 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal ~~year 2004~~ years 2015 and 2016.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 9. Minnesota Statutes 2012, section 124D.02, subdivision 1, is amended to read:

Subdivision 1. **Kindergarten instruction.** The board may establish and maintain one or more kindergartens for the instruction of children and after July 1, 1974, shall provide kindergarten instruction for all eligible children, either in the district or in another district. All children to be eligible for kindergarten must be at least five years of age on September 1 of the calendar year in which the school year commences. In addition all children selected under an early admissions policy established by the school board may be admitted. If established, a board-adopted early admissions policy must describe the process and procedures for comprehensive evaluation in cognitive, social, and emotional developmental domains to help determine the child's ability to meet kindergarten grade expectations and progress to first grade in the subsequent year. The

comprehensive evaluation must use valid and reliable instrumentation, be aligned with state kindergarten expectations, and include a parent report and teacher observations of the child's knowledge, skills, and abilities. The early admissions policy must be made available to parents in an accessible format and is subject to review by the commissioner of education. The evaluation is subject to section 127A.41. Nothing in this section shall prohibit a school district from establishing Head Start, prekindergarten, or nursery school classes for children below kindergarten age. Any school board with evidence that providing kindergarten will cause an extraordinary hardship on the school district may apply to the commissioner of education for an exception.

Sec. 10. Minnesota Statutes 2012, section 126C.05, subdivision 1, is amended to read:

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

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times ~~1.25~~ 1.0 with a minimum average daily membership of 0.28, but not more than ~~1.25~~ 1.0 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times ~~1.25~~ 1.0.

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

~~(d) A kindergarten pupil who is not included in paragraph (c) is counted as .612 pupil units. A~~ (d) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil units if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil units, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

~~(e) A pupil who is in any of grades 1 to 3 6 is counted as 1.115 1.0 pupil units for fiscal year 2000 and thereafter.~~

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

~~(g)~~ A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.2 pupil units.

~~(h)~~ (g) A pupil who is in the postsecondary enrollment options program is counted as ~~1.3~~ 1.2 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 11. Minnesota Statutes 2012, section 126C.05, subdivision 5, is amended to read:

Subd. 5. **Adjusted pupil units.** (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) ~~Adjusted marginal cost pupil units means the greater of:~~

~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

~~(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 12. Minnesota Statutes 2012, section 126C.05, subdivision 6, is amended to read:

Subd. 6. **Resident pupil units.** (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) ~~Resident marginal cost pupil units means the greater of:~~

~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

~~(2) the number of resident pupil units defined in paragraph (a) for the current school year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 13. Minnesota Statutes 2012, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center or an alternative learning program approved by the commissioner under sections 123A.05 and 123A.06, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, more than 850 hours in a school year for a kindergarten student without a disability in a full-day kindergarten program, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student

without a disability in the district to 425 for a kindergarten student without a disability; and (iv) the greater of 425 hours or the number of hours required for a half-time kindergarten student without a disability in the district to 425 for a half-day kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. ~~A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.~~ A student in kindergarten or grades 1 through 12 must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in a state-approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For a state-approved alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015.

Sec. 14. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

(b) For fiscal year 2015 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, small schools revenue, basic supplemental revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, safe schools revenue, and transition revenue.

Sec. 15. Minnesota Statutes 2012, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. ~~The formula allowance for fiscal year 2011 is \$5,124. The formula allowance for fiscal year 2012 is \$5,174. For fiscal year 2015 and later, the basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. The formula allowance for fiscal year 2013 and subsequent years is \$5,224. The formula allowance for fiscal year 2014 is \$5,276. The formula allowance for fiscal year 2015 and later is \$5,687.~~

Sec. 16. Minnesota Statutes 2012, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of ~~\$4,601~~ \$4,945 and the sum of the adjusted ~~marginal cost~~ pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, and other programming authorized under the learning year program.

Sec. 17. Minnesota Statutes 2012, section 126C.10, subdivision 2c, is amended to read:

Subd. 2c. **Small schools revenue.** A school district, not including a charter school, is eligible for small schools revenue equal to the product of:

- (1) ~~\$5,224~~ \$540;
- (2) the district's adjusted ~~marginal cost~~ pupil units for that year; and
- (3) the greater of zero or the ratio of (i) ~~1,000~~ 960 less the district's adjusted ~~marginal cost~~ pupil units for that year, to (ii) ~~1,000~~; and 960.
- (4) ~~0.10~~.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 18. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 2d. **Declining enrollment revenue.** A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 19. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 2e. **Basic supplemental revenue.** The basic supplemental revenue for each district equals the supplemental allowance times the adjusted pupil units for the school year. The supplemental allowance for fiscal year 2015 and later years is \$56.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 20. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 2f. **Safe schools revenue.** The safe schools revenue for each district, including charter schools, equals the safe schools allowance times the district's adjusted pupil units for the school year. The safe schools allowance for fiscal year 2015 and later years is \$34.

Sec. 21. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 2g. **Uses of safe schools revenue.** (a) Safe schools revenue, under subdivision 2f, must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay the costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems; or

(7) to pay the costs for colocating and collaborating with mental health professionals who are not district employees or contractors.

For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district may reserve up to \$2 per adjusted pupil unit of safe schools revenue for laminated glass for security in the district's schools.

Sec. 22. Minnesota Statutes 2012, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2014, the compensatory education revenue for each building in the district equals the formula allowance minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. For fiscal year 2015 and later, the compensatory education revenue for each building in the district equals the formula allowance minus \$826 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

Sec. 23. Minnesota Statutes 2012, section 126C.10, subdivision 7, is amended to read:

Subd. 7. **Secondary sparsity revenue.** (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year minus \$411, multiplied by
- (2) the secondary average daily membership of pupils served in the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 24. Minnesota Statutes 2012, section 126C.10, subdivision 8, is amended to read:

Subd. 8. **Elementary sparsity revenue.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) the formula allowance for the year minus \$411, multiplied by
- (2) the elementary average daily membership of pupils served in the school, multiplied by

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 25. Minnesota Statutes 2012, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **Total operating capital revenue.** (a) Total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus ~~\$73~~ \$79 times the adjusted ~~marginal cost~~ pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

(b) Capital revenue for a district equals ~~\$100~~ \$108 times the district's maintenance cost index times its adjusted ~~marginal cost~~ pupil units for the school year.

(c) The revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of ~~marginal cost~~ adjusted pupil units served at the site where the program is implemented.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 26. Minnesota Statutes 2012, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year ~~2007~~ years 2013 and later 2014 only, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals \$10,194.

Sec. 27. Minnesota Statutes 2012, section 126C.10, subdivision 13b, is amended to read:

Subd. 13b. **Operating capital aid.** For fiscal years 2013 and 2014 only, a district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Sec. 28. Minnesota Statutes 2012, section 126C.10, subdivision 17, is amended to read:

Subd. 17. **Transportation sparsity definitions.** The definitions in this subdivision apply to subdivisions 18 and 19.

(a) "Sparsity index" for a district means the greater of .2 or the ratio of the square mile area of the district to the ~~resident~~ adjusted pupil units of the district.

(b) "Density index" for a district means the ratio of the square mile area of the district to the ~~resident~~ adjusted pupil units of the district. However, the density index for a district cannot be greater than .2 or less than .005.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 29. Minnesota Statutes 2012, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to subdivision 2, by ~~.1469~~ .141.

- (ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.
- (iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.
- (iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0465.
- (v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 30. Minnesota Statutes 2012, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) ~~A school district qualifies for equity revenue if:~~

~~(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and~~

~~(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.~~

~~(b) A school district's equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75 \$100, times the school district's equity index computed under subdivision 27.~~

~~(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.~~

~~(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal cost pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.~~

~~(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.~~

~~(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil units.~~

~~(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to \$46 times its adjusted marginal cost pupil units.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 31. Minnesota Statutes 2012, section 126C.10, subdivision 27, is amended to read:

Subd. 27. **District equity index.** (a) A district's equity index equals the greater of zero or the ratio of the sum of the district equity gap amount to the regional equity gap amount \$2,000 minus

the district's referendum revenue under section 126C.17, subdivision 4, per adjusted pupil unit to \$2,000.

(b) A charter school's equity index equals the greater of zero or the ratio of \$2,000 minus the school's general education revenue attributable to referendum equalization aid under section 124D.11, subdivision 1, per adjusted pupil unit to \$2,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 32. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2015 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$538,200.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 33. Minnesota Statutes 2012, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the sum of the transition revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.10, subdivisions 31, 31a, and 31c, and the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between:

(1) the lesser sum of:

(i) the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year ~~2004~~ 2015 according to Minnesota Statutes ~~2002~~, 2012, section 126C.10;

(ii) the safe school levy the district certified for fiscal year 2014 under Minnesota Statutes 2012, section 126C.44;

(iii) 70 percent of the integration revenue the district received for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86;

(iv) the pension adjustment the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 127A.50;

(v) the special education aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.65; and

(vi) the special education excess cost aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.79; and

(2) the sum of the district's:

(i) general education revenue for fiscal year ~~2004~~ 2015 excluding transition revenue under section 126C.10;

(ii) integration revenue for fiscal year 2015 under section 124D.862; and

(iii) special education aid for fiscal year 2015 under section 125A.76; and

divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 2015.

~~(b) A district's transition revenue for fiscal years 2006 through 2009 equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.~~

~~(c) (b) A district's transition revenue for fiscal year 2010 2015 and later equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 34. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year 2005 2015 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000 \$538,200.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 35. Minnesota Statutes 2012, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** ~~(a) For fiscal years 2007, 2008, and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.~~

~~(b) For fiscal years 2010 and later 2013 and 2014 only, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.~~

~~(c) (b) Notwithstanding paragraphs paragraph (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000~~

for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 36. Minnesota Statutes 2012, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** For fiscal year ~~2007~~ years 2013 and later 2014 only, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,634.

Sec. 37. Minnesota Statutes 2012, section 126C.10, subdivision 36, is amended to read:

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year ~~2007~~ years 2013 and later 2014 only, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 38. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 38. **Pension adjustment revenue.** A school district's pension adjustment revenue equals the greater of zero or the product of:

(1) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(2) the district's adjusted pupil units for the fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 39. Minnesota Statutes 2012, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year ~~2000~~ 2015 and thereafter each school district shall reserve an amount equal to ~~the formula allowance multiplied by~~ the following calculation:

(1) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057 \$299; plus~~

(2) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 6 times .115; plus \$459.~~

(3) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.~~

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 40. Minnesota Statutes 2012, section 126C.12, subdivision 5, is amended to read:

Subd. 5. **Additional revenue use.** If the board of a district determines that the district has achieved and is maintaining the class sizes specified in subdivision 4, the board may use the revenue to reduce class size in grades 4, 5, and 6, ~~provide all-day, everyday kindergarten,~~ prepare and use individualized learning plans, improve program offerings, purchase instructional material, services, or technology, or provide staff development needed for reduced class sizes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015.

Sec. 41. Minnesota Statutes 2012, section 126C.126, is amended to read:

126C.126 USE OF GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.

A school district may spend general education revenue on extended time kindergarten and prekindergarten programs. At the school board's discretion, the district may use revenue generated by the full-day kindergarten pupil count under section 126C.05, subdivision 1, paragraph (d), to meet the needs of three- and four-year-olds in the district. A school district may not use these funds on programs for three- and four-year-old children while maintaining a fee-based full-day kindergarten program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 42. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3a. **General education rate.** The commissioner must establish the general education rate by July 1 of each year for levies payable in the following year. The general education rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education rate must be the rate that raises \$19,520,000 for fiscal year 2015; \$26,219,000 for fiscal year 2016; and \$30,004,000 for fiscal year 2017 and later years. The general education rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the rate has been established.

Sec. 43. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3b. **General education levy.** To obtain general education revenue, a district may levy an amount not to exceed the general education rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, the general education levy must be determined according to subdivision 3c.

Sec. 44. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3c. **General education levy; districts off the formula.** (a) If the sum of the amount of the general education levy and equity levy for a district exceeds the district's general education revenue, the amount of the general education levy must be limited to the following:

- (1) the district's general education revenue minus its equity levy; minus
- (2) payments made for the same school year according to section 126C.21, subdivision 3.

(b) A levy made according to this subdivision shall also be construed to be the levy made according to subdivision 3b.

Sec. 45. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and later 2014 only, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30;

(4) alternative teacher compensation aid under section 126C.10, subdivision 36;

(5) transition aid under section 126C.10, subdivision 33;

(6) shared time aid under section 126C.01, subdivision 7;

(7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

(8) online learning aid according to section 124D.096.

(b) For fiscal year 2015 and later, a district's general education aid equals:

(1) general education revenue, excluding equity revenue and transition revenue, minus the general education levy, multiplied times the ratio of the actual amount of general education levied to the permitted general education levy; plus

(2) equity aid under section 126C.10, subdivision 30; plus

(3) transition aid under section 126C.10, subdivision 33; plus

(4) shared time aid under section 126C.10, subdivision 7; plus

(5) referendum aid under section 126C.17, subdivisions 7 and 7a; plus

(6) online learning aid under section 124D.096.

Sec. 46. Minnesota Statutes 2012, section 126C.13, subdivision 5, is amended to read:

Subd. 5. **Uses of revenue.** Except as provided in sections 126C.10, ~~subdivision~~ subdivisions 14 and 39; 126C.12; and 126C.15, general education revenue may be used during the regular school year and the summer for general and special school purposes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 47. Minnesota Statutes 2012, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for kindergarten, provided such programming is cost-effective, research-based, and includes an evaluation component to measure, record, and publicly report its level of effectiveness. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

(9) all day kindergarten;

(10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, and other outreach efforts designed to prepare children for kindergarten;

(11) extended school day and extended school year programs; and

(H) (12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 48. Minnesota Statutes 2012, section 126C.17, is amended to read:

126C.17 REFERENDUM REVENUE.

Subdivision 1. **Referendum allowance.** (a) ~~For fiscal year 2003 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus \$415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first~~

to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.

(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.

(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals the sum of:

(1) the product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal year 2003 and later, plus

(2) any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after May 30, 2003, for fiscal year 2005 and later.

(a) A district's initial referendum allowance for fiscal year 2015 equals the result of the following calculations:

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;

(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015; and

(4) if the result of clause (3) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance for fiscal year 2015, plus any additional referendum allowance per adjusted pupil unit authorized after June 30, 2013, minus any allowances expiring in fiscal year 2016 or later. For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a) must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17.

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year 2007 2015 and later, a district's referendum allowance must not exceed the greater of:

(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (b) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) \$215;

(2) the greater of (i) 26 percent of the formula allowance or (ii) \$1,294 times the annual inflationary increase as calculated under paragraph (b); or times the greatest of:

(1) \$1,845;

(2) the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; or

(3) the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; or

~~(3)~~ (4) for a newly reorganized district created after July 1, 2006 2013, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost adjusted pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year 2005 2016 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2004 2015. For fiscal years 2009 year 2016 and later, for purposes of paragraph (a), clause ~~(+)~~ (3), the inflationary increase equals the inflationary increase for fiscal year 2008 plus one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008 2015.

Subd. 3. **Sparsity exception.** A district that qualifies for sparsity revenue under section 126C.10 is not subject to a referendum allowance limit.

Subd. 4. **Total referendum revenue.** The total referendum revenue for each district equals the district's referendum allowance times the resident marginal cost adjusted pupil units for the school year.

Subd. 5. **Referendum equalization revenue.** (a) For fiscal year 2003 and later, A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost adjusted pupil units for that year.

(c) For fiscal year 2006, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$600.

For fiscal year 2008 and later, A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$700 \$775.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost adjusted pupil units for that year.

(e) For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance. For fiscal year 2007 and later, A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 26 25 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Subd. 6. **Referendum equalization levy.** (a) For fiscal year 2003 and later, a district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$538,200.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$270,000~~ \$259,415.

Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first or second tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue, must not exceed 26 25 percent of the formula allowance times the district's ~~resident marginal-cost~~ adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding \$415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy amount otherwise determined, and must be paid to the district each year that the referendum authority remains in effect, is renewed, or new referendum authority is approved. The aid payable under this subdivision must be subtracted from the district's referendum equalization aid under subdivision 7. The referendum equalization aid after the subtraction must not be less than zero.

Subd. 7b. **Referendum aid guarantee.** (a) Notwithstanding subdivision 7, a district's referendum equalization aid for fiscal year 2015 must not be less than the sum of the referendum

equalization aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c).

(b) Notwithstanding subdivision 7, referendum equalization aid for fiscal year 2016 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year 2015, must not be less than the product of (1) the district's referendum equalization aid for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum revenue for that school year to the district's referendum revenue for fiscal year 2015, times (3) the lesser of one or the ratio of the district's referendum market value used for fiscal year 2015 referendum equalization calculations to the district's referendum market value used for that year's referendum equalization calculations.

Subd. 8. **Unequalized referendum levy.** Each year, a district may levy an amount equal to the difference between its total referendum revenue according to subdivision 4 and its referendum equalization revenue according to subdivision 5.

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per ~~resident marginal cost adjusted~~ pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per ~~resident marginal cost adjusted~~ pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per ~~resident marginal cost adjusted~~ pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

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

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

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

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

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

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."

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

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

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

Subd. 9a. **Board-approved extension.** (a) Notwithstanding subdivision 9, a school district with any of its area located within the seven-county metropolitan area that, in one or more elections, has approved a referendum allowance of at least \$400 for at least ten years, may reauthorize any expiring referendum authority equal to a total of \$400 or less by a board vote. The board may reauthorize this authority for up to five years and may subsequently reauthorize that authority in increments of five years.

(b) Notwithstanding subdivision 9, a school district with any of its area located within the seven-county metropolitan area that, in one or more elections, has approved a referendum allowance of less than \$400 for at least ten years, may reauthorize the value of any expiring

referendum authority by a board vote. The board may reauthorize this authority for up to five years and may subsequently reauthorize that authority in increments of five years.

(c) Notwithstanding subdivision 9, a school district with none of its area located within the seven-county metropolitan area with more than 2,000 pupils in adjusted average daily membership that, in one or more elections, has approved a referendum allowance of at least \$200 for at least ten years, may reauthorize any expiring referendum authority equal to a total of \$200 or less by a board vote. The board may reauthorize this authority for up to five years and may subsequently reauthorize that authority in increments of five years.

(d) Notwithstanding subdivision 9, a school district with none of its area located within the seven-county metropolitan area with more than 2,000 pupils in adjusted average daily membership that, in one or more elections, has approved a referendum allowance of less than \$200 for at least ten years, may reauthorize the value of any expiring referendum authority by a board vote. The board may reauthorize this authority for up to five years and may subsequently reauthorize that authority in increments of five years.

Subd. 10. **School referendum levy; market value.** A school referendum levy must be levied against the referendum market value of all taxable property as defined in section 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this subdivision must be certified separately to the county auditor under section 275.07.

Subd. 11. **Referendum date.** (a) Except for a referendum held under paragraph (b), any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b), must be prepared and delivered by first-class mail at least 20 days before the referendum.

(b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(c) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Subd. 13. **Referendum conversion allowance.** A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 49. **[126C.195] COMPENSATORY SUPPLEMENTAL FORMULA AID.**

A district that has an adjusted pupil unit count that is in the top 20 largest adjusted pupil unit counts in the prior school year is eligible for the greater of zero or \$1,400 times the sum of the district's pupils eligible for free lunch and one-half of the district's pupils who are eligible for reduced lunch in the prior school year, minus the amount of compensatory education revenue received by the district under section 126C.10, subdivision 3, times .35.

Sec. 50. Minnesota Statutes 2012, section 126C.20, is amended to read:

126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department the amount necessary for general education aid under section 126C.13, ~~the early graduation achievement scholarship program under section 120B.08, and the early graduation military service award program under section 120B.09.~~ This amount must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2014 and later.

Sec. 51. Minnesota Statutes 2012, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of

paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$150~~ \$162 times the ~~resident~~ adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes colocation of government services; and
- (4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$43~~ \$46 times the ~~adjusted marginal cost~~ adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000.

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 52. Minnesota Statutes 2012, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) ~~a school district which is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3), and whose Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, Independent School District No. 709, Duluth, or Independent School District No. 535, Rochester, if the district's desegregation plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4) or (5); where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or~~

(2) ~~a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) other districts eligible for revenue under section 124D.862 if the facility acquired under this subdivision is to be primarily used for the a joint program for interdistrict desegregation and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.~~

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

Sec. 53. Minnesota Statutes 2012, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS SUPPLEMENTAL LEVY; INTERMEDIATE SCHOOL DISTRICTS.

(a) ~~Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 multiplied by the district's adjusted marginal cost pupil units~~

for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) ~~A school district that is a member of an intermediate school district may include in its authority under this section make a levy on all taxable property located within the district for the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs section 126C.10, subdivision 2g, at an intermediate school district.~~ This authority must not exceed ~~\$10~~ \$11 times the adjusted marginal cost pupil units of the member districts. ~~This authority is in addition to any other authority authorized under this section.~~ Revenue raised under this paragraph section must be transferred to the intermediate school district.

Sec. 54. Minnesota Statutes 2012, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

~~(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.~~

~~(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.~~

~~(e) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.~~

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph ~~(d)~~ or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without compensatory revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 55. Minnesota Statutes 2012, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, plus the transportation sparsity allowance for the district; times (ii) the adjusted ~~marginal cost~~ pupil units attributable to the pupil; plus

(2) the product of \$223 and the extended time marginal cost pupil units attributable to the pupil.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 56. Minnesota Statutes 2012, section 127A.51, is amended to read:

127A.51 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted ~~marginal cost~~ pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means:

~~(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; and~~

(2) for fiscal year 2003 and later, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b subdivision 24.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 57. Minnesota Statutes 2012, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar years 2004 to ~~2016~~ 2026, an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 58. Laws 2007, chapter 146, article 4, section 12, is amended to read:

Sec. 12. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series for calendar years 2008 ~~through 2016~~ to 2026, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 59. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

Subdivision 1. **Tax rate adjustment.** The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2012 as it existed prior to the passage of Regular Session 2013 House File No. 677, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2012.

Subd. 2. **Equalizing factors.** The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2012 as it existed prior to the passage of Regular Session 2013 House File No. 677, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2012.

Sec. 60. **APPROPRIATIONS.**

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

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

\$	<u>6,045,457,000</u>	.....	<u>2014</u>
\$	<u>6,351,602,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$781,842,000 for 2013 and \$5,263,615,000 for 2014.

The 2015 appropriation includes \$857,828,000 for 2014 and \$5,493,774,000 for 2015.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	<u>44,000</u>	.....	<u>2014</u>
\$	<u>48,000</u>	.....	<u>2015</u>

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,722,000</u>	.....	<u>2014</u>
\$	<u>3,133,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$301,000 for 2013 and \$2,421,000 for 2014.

The 2015 appropriation includes \$410,000 for 2014 and \$2,723,000 for 2015.

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>468,000</u>	.....	<u>2014</u>
\$	<u>479,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$40,000 for 2013 and \$428,000 for 2014.

The 2015 appropriation includes \$72,000 for 2014 and \$407,000 for 2015.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>15,376,000</u>	.....	<u>2014</u>
\$	<u>15,879,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,099,000 for 2013 and \$13,277,000 for 2014.

The 2015 appropriation includes \$2,251,000 for 2014 and \$13,628,000 for 2015.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>18,322,000</u>	.....	<u>2014</u>
\$	<u>18,607,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,668,000 for 2013 and \$15,654,000 for 2014.

The 2015 appropriation includes \$2,654,000 for 2014 and \$15,953,000 for 2015.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$	<u>65,000</u>	.....	<u>2014</u>
\$	<u>65,000</u>	.....	<u>2015</u>

Subd. 9. **Compensatory supplemental formula aid.** For grants for compensatory pilot project formula aid as calculated under Minnesota Statutes, section 126C.195:

\$	<u>6,278,000</u>	.....	<u>2014</u>
\$	<u>4,924,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,109,000 for 2013 and \$4,169,000 for 2014.

The 2015 appropriation includes \$706,000 for 2014 and \$4,218,000 for 2015.

Subd. 10. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

\$	<u>2,325,000</u>	<u>2014</u>
\$	<u>2,325,000</u>	<u>2015</u>

Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$165,000 in each year is for a grant to Independent School District No. 535, Rochester; \$65,000 in each year is for a grant to Independent School District No. 833, South Washington; and \$150,000 in each year is for a grant to Independent School District No. 241, Albert Lea. If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts. This appropriation is part of the base budget for subsequent fiscal years.

Sec. 61. REPEALER.

(a) Minnesota Statutes 2012, sections 120B.08; and 120B.09, are repealed for fiscal year 2014 and later.

(b) Minnesota Statutes 2012, sections 126C.10, subdivisions 13a, 13b, 25, 26, 28, 31a, 31b, 31c, 34, 35, and 36; 126C.17, subdivision 13; and 127A.50, subdivisions 1 and 5, are repealed for fiscal year 2015 and later.

ARTICLE 2**STUDENT ACCOUNTABILITY**

Section 1. Minnesota Statutes 2012, section 120B.02, is amended to read:

120B.02 EDUCATIONAL EXPECTATIONS AND GRADUATION REQUIREMENTS FOR MINNESOTA'S STUDENTS.

Subdivision 1. Educational expectations. (a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. ~~For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.~~

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

~~(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024, all state academic standards or local academic standards where state standards do not apply, and successfully pass graduation examinations as required under section 120B.30.~~

~~(d)~~ (c) The commissioner shall periodically review and report on the state's assessment process.

~~(e)~~ (d) School districts are not required to adopt specific provisions of the federal School-to-Work programs.

Subd. 2. Graduation requirements. To graduate from high school, students must demonstrate to their enrolling school district or school their satisfactory completion of the credit requirements under section 120B.024 and their attainment of academic standards and career and college readiness benchmarks on a nationally normed college entrance exam under section 120B.30. A school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to students entering grade 8 in the 2013-2014 school year and later.

Sec. 2. Minnesota Statutes 2012, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; INVOLUNTARY CAREER TRACKING PROHIBITED.

(a) Consistent with sections 120B.128, 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts ~~are strongly encouraged to,~~ beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their college and career interests and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must be designed to:

(1) provide a comprehensive academic plan for completing a college and career-ready curriculum premised on meeting state and local academic standards and developing 21st century skills such as team work, collaboration, and good work habits;

(2) emphasize academic rigor and high expectations;

(3) help students identify personal learning styles that may affect their postsecondary education and employment choices;

(4) help students ~~succeed at gaining~~ gain access to postsecondary education and career options;

(5) integrate strong academic content into career-focused courses and integrate relevant career-focused courses into strong academic content;

(6) help students and families identify and gain access to appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(7) help students and families identify collaborative partnerships of kindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and employers that support students' transition to postsecondary education and employment and provide students with experiential learning opportunities; and

(8) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student "on track" making adequate progress to meet state and local high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select a career, career interest, employment goals, or related job training.

(c) ~~School districts are encouraged to seek and use revenue and in-kind contributions from nonstate sources and to seek administrative cost savings through innovative local funding arrangements, such as the Collaboration Among Rochester Educators (CARE) model for funding postsecondary enrollment options, among other sources, for purposes of implementing this section.~~

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

Sec. 3. Minnesota Statutes 2012, section 120B.128, is amended to read:

120B.128 EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness.

(c) Students enrolled in grade 8 through the 2012-2013 school year who have not yet demonstrated proficiency on the Minnesota comprehensive assessments, the graduation-required assessments for diploma, or the basic skills testing requirements prior to high school graduation may satisfy state high school graduation requirements for assessments in reading, mathematics, and writing by taking the WorkKeys job skills assessment, a computer-adaptive college placement test, or the ACT assessment for college admission.

(d) The state shall pay the test costs for school districts and charter schools that choose to participate in the EPAS program public school students to participate in the assessments under this section. The commissioner shall establish an application procedure and a process for state payment of costs.

EFFECTIVE DATE. This section is effective the day following final enactment and applies through the 2013-2014 school year.

Sec. 4. Minnesota Statutes 2012, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed ~~from and~~ as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and be ~~are~~ administered annually to all students in grades 3 through 8 7. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. ~~For students enrolled in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 based on the first uniform test administered in~~

~~February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (c), except that for the 2012-2013 and 2013-2014 school years only, these students may satisfy the state's graduation test requirement for math by complying with paragraph (d), clauses (1) and (3). For students enrolled in grade 8 in the 2005-2006 through 2012-2013 school years, students' state graduation requirements include the requirements under: (i) section 120B.128, paragraph (c); or (ii) paragraph (c).~~

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) ~~For students enrolled in grade 8 in the 2005-2006~~ 2013-2014 school year and later, ~~only the following options shall fulfill~~ students' state graduation test requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) ~~for reading and mathematics:~~

(i) ~~obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;~~

(ii) ~~achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English learners;~~

(iii) ~~achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan;~~

(iv) ~~obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individualized education program; or~~

(v) ~~achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized education program; and~~

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

~~(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English learners;~~

~~(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan; or~~

~~(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized education program.~~

(1) attainment of required academic standards and career and college readiness benchmarks under section 120B.023 as demonstrated on a nationally normed college entrance exam;

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph (e) and, to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under clause (2) must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

~~(d) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (c) are eligible to receive a high school diploma if they:~~

~~(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;~~

~~(2) participate in district-prescribed academic remediation in mathematics; and~~

~~(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota's workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments for students in grades 8 and 10 must be predictive of and aligned with a nationally normed assessment for career and college readiness. This nationally recognized assessment must be a college entrance exam and given to students in grade 11 or 12. This series of assessments must include a college placement diagnostic exam and contain career exploration elements. The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students to provide the students with diagnostic information about any targeted interventions they need so that they may seek postsecondary education or employment without need for postsecondary remediation.~~

~~(1) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.~~

~~(2) Students who, based on their growth in academic achievement between grades 8 and 10, show adequate progress toward meeting state career and college readiness must be given the college entrance exam part of these assessments in grade 11. A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments is academically ready for a career or college and is encouraged to participate in courses and programs awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.~~

~~(3) All students in grade 11 not subject to clause (2) must be given the college placement diagnostic exam so that the students, their families, the school, and the district can use the results to diagnose areas for targeted instruction, intervention, or remediation and improve students' knowledge and skills in core subjects sufficient for the student to graduate and have a reasonable~~

chance to succeed in a career or college without remediation. These students must be given the college entrance exam part of these assessments in grade 12.

(4) A student in clause (3) who demonstrates: (i) attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments; (ii) attainment of career and college readiness benchmarks on the college placement diagnostic part of these assessments; and, where applicable, (iii) successfully completes targeted instruction, intervention, or remediation approved by the commissioner and the chancellor of the Minnesota State Colleges and Universities after consulting with local school officials and educators, is academically ready for a career or college and is encouraged to participate in courses and programs awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.

(e) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(f) A school, district, or charter school must place record on the high school transcript a student's current pass status for each subject that has a required graduation assessment progress toward career and college readiness.

~~In addition,~~ (g) The school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

~~(e)~~ (h) The 3rd through 8th 7th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

~~(f)~~ (i) The 3rd through 8th grade grades 3 through 7 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

~~(g) In addition to the testing and reporting requirements under this section,~~ (j) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide ~~testing~~ computer-adaptive assessments of all students in grades 3 through ~~8~~ 7 and ~~testing~~ at the high school level that provides appropriate, technically sound accommodations or ~~alternate assessments~~;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2013-2014 school year and later, except that paragraph (a) applies the day following final enactment and the requirements for using computer-adaptive mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016 school year and later.

Sec. 5. Minnesota Statutes 2012, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 7 beginning in the 2015-2016 school year and later.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics

assessments for grades 3 through 8 7, state-developed high school reading and mathematics tests aligned with state academic standards, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 8 7, and high school reading and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

~~(b)~~ (e) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

~~(c)~~ (f) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a value-added growth indicator of student achievement under section 120B.35, subdivision 3, paragraph (b); and

~~(3)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and~~

~~(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.~~

~~(d)~~ (g) Consistent with applicable federal law and ~~subdivision 1, paragraph (d), clause (1)~~, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

(e) ~~(h)~~ A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student proficiency progress toward career and college readiness in the context of the state's grade-level academic standards. ~~If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards.~~ A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later except the requirements for using computer-adaptive mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016 school year and later.

Sec. 6. Minnesota Statutes 2012, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance ~~report cards~~ reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance ~~report cards~~ reports.

(c) The commissioner must make available performance ~~report cards~~ reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance ~~report card~~ data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance ~~report cards~~ reports to the department's public Web site no later than September 1, except that in years when the ~~report card~~ reflects reports reflect new performance standards, the commissioner shall post the school performance ~~report cards~~ reports no later than October 1.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 7. **STATEWIDE ASSESSMENT AND ACCOUNTABILITY; TRANSITION.**

Notwithstanding other law to the contrary, students enrolled in grade 8 in the 2005-2006 through 2012-2013 school years are eligible to be assessed under the amended provisions of Minnesota Statutes, section 120B.30, subdivision 1, to the extent such assessments are available or under Minnesota Statutes, section 120B.128, paragraph (c). Other measures of statewide accountability, including student performance, preparation, rigorous course taking, engagement and connection, and transition into postsecondary education or the workforce remain in effect.

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

Sec. 8. CAREER PATHWAYS ADVISORY TASK FORCE.

Subdivision 1. Recommendations. (a) A career pathways advisory task force is established to recommend to the Minnesota legislature, consistent with Minnesota Statutes, sections 120B.30, subdivision 1, and 120B.35, subdivision 3, how to structurally redesign secondary and postsecondary education to:

- (1) improve secondary and postsecondary outcomes for students and adult learners;
 - (2) align secondary and postsecondary education programs serving students and adult learners;
 - (3) align secondary and postsecondary education programs and Minnesota's workforce needs;
- and

(4) measure and evaluate the combined efficacy of Minnesota's public kindergarten through grade 12 and postsecondary education programs.

(b) Advisory task force members, in preparing these recommendations, must seek the advice of education providers, employers, policy makers, and other interested stakeholders and must at least consider how to:

(1) better inform students about career options, occupational trends, and educational paths leading to viable and rewarding careers and reduce the gap between the demand for and preparation of a skilled Minnesota workforce;

(2) in consultation with a student's family, develop and periodically adapt, as needed, an education and work plan for each student aligned with the student's personal and professional interests, abilities, skills, and aspirations;

(3) improve monitoring of high school students' progress with targeted interventions and support and remove the need for remedial instruction;

(4) increase and accelerate opportunities for secondary school students to earn postsecondary credits leading to a certificate, industry license, or degree;

(5) better align high school courses and expectations and postsecondary credit-bearing courses;

(6) better align high school standards and assessments, postsecondary readiness measures and entrance requirements, and the expectations of Minnesota employers;

(7) increase the rates at which students complete a postsecondary certificate, industry license, or degree; and

(8) provide graduates of two-year and four-year postsecondary institutions with the foundational skills needed for civic engagement, ongoing employment, and continuous learning.

Subd. 2. **Membership.** The Career Pathways Advisory Task Force shall have 15 members appointed by July 15, 2013, as follows:

(1) one member appointed by the Minnesota Association of Career and Technical Administrators;

(2) one member appointed by the Minnesota Association for Career and Technical Education;

(3) one member appointed by the University of Minnesota who is a faculty member working to develop career and technical educators in Minnesota;

(4) one member appointed by the Minnesota State Colleges and Universities who is a faculty member working to develop career and technical educators in Minnesota;

(5) one member appointed by the National Research Center for Career and Technical Education;

(6) one member appointed by the Minnesota Department of Education;

(7) one member appointed by the Minnesota Board of Teaching;

(8) one member appointed by the Minnesota Association of Colleges for Teacher Education;

(9) one member appointed by the Minnesota State Colleges and Universities from faculty for foundational skills and general education; and

(10) six members appointed by the commissioner of education who have expertise in any of the areas with which the task force has been charged in subdivision 1.

Subd. 3. **Terms.** Each member shall serve until the task force sunsets, unless replaced by their appointing authority.

Subd. 4. **First meeting; acting chair; chair.** The commissioner of education shall convene the first meeting by August 15, 2013, and shall act as chair until the task force elects a chair from among its members at the first meeting.

Subd. 5. **Compensation.** The task force members shall not be compensated and their expenses shall not be reimbursed.

Subd. 6. **Staff; technical assistance.** The commissioner of education, on request by the task force, will provide technical assistance and provide staff assistance sufficient for the task force to carry out its duties.

Subd. 7. **Report.** By February 15, 2014, the task force shall submit a written report describing its recommendations to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over kindergarten through grade 12 education.

Subd. 8. **Sunset.** The task force expires the day after the task force reports to the legislature, or February 15, 2014, whichever is earlier.

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

Sec. 9. **APPROPRIATIONS.**

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

Subd. 2. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>16,518,000</u>	.....	<u>2014</u>
\$	<u>19,198,000</u>	.....	<u>2015</u>

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

Sec. 10. **REPEALER.**

Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1 and 2; 3501.0290; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; and 3501.1190, are repealed effective the day following final enactment.

ARTICLE 3

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2012, section 120A.22, subdivision 5, is amended to read:

Subd. 5. **Ages and terms.** (a) Every child between seven and ~~16~~ 17 years of age must receive instruction unless the child has graduated. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction. Except as provided in subdivision 6, a parent may withdraw a child under the age of seven from enrollment at any time.

(b) A school district by annual board action may require children subject to this subdivision to receive instruction in summer school. A district that acts to require children to receive instruction in summer school shall establish at the time of its action the criteria for determining which children must receive instruction.

(c) A pupil 16 years of age or older who meets the criteria of section 124D.68, subdivision 2, may be assigned to an area learning center. Such assignment may be made only after consultation with the principal, area learning center director, and parent or guardian.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 2. Minnesota Statutes 2012, section 120A.22, subdivision 8, is amended to read:

Subd. 8. **Withdrawal from school.** Any student ~~between 16 and 18~~ who is 17 years old who seeks to withdraw from school, and the student's parent or guardian must:

(1) attend a meeting with school personnel to discuss the educational opportunities available to the student, including alternative educational opportunities; and

(2) sign a written election to withdraw from school.

Sec. 3. Minnesota Statutes 2012, section 120A.22, subdivision 11, is amended to read:

Subd. 11. **Assessment of performance.** (a) Each year the performance of every child ages seven through 16 and every child ages 16 through 17 for which an initial report was filed pursuant to section 120A.24, subdivision 1, after the child is 16 and who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination. The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination.

(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 9, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).

(c) If the results of the assessments in paragraphs (a) and (b) indicate that the child's performance on the total battery score is at or below the 30th percentile or one grade level below the performance level for children of the same age, the parent must obtain additional evaluation of the child's abilities and performance for the purpose of determining whether the child has learning problems.

(d) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements of this subdivision.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 4. Minnesota Statutes 2012, section 120A.24, subdivision 1, is amended to read:

Subdivision 1. **Reports to superintendent.** (a) The person or nonpublic school in charge of providing instruction to a child must submit to the superintendent of the district in which the child resides the name, birth date, and address of the child; the annual tests intended to be used under section 120A.22, subdivision 11, if required; the name of each instructor; and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10:

(1) by October 1 of the first school year the child receives instruction after reaching the age of seven;

(2) within 15 days of when a parent withdraws a child from public school after age seven to provide instruction in a nonpublic school that is not accredited by a state-recognized accredited agency;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

(b) The person or nonpublic school in charge of providing instruction to a child between the ages of seven and 16 and every child ages 16 through 17 for which an initial report was filed pursuant to this subdivision after the child is 16 must submit, by October 1 of each school year, a letter of intent to continue to provide instruction under this section for all students under the person's or school's supervision and any changes to the information required in paragraph (a) for each student.

(c) The superintendent may collect the required information under this section through an electronic or Web-based format, but must not require electronic submission of information under this section from the person in charge of reporting under this subdivision.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 5. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 4. Basic alternative teacher compensation aid. (a) For fiscal year 2015 and later, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 5. Alternative teacher compensation levy. For fiscal year 2015 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$6,742.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 7. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 6. Alternative teacher compensation equalization aid. (a) For fiscal year 2015 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 8. Minnesota Statutes 2012, section 124D.03, subdivision 12, is amended to read:

Subd. 12. Termination of enrollment. A district may terminate the enrollment of a nonresident student enrolled under this section or section 124D.08 at the end of a school year if the student meets the definition of a habitual truant under section 260C.007, subdivision 19, the student has been provided appropriate services under chapter 260A, and the student's case has been referred to

juvenile court. A district may also terminate the enrollment of a nonresident student over the age of ~~16~~ 17 enrolled under this section if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under section 120A.22, subdivision 8.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 9. Minnesota Statutes 2012, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) A state-approved alternative program designated by the state must be a site. A state-approved alternative program must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

- (1) a district that is served by the state-approved alternative program; or
- (2) a charter school located within the geographic boundaries of a district that is served by the state-approved alternative program.

~~(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade-level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.~~

~~(c)~~ (b) To be designated, a district, charter school, or state-approved alternative program must demonstrate to the commissioner that it will:

- (1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and
- (2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(d)~~ (c) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 10. Minnesota Statutes 2012, section 124D.42, is amended to read:

124D.42 READING AND MATH CORPS.

Subd. 6. **Program training.** The commission must, within available resources:

- (1) orient each grantee organization in the nature, philosophy, and purpose of the program;
- (2) build an ethic of community service through general community service training; and
- (3) provide guidance on integrating programmatic-based measurement into program models.

Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide ServeMinnesota ~~Innovation~~ AmeriCorps members with a data-based

problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills, including comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, to children age 3 to grade 3.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

(c) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

Subd. 9. Minnesota math corps program. (a) A Minnesota math corps program is established to give ServeMinnesota AmeriCorps members a data-based problem-solving model of mathematics instruction useful for providing elementary and middle school students and their teachers with instructional support to meet state academic standards in mathematics.

(b) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 124D.4531, is amended to read:

124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.

Subdivision 1. **Career and technical ~~levy~~ revenue.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount is eligible for career and technical revenue equal to 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs, excluding salaries reimbursed by another school district under clause (2);

(2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

~~(2)~~ (3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

~~(3)~~ (4) necessary travel between instructional sites by licensed career and technical education personnel;

~~(4)~~ (5) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

~~(5)~~ (6) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) (7) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(7) (8) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy revenue may be spent on equipment purchases. Districts using the career and technical levy revenue for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

(d) The amount of the levy certified revenue calculated under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and ~~\$15,393,000~~ \$24,224,000 for taxes payable in 2014.

(e) If the estimated levy revenue exceeds the amount in paragraph (d), the commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated levy revenue no longer exceeds the limit in paragraph (d).

Subd. 1a. Career and technical levy. (a) For fiscal year 2014 only, a district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2014 equals \$9,497.

(b) For fiscal year 2015 and later, a district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2015 and later equals \$10,058.

Subd. 1b. Career and technical aid. For fiscal year 2014 and later, a district's career and technical aid equals its career and technical revenue less its career and technical levy. If the district levy is less than the permitted levy, the district's career and technical aid shall be reduced proportionately.

Subd. 2. Allocation from cooperative centers and intermediate districts. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. Levy Revenue guarantee. Notwithstanding subdivision 1, paragraph (a), the career and technical education levy revenue for a district is not less than the lesser of:

(1) the district's career and technical education levy authority revenue for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

Subd. 3a. Levy, pay 2012-2014 Revenue adjustments. Notwithstanding subdivisions 1, 1a, and 3, for taxes payable in 2012 to 2014 only, the department must calculate the career and technical levy

authority revenue for each district according to Minnesota Statutes 2010, section 124D.4531, and adjust the levy authority revenue for each district proportionately to meet the statewide levy revenue target under subdivision 1, paragraph (d). For purposes of calculating the levy revenue guarantee under subdivision 3, the career and technical education levy authority revenue for the previous fiscal year is the levy authority revenue according to Minnesota Statutes 2010, section 124D.4531, before adjustments to meet the statewide levy revenue target.

Subd. 4. **District reports.** Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical levy revenue formula.

Subd. 5. **Allocation from districts participating in agreements for secondary education or interdistrict cooperation.** For purposes of this section, a district with a career and technical program approved under this section that participates in an agreement under section 123A.30 or 123A.32 must allocate its levy revenue authority under this section among participating districts.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 12. Minnesota Statutes 2012, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district EL revenue.** (a) A district's English learner programs revenue equals the product of (1) ~~\$700 in fiscal year 2004 and later~~ \$705 times (2) the greater of 20 or the adjusted marginal cost average daily membership of eligible English learners enrolled in the district during the current fiscal year.

(b) A pupil ceases to generate state English learner aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 13. **[124D.861] ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.**

Subdivision 1. **Program to close the academic achievement and opportunity gap.** The "Achievement and Integration for Minnesota" program is established to promote diversity, pursue racial and economic integration, and increase student academic achievement and equitable educational opportunities in Minnesota public schools. The program must serve students of varying racial, ethnic, and economic backgrounds, taking into account unique geographic and demographic particularities affecting students, schools, and districts including race, neighborhood locations and characteristics, grades, socioeconomic status, academic performance, and language barriers. Eligible districts must use the revenue under section 124D.862 to pursue racial and economic integration in schools through: (1) in-school educational practices and integrated learning environments created to prepare all students to be effective citizens, enhance social cohesion, and reinforce democratic values; and (2) corresponding and meaningful policies and curricula and trained instructors, administrators, school counselors, and other advocates who support and enhance in-school practices and integrated learning environments under this section. In-school practices and integrated learning environments must promote increased student academic achievement, cultural fluency, cross-cultural interactivities, communication and pedagogy, graduation and educational attainment rates, and parent involvement.

Subd. 2. **Plan components.** (a) The school board of each eligible district must formally develop and implement a long-term comprehensive plan that identifies the collaborative structures and systems, in-school strategies, inclusive best educational practices, and partnerships with higher education institutions and industries required to effect this section and increase the academic achievement of all students. Plan components may include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional development opportunities for teachers and administrators focused on improving the academic achievement of all students; increased programmatic opportunities focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, or contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse backgrounds. The plan must specify district and school goals for reducing the disparity in academic achievement among all racial and ethnic categories of students and promoting racial and economic integration in schools and districts over time.

(b) Among other requirements, an eligible district must implement a cost-effective, research-based intervention that includes formative assessment practices to reduce the disparity in student academic achievement between the highest and lowest performing racial and ethnic categories of students as measured by student demonstration of proficiency on state reading and math assessments.

(c) Eligible districts must collaborate in creating efficiencies and eliminating the duplication of programs and services under this section, which may include forming a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

Subd. 3. **Biennial progress; budget process.** (a) To receive revenue under section 124D.862, the school board of an eligible district must hold at least one formal hearing by March 1 in the year preceding the current biennium to report to the public its progress in realizing the goals identified in its plan. At the hearing, the board must provide the public with longitudinal data demonstrating district and school progress in reducing the disparity in student academic achievement among all racial and ethnic categories of students and realizing racial and economic integration, consistent with its plan and the measures in paragraph (b). The district also must submit to the commissioner by March 1 in the year preceding the current biennium a detailed biennial budget for continuing to implement its plan and the commissioner must review and approve or disapprove the budget by June 1 of that year.

(b) The longitudinal data required under paragraph (a) must be based on student growth and progress toward proficiency in reading, mathematics, and writing, as defined under section 120B.299, and one or more of the following measures:

(1) the number of world language proficiency or high achievement certificates awarded under section 120B.022, subdivision 1, paragraphs (b) and (c);

(2) adequate yearly progress under section 120B.35, subdivision 2;

(3) preparation for postsecondary academic and career opportunities under section 120B.35, subdivision 3, paragraph (c), clause (1);

(4) rigorous coursework completed under section 120B.35, subdivision 3, paragraph (c), clause (2); or

(5) school safety and students' engagement and connection at school under section 120B.35, subdivision 3, paragraph (d).

Subd. 4. **Evaluation.** The commissioner must evaluate the efficacy of district plans in reducing the disparity in student academic achievement among all racial and ethnic categories of students and realizing racial and economic integration and report the commissioner's findings to the kindergarten through grade 12 education committees of the legislature by February 1 every fourth year beginning February 1, 2017.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 14. **[124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.**

Subdivision 1. **Eligibility.** A school district is eligible for achievement and integration revenue under this section if the district has a biennial achievement and integration plan approved by the department under section 124D.861. Priority for funding must be given to eligible school districts that include methods that have been effective in reducing disparities in student achievement in the district's biennial plan.

Subd. 2. **Achievement and integration revenue.** (a) For fiscal year 2014, initial achievement and integration revenue for an eligible district equals the lesser of the district's expenditure for the fiscal year under its budget according to subdivision 1a or the greater of: (1) 90 percent of the district's integration revenue for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86, or (2) the sum of: (i) \$327 times the district's adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later, times the district's enrollment of protected students as a percent of its total enrollment on October 1 of the prior fiscal year, plus (ii) \$100 times the district's adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later times the district's enrollment of protected students as a percent of its total enrollment on October 1 of the prior fiscal year times the district's focus rating for the prior fiscal year under Minnesota's 2012 Elementary and Secondary Education Act flexibility request.

(b) For fiscal year 2015 and later, initial achievement and integration revenue for an eligible district equals the lesser of the district's expenditure for the fiscal year under its budget according to subdivision 1a or the greater of: (1) 63 percent of the district's integration revenue for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86, or (2) the sum of: (i) \$229 times the district's adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later, times the district's enrollment of protected students as a percent of its total enrollment on October 1 of the prior fiscal year, plus (ii) \$70 times the district's adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later, times the district's enrollment of protected students as a percent of its total enrollment on October 1 of the prior fiscal year times the district's focus rating for the prior fiscal year under Minnesota's 2012 Elementary and Secondary Education Act flexibility request.

(c) In each year, .02 percent of each district's initial achievement and integration revenue is transferred to the Department of Education for the oversight and accountability activities required under this section and section 124D.861.

(d) A district that did not meet its achievement goals established in section 124D.861 for the previous biennium must report to the commissioner the reasons why the goals were not met. The district must submit a two-year improvement plan to achieve the unmet goals from its achievement and integration plan. A district that does not meet its goals in the improvement plan must have its initial achievement and integration revenue reduced by 20 percent for the current year.

(e) Any revenue saved by the reductions in paragraph (d) must be proportionately reallocated on a per adjusted pupil unit basis to all districts that met their achievement goals in the previous biennium.

Subd. 3. Achievement and integration aid. A district's achievement and integration aid for fiscal year 2014 equals the difference between the district's achievement and integration revenue and its achievement and integration levy. A district's achievement and integration aid for fiscal year 2015 and later equals the district's achievement and integration revenue.

Subd. 4. Achievement and integration levy. For fiscal year 2014 only, a district may levy an amount equal to 30 percent of the district's achievement and integration revenue as defined in subdivision 2. The Department of Education must adjust the levy for taxes payable in 2014 by the difference between the levy under this section and the amount levied by the district under Laws 2011, First Special Session chapter 11, article 2, section 49, paragraph (f).

Subd. 5. Revenue reserved. Integration revenue received under this section must be reserved and used only for the programs authorized in subdivision 6.

Subd. 6. Revenue uses. At least 80 percent of a district's achievement and integration revenue received under this section must be used for innovative and integrated learning environments, family engagement activities, and other approved programs providing direct services to students. Up to 20 percent of the revenue may be used for professional development and staff development activities, and not more than ten percent of this share of the revenue may be used for administrative expenditures.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 15. Minnesota Statutes 2012, section 260C.007, subdivision 19, is amended to read:

Subd. 19. Habitual truant. "Habitual truant" means a child under the age of ~~16~~ 17 years who is absent from attendance at school without lawful excuse for seven school days per school year if the child is in elementary school or for one or more class periods on seven school days per school year if the child is in middle school, junior high school, or high school; or a child who is ~~16 or~~ 17 years of age who is absent from attendance at school without lawful excuse for one or more class periods on seven school days per school year and who has not lawfully withdrawn from school under section 120A.22, subdivision 8.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 16. Laws 2011, First Special Session chapter 11, article 2, section 13, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

Sec. 17. Laws 2011, First Special Session chapter 11, article 2, section 14, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

Sec. 18. Laws 2011, First Special Session chapter 11, article 2, section 18, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

Sec. 19. Laws 2011, First Special Session chapter 11, article 2, section 19, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

Sec. 20. **APPROPRIATIONS.**

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

Subd. 2. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, and Minnesota Statutes, section 124D.862:

\$	<u>75,495,000</u>	.....	<u>2014</u>
\$	<u>68,617,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$17,197,000 for 2013 and \$58,298,000 for 2014.

The 2015 appropriation includes \$9,886,000 for 2014 and \$58,731,000 for 2015.

Subd. 3. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	<u>52,035,000</u>	.....	<u>2014</u>
\$	<u>53,812,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$6,607,000 for 2013 and \$45,428,000 for 2014.

The 2015 appropriation includes \$7,704,000 for 2014 and \$46,108,000 for 2015.

Subd. 4. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>13,968,000</u>	.....	<u>2014</u>
\$	<u>14,712,000</u>	.....	<u>2015</u>

Subd. 5. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$	<u>2,118,000</u>	<u>2014</u>
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\$ 2,137,000 2015

The 2014 appropriation includes \$290,000 for 2013 and \$1,828,000 for 2014.

The 2015 appropriation includes \$309,000 for 2014 and \$1,828,000 for 2015.

Subd. 6. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$ 190,000 2014

\$ 190,000 2015

Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ 2,052,000 2014

\$ 2,190,000 2015

The 2014 appropriation includes \$266,000 for 2013 and \$1,786,000 for 2014.

The 2015 appropriation includes \$303,000 for 2014 and \$1,887,000 for 2015.

Subd. 8. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$ 68,000 2014

\$ 68,000 2015

Subd. 9. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$ 4,500,000 2014

\$ 4,500,000 2015

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and the Minnesota Association of IB World Schools, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

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

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

Subd. 10. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	<u>2,000,000</u>	.....	<u>2014</u>
\$	<u>2,000,000</u>	.....	<u>2015</u>

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

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

Subd. 11. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	<u>528,000</u>	.....	<u>2014</u>
\$	<u>528,000</u>	.....	<u>2015</u>

\$200,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$164,000 each year is for the collaborative educator program at the University of St. Thomas; and \$164,000 each year is for the Center for Excellence in Urban Teaching at Hamline University.

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

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.

Subd. 12. **ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$	<u>900,000</u>	.....	<u>2014</u>
\$	<u>900,000</u>	.....	<u>2015</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

Subd. 13. **Student organizations.** For student organizations:

\$	<u>725,000</u>	.....	<u>2014</u>
\$	<u>725,000</u>	.....	<u>2015</u>

\$46,000 each year is for student organizations serving health occupations (HOSA).

\$43,000 each year is for student organizations serving service occupations (HERO).

\$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

\$95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

\$150,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

\$142,000 each year is for student organizations serving family and consumer science occupations (FCCLA).

\$109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

\$40,000 each year is for the Minnesota Foundation for Student Organizations.

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

Subd. 14. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$ 4,875,000 2014

\$ 4,875,000 2015

Up to \$4,875,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by ServeMinnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

Subd. 15. **Minnesota math corps program.** For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9.

\$ 750,000 2014

\$ 750,000 2015

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

Subd. 16. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$ 59,711,000 2015

The 2015 appropriation includes \$0 for 2014 and \$59,711,000 for 2015.

Subd. 17. **Teacher development and evaluation pilot grant program.** For grants to school districts to participate in the teacher development and evaluation pilot grant program:

\$ 683,000 2014

This is a onetime appropriation.

Subd. 18. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	<u>7,551,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>8,798,000</u>	<u>.....</u>	<u>2015</u>

The 2014 appropriation includes \$0 for 2014 and \$7,551,000 for 2015.

The 2015 appropriation includes \$1,280,000 for 2014 and \$7,518,000 for 2015.

ARTICLE 4

CHARTER SCHOOLS

Section 1. Minnesota Statutes 2012, section 124D.10, subdivision 14, is amended to read:

Subd. 14. **Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, operational performance, innovative practices and implementation, and future plans. A charter school must distribute the annual report by publication, mail, or electronic means to the commissioner, authorizer, school employees, and parents and legal guardians of students enrolled in the charter school and must also post the report on the charter school's official Web site. The reports are public data under chapter 13.

(b) An authorizer must annually compile the individual reports of all schools it charters and that are published in accordance with paragraph (a), and submit a portfolio report to the commissioner in the form and manner determined by the commissioner and to the public. An authorizer's annual portfolio report must include:

(1) the academic and financial performance of all operating charter schools overseen by the authorizer;

(2) the status of the authorizer's charter school portfolio, identifying all charter schools in each of the following categories: approved, but not open; open and operating; and closed, including the year closed and reason for closure;

(3) the authorizing function provided by the authorizer to the charter schools within its portfolio, including the authorizer's financial plan that is submitted to the commissioner under this section; and

(4) the process for overseeing and evaluating all charter schools it authorizes to ensure compliance with all statutory and contractual obligations to increase students' academic performance and achievement.

Sec. 2. Minnesota Statutes 2012, section 124D.10, subdivision 23a, is amended to read:

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party unless the lessor is a school district, a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this section and section 124D.11:

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

(2) "affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2013 and later.

Sec. 3. Minnesota Statutes 2012, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted ~~marginal cost~~ pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~0.485~~ .0465, calculated without basic skills revenue, extended time revenue, ~~alternative teacher compensation revenue,~~ equity revenue, teacher development and evaluation revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, ~~basic alternative teacher compensation aid according to section 126C.10, subdivision 34,~~ equity revenue, ~~pension adjustment revenue,~~ and transition revenue as though the school were a school district. The general education revenue for each extended time ~~marginal cost~~ pupil unit equals ~~\$4,378~~ \$4,722.

(b) ~~Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 124D.11, subdivision 2, is amended to read:

Subd. 2. **Transportation revenue.** Transportation revenue must be paid to a charter school that provides transportation services according to section 124D.10, subdivision 16, according to this subdivision. Transportation aid shall equal transportation revenue.

In addition to the revenue under subdivision 1, a charter school providing transportation services must receive general education aid equal to the sum of the product of (i) an amount equal to the

product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, plus the transportation sparsity allowance for the school district in which the charter school is located times (ii) the adjusted ~~marginal-cost~~ pupil units, plus the product of \$223 times the extended time ~~marginal-cost-pupil~~ units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 124D.11, subdivision 4, is amended to read:

Subd. 4. **Building lease aid.** (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review the lease as provided in section 124D.10, subdivision 17, and either approve or deny a lease aid application using the following criteria:

- (1) the reasonableness of the price based on current market values;
- (2) the extent to which the lease conforms to applicable state laws and rules; and
- (3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school.

A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs.

(b) The amount of annual building lease aid per pupil unit served for a charter school for any year leasing a building from any private, nonprofit, nonsectarian organization; any private property owner or any sectarian organization; or an affiliated building corporation, school district, or other governmental entity on which debt or capital lease obligations remain based on original issuance for building purchase, construction, or renovation shall not exceed the lesser of (a) (1) 90 percent of the approved cost or (b) (2) the product of the pupil units served for the current school year times \$1,200 \$1,314.

(c) The annual building lease contract amount for a charter school leasing from a related nonprofit organization, a parent company, an affiliated building corporation, a school district, a charter school, or other governmental entity on which the original debt or capital lease obligations related to the original building purchase, construction, or renovation have been retired shall be no greater than the lesser of (1) \$3 per square foot; or (2) the product of pupil units served for the current school year times \$200. Lease aid is calculated as 90 percent of the lesser of (i) \$3 per square foot, or (ii) the product of pupil units served times \$200.

(d) The annual lease contract and lease aid for a site with ownership as provided in paragraph (c) occupied by a charter school, where the building is expanded, improved, or sold, may be subject to the provisions of paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 6. **APPROPRIATIONS.**

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

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	<u>54,384,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>58,020,000</u>	<u>.....</u>	<u>2015</u>

The 2014 appropriation includes \$6,819,000 for 2013 and \$47,565,000 for 2014.

The 2015 appropriation includes \$8,066,000 for 2014 and \$49,954,000 for 2015.

ARTICLE 5

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2012, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) ~~For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:~~

~~(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or~~

~~(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).~~

(c) ~~(b)~~ For fiscal year ~~2007~~ 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, ~~paragraph paragraphs (b) to (d).~~

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 2. Minnesota Statutes 2012, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) ~~For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for~~

more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(b)(a) For fiscal year ~~2007~~ 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, ~~paragraph (e)~~ paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) (b) Notwithstanding ~~paragraphs~~ paragraph (a) and (b) and section 127A.47, subdivision 7, paragraphs (b) to (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate

district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) ~~or (b)~~, or section 127A.47, subdivision 7, ~~paragraph (d) or (e)~~ paragraphs (b) to (d), as applicable.

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

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 3. Minnesota Statutes 2012, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **State total special education aid.** The state total special education aid equals ~~\$529,247,000 for fiscal year 2007, \$694,063,000 for fiscal year 2008, \$719,470,000 for fiscal year 2009, \$735,693,000 for fiscal year 2010, and \$786,586,000 for fiscal year 2011~~ \$869,357,000 for fiscal year 2013, \$916,575,000 for fiscal year 2014, \$976,895,000 for fiscal year 2015, \$1,037,655,000 for fiscal year 2016, and \$1,100,577,000 for fiscal year 2017. The state total special education aid for later fiscal years equals:

- (1) the state total special education aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 4. Minnesota Statutes 2012, section 125A.79, subdivision 1, is amended to read:

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

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

- (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus
- (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus
- (3) revenue for teachers' salaries, contracted services, supplies, equipment, and transportation services under section 125A.76; minus
- (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, ~~excluding alternative teacher compensation revenue~~,

minus transportation sparsity revenue minus total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, ~~excluding alternative teacher compensation revenue~~, minus referendum equalization aid minus transportation sparsity revenue minus operating capital revenue.

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

(d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus the general education revenue, excluding basic skills revenue and ~~alternative teacher compensation revenue~~, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education contracted services initial revenue attributable to the pupil.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 6. **APPROPRIATIONS.**

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

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>901,904,000</u>	.....	<u>2014</u>
\$	<u>968,149,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$118,232,000 for 2013 and \$783,672,000 for 2014.

The 2015 appropriation includes \$132,903,000 for 2014 and \$835,246,000 for 2015.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,655,000</u>	.....	<u>2014</u>
\$	<u>1,752,000</u>	.....	<u>2015</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	<u>342,000</u>	.....	<u>2014</u>
\$	<u>355,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$45,000 for 2013 and \$297,000 for 2014.

The 2015 appropriation includes \$50,000 for 2014 and \$305,000 for 2015.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	<u>117,841,000</u>	.....	<u>2014</u>
\$	<u>121,897,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$42,030,000 for 2013 and \$75,811,000 for 2014.

The 2015 appropriation includes \$44,009,000 for 2014 and \$77,888,000 for 2015.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$	<u>54,000</u>	.....	<u>2014</u>
\$	<u>55,000</u>	.....	<u>2015</u>

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$	<u>250,000</u>	.....	<u>2014</u>
\$	<u>250,000</u>	.....	<u>2015</u>

Sec. 7. **REPEALER.**

Minnesota Statutes 2012, sections 124D.454, subdivisions 10 and 11; and 125A.76, subdivision 7, are repealed.

ARTICLE 6

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2012, section 123B.53, subdivision 5, is amended to read:

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

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

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

(2) ~~\$3,049~~ \$3,550.

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

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

(2) ~~\$7,622~~ \$7,900.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 2. Minnesota Statutes 2012, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$21,727,000~~ \$25,191,000 in fiscal year ~~2014~~ 2016, and ~~\$24,201,000~~ \$22,773,000 in fiscal year ~~2015~~ 2017 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

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

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 3. Minnesota Statutes 2012, section 123B.57, subdivision 4, is amended to read:

Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted ~~marginal-cost~~ pupil units in the district for the school year to which the levy is attributable, to ~~\$2,796~~ \$3,165.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 123B.591, subdivision 2, is amended to read:

Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for an eligible school district equals the product of ~~\$60~~ \$64 times the adjusted ~~marginal-cost~~ pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 123B.591, subdivision 3, is amended to read:

Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue for ~~fiscal year 2008 and later~~, a district may levy an amount not more than the product of its deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted ~~marginal-cost~~ pupil unit to ~~\$5,621~~ \$5,965.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 125B.26, subdivision 4, is amended to read:

Subd. 4. **District aid.** For fiscal year 2006 and later, a district, charter school, or intermediate school district's Internet access equity aid equals the district, charter school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 exceeding ~~\$15~~ \$16 times the district's adjusted ~~marginal cost~~ pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts, charter schools, or intermediate school districts not part of a telecommunications access cluster.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 7. **DISABLED ACCESS LEVY AUTHORITY; TRACY.**

Notwithstanding the time limit in Minnesota Statutes, section 123B.58, subdivision 3, Independent School District No. 2904, Tracy, may levy its remaining disabled access levy authority over two years, beginning with taxes payable in 2015.

EFFECTIVE DATE. This section is effective for levies certified in 2014 and later.

Sec. 8. **ELEVATOR REPAIR LEVY; NORMAN COUNTY WEST SCHOOL DISTRICT.**

For taxes payable in 2015 and 2016, Independent School District No. 2527, Norman County West, may levy for an amount not to exceed \$27,500 in each year. The proceeds of this levy must be used to refurbish an existing elevator with new electrical and mechanical components.

EFFECTIVE DATE. This section is effective for taxes payable in 2015 and 2016.

Sec. 9. **APPROPRIATIONS.**

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

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	<u>458,000</u>	.....	<u>2014</u>
\$	<u>435,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$26,000 for 2013 and \$432,000 for 2014.

The 2015 appropriation includes \$73,000 for 2014 and \$362,000 for 2015.

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

\$	<u>18,909,000</u>	.....	<u>2014</u>
\$	<u>24,986,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,397,000 for 2013 and \$16,512,000 for 2014.

The 2015 appropriation includes \$2,800,000 for 2014 and \$22,186,000 for 2015.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	<u>19,114,000</u>	.....	<u>2014</u>
\$	<u>19,287,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,623,000 for 2013 and \$16,491,000 for 2014.

The 2015 appropriation includes \$2,796,000 for 2014 and \$16,491,000 for 2015.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$	<u>3,750,000</u>	.....	<u>2014</u>
\$	<u>3,750,000</u>	.....	<u>2015</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2014 and 2015 shall be prorated.

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

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	<u>3,532,000</u>	.....	<u>2014</u>
\$	<u>3,729,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$456,000 for 2013 and \$3,076,000 for 2014.

The 2015 appropriation includes \$521,000 for 2014 and \$3,208,000 for 2015.

ARTICLE 7

NUTRITION, LIBRARIES, AND ACCOUNTING

Section 1. Minnesota Statutes 2012, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** (a) ~~For fiscal years 2009 and 2010, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

(iii) ~~zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

(b) For fiscal year 2011 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 124D.862, subdivision 4, for Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, and Independent School District No. 709, Duluth; 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus

(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

Sec. 2. Minnesota Statutes 2012, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~12~~ 14 cents for each full paid, ~~reduced~~ ~~reduced-price~~, and free student lunch served to students.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 124D.111, is amended by adding a subdivision to read:

Subd. 4. **Inability to pay.** A school that provides meals under this section must not deny a child lunch or provide that child with an alternative meal if that child qualifies for a reduced-price meal and that child or that child's parent or guardian provides notice to the school that the family does not have sufficient funds to pay for the lunch.

Sec. 4. Minnesota Statutes 2012, section 124D.119, is amended to read:

124D.119 SUMMER FOOD SERVICE REPLACEMENT AID.

States funds are available to compensate department-approved summer food program sponsors ~~for reduced federal operating reimbursement rates under Public Law 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:~~ Reimbursement shall be made on December 15 based on total meals

served by each sponsor from the end of the school year to the beginning of the next school year on a pro rata basis.

(1) for breakfast service, up to four cents per breakfast served by the sponsor during the current program year;

(2) for lunch or supper service, up to 14 cents per lunch or supper served by the sponsor during the current program year; and

(3) for supplement service, up to ten cents per supplement served by the sponsor during the current program year.

Sec. 5. Minnesota Statutes 2012, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

(d) The current year aid payment percentage equals ~~73 in fiscal year 2010 and 70 in fiscal year 2011, and 60 in fiscal years 2012 and later~~ 85.5 in fiscal year 2014 and later.

Sec. 6. **CYRUS AND MORRIS SCHOOL DISTRICT CONSOLIDATION.**

Subdivision 1. **Purpose.** The legislature finds that an orderly, voluntary consolidation of Independent School Districts Nos. 611, Cyrus, and 769, Morris, promotes the well-being of the students and increases educational efficiency in those school districts.

Subd. 2. **Remediation costs.** Independent School District No. 611, Cyrus, may identify all health and safety remediation costs related to the demolition of the Cyrus school building and submit those amounts to the commissioner of education for approval. Any approved costs may be included either in the district's health and safety plan or in the bonding authority authorized under subdivision 3.

Subd. 3. **Facility bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, after a public meeting

of the school board with notice given by mail according to Minnesota Statutes, section 123B.09, subdivision 11, in an amount not to exceed \$1,000,000 approved by the commissioner of education for the costs associated with demolishing the Cyrus school building. The bonds must be repaid within ten years of issuance. Any excess bond proceeds after bonds are repaid, must be credited back to the taxpayers of the former Independent School District No. 611, Cyrus.

Subd. 4. **Reorganization operating debt determined.** Independent School District No. 611, Cyrus, must estimate its reorganization operating debt according to Minnesota Statutes, section 123B.82, and submit that amount to the commissioner of education for approval.

Subd. 5. **Reorganization operating debt bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, after a public meeting of the school board with notice given by mail according to Minnesota Statutes, section 123B.09, subdivision 11, in an amount not to exceed the reorganization operating debt approved by the commissioner of education under subdivision 4. The bonds must be repaid within six years of issuance.

Subd. 6. **Repayment.** The bonded debt issued under this section remains payable by the taxable property located within the boundaries of former Independent School District No. 611, Cyrus.

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

Sec. 7. **RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.**

Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions of Minnesota Statutes, section 124D.041 and the agreement shall not apply to Independent School District No. 402, Hendricks.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 8. **APPROPRIATIONS.**

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

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

\$	<u>14,596,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>14,888,000</u>	<u>.....</u>	<u>2015</u>

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	<u>5,711,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>6,022,000</u>	<u>.....</u>	<u>2015</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>1,039,000</u>	<u>.....</u>	<u>2014</u>
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\$ 1,049,000 2015

Subd. 5. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$ 150,000 2014

\$ 150,000 2015

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

\$ 13,448,000 2014

\$ 13,570,000 2015

The 2014 appropriation includes \$1,845,000 for 2013 and \$11,603,000 for 2014.

The 2015 appropriation includes \$1,967,000 for 2014 and \$11,603,000 for 2015.

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$ 1,288,000 2014

\$ 1,300,000 2015

The 2014 appropriation includes \$176,000 for 2013 and \$1,112,000 for 2014.

The 2015 appropriation includes \$188,000 for 2014 and \$1,112,000 for 2015.

Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$ 900,000 2014

\$ 900,000 2015

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

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$ 2,279,000 2014

\$ 2,300,000 2015

The 2014 appropriation includes \$312,000 for 2013 and \$1,967,000 for 2014.

The 2015 appropriation includes \$333,000 for 2014 and \$1,967,000 for 2015.

ARTICLE 8**EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING**

Section 1. Minnesota Statutes 2012, section 13.319, is amended by adding a subdivision to read:

Subd. 9. **Early learning scholarships.** Section 124D.143 governs data under the early learning scholarship program.

Sec. 2. **[124D.143] EARLY LEARNING SCHOLARSHIPS.**

Subdivision 1. **Early learning scholarships established.** The Office of Early Learning must oversee the early learning scholarship program in consultation with the Minnesota Departments of Education, Human Services, and Health.

Subd. 2. **Duties.** The Office of Early Learning shall administer the early learning scholarship program, establish participation standards for children and their families, develop criteria for qualifying providers based on section 124D.142, and contract for administrative services as necessary with a resource and referral organization under section 119B.19, or other nonprofit or public entity.

Subd. 3. **Definitions.** (a) The terms defined in the subdivision apply to this section.

(b) "Director" means the director of the Office of Early Learning.

(c) "Eligible program" means a Head Start program under section 119A.50, school readiness program under section 124D.15, or other school district child-based program designed to provide early education services to children not yet in kindergarten, licensed center-based child care program under chapter 245A, or licensed family child care program under chapter 245A or other program providing early learning opportunities.

(d) "Income" has the meaning given in section 119B.011, subdivision 15.

(e) "Parent" means the parent or legal guardian of a child.

(f) "Prospective program" means an eligible program that makes a commitment to enhance its quality of education and care and demonstrates to the director's satisfaction that the program is pursuing a program rating. For fiscal years 2016 and later, a prospective program must cite a hardship or demonstrate a special circumstance as to why the program is not yet ready to enter the rating process before the director may grant it eligibility.

(g) "Rated program" means an eligible program that receives one, two, three, or four stars under the quality rating and improvement system established in section 124D.142.

Subd. 4. **Participant eligibility.** The parent of a child who will be at least three years of age as of September 1 of the year of application, is eligible to apply for an early learning scholarship if the family's income is at or below 185 percent of the federal poverty level. The director of the Office of Early Learning may specify the form and manner of the application for a scholarship. The director may establish a method to determine family income but a parent meets this requirement by documenting their child's identification through another public funding eligibility process, including the free and reduced-price lunch program, National School Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal Improving Head Start for School

Readiness Act of 2007; Minnesota family investment program under chapter 256J; the Federal Supplemental Nutrition Assistance Program; and child care assistance programs under chapter 119B, and no further information to verify income is required. A parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility requirements in this subdivision.

Subd. 5. **Scholarship amount.** (a) The director annually shall determine the maximum scholarship amounts based on the results of the rate survey conducted under section 119B.13, subdivision 1, paragraph (b), and may establish a range of scholarship amounts taking into account the child's level of need and geographic location. The director shall establish a scholarship amount schedule according to the eligible program's rating under subdivision 3, paragraph (g), and prospective programs under subdivision 3, paragraph (f). The scholarship amounts may be designed to be layered around other assistance programs available to that child. The director shall not consider local funds allocated to support an early learning program when layering scholarships around other assistance programs. Eligible providers must be notified of the scholarship allocations available in their geographic location.

(b) The director shall try to maintain a statewide annual average scholarship amount of \$6,000 per scholarship recipient and report annually to the legislature the actual average statewide scholarship amount per scholarship recipient.

Subd. 6. **Award of scholarships.** (a) The director shall establish application timelines and determine the schedule for awarding scholarships that meet operational needs of eligible programs. The director may prioritize applications on factors including family income, geographic location, and needs of the child. By March 15, eligible programs may notify the director of the number of scholarship-eligible children who are eligible under subdivision 4, and who have applied for enrollment in that program. To facilitate enrollment planning, by April 15, the director shall notify eligible programs that have provided enrollment information under this paragraph of the scholarship status of each applicant. To the extent practicable and taking into account family mobility, the scholarships must be awarded to eligible recipients beginning April 15 of each year for a child's participation in a program starting in July, August, or September of that year. Any siblings of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request provided the sibling attends the same program. A child who has received a scholarship under this section must continue to receive a scholarship until that child enrolls in kindergarten or turns six years of age.

(b) A three- or four-star rated program that has a waiting list of children eligible for scholarships may notify the director of the program's desire to serve additional children in order to accommodate scholarship recipients. The director may designate a predetermined number of scholarship slots for that program and notify the program of that number.

(c) A scholarship recipient may choose any available program and is not required to enroll in a program with a predetermined number of slots.

(d) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 45 days of first attending an eligible program.

(e) The director shall report annually to the legislature on a summary of the geographic distribution of scholarships throughout the state.

Subd. 7. **Scholarship recipient choice of programs.** A scholarship recipient may choose to apply to any rated program or prospective program for acceptance. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of receipt of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship.

Subd. 8. **Building quality.** For fiscal years 2014 and 2015 only, the director must develop a streamlined process to encourage eligible programs to enter the rating program. As a part of building quality in the system of providers, the director may grant a parent authority to use a scholarship at a prospective program.

Subd. 9. **Provider reimbursement.** The director may determine the form and method of payment to the fiscal agent for each program serving a scholarship recipient. The director may make quarterly payments on behalf of the scholarship recipient in advance of the services provided to the child, or arrange other payment methods for providers. The director may request information as necessary from providers to verify scholarship payments.

Subd. 10. **Earned income calculation.** Scholarships paid to providers on behalf of eligible parents must not be counted as earned income for the purposes of medical assistance, MinnesotaCare, Minnesota family investment program, diversionary work program, child care assistance, or Head Start programs. Scholarships paid to providers on behalf of eligible parents must not be considered child care funds for the purposes of the child care assistance program under chapter 119B.

Subd. 11. **Student identification number.** The director shall collect from participating programs data including, but not limited to, demographic, socioeconomic, participation, and assessment information related to scholarship recipients. Data on scholarship recipients are private data on individuals as defined in section 13.02, subdivision 12.

Subd. 12. **Report required.** The director, in consultation with the children's cabinet, shall develop and implement a plan to publicize and increase parent awareness of early learning scholarships. The director must report the results of the outreach efforts to the legislature by January 15 of each year.

Sec. 3. Minnesota Statutes 2012, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2011 equals \$44,419,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) ~~1.02~~ 1.03; or

(ii) the average growth in state total contact hours over the prior ten program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 4. EARLY LEARNING SCHOLARSHIPS; FISCAL YEAR 2014 ONLY.

Notwithstanding the timelines in Minnesota Statutes, section 124D.143, for fiscal year 2014, only, the director shall establish an expedited process to award scholarships to eligible recipients attending three- or four-star rated programs to accommodate those eligible programs with fall enrollment deadlines.

Sec. 5. APPROPRIATIONS.

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

Subd. 2. School readiness. For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>10,004,000</u>	.....	<u>2014</u>
\$	<u>10,159,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$1,372,000 for 2013 and \$8,632,000 for 2014.

The 2015 appropriation includes \$1,463,000 for 2014 and \$8,696,000 for 2015.

Subd. 3. Early childhood family education aid. For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	<u>21,879,000</u>	.....	<u>2014</u>
\$	<u>22,422,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$3,008,000 for 2013 and \$18,871,000 for 2014.

The 2015 appropriation includes \$3,200,000 for 2014 and \$19,222,000 for 2015.

Subd. 4. Early childhood education scholarships. For early childhood education scholarships under Minnesota Statutes, section 124D.143:

\$	<u>25,000,000</u>	.....	<u>2014</u>
\$	<u>25,000,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$950,000 for administrative costs to run the program.

The 2015 appropriation includes \$950,000 for administrative costs to run the program.

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

Subd. 5. **Parent-child home program.** For a grant to the parent-child home program:

\$	<u>250,000</u>	.....	<u>2014</u>
\$	<u>250,000</u>	.....	<u>2015</u>

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must expand to one additional urban and one additional rural program location for fiscal years 2014 and 2015.

Subd. 6. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>3,390,000</u>	.....	<u>2014</u>
\$	<u>3,345,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$474,000 for 2013 and \$2,916,000 for 2014.

The 2015 appropriation includes \$494,000 for 2014 and \$2,851,000 for 2015.

Subd. 7. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$	<u>20,100,000</u>	.....	<u>2014</u>
\$	<u>20,100,000</u>	.....	<u>2015</u>

Subd. 8. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	<u>49,000</u>	.....	<u>2014</u>
\$	<u>49,000</u>	.....	<u>2015</u>

Subd. 9. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$	<u>281,000</u>	.....	<u>2014</u>
\$	<u>281,000</u>	.....	<u>2015</u>

Subd. 10. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	<u>926,000</u>	.....	<u>2014</u>
\$	<u>1,056,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$118,000 for 2013 and \$808,000 for 2014.

The 2015 appropriation includes \$137,000 for 2014 and \$919,000 for 2015.

Subd. 11. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>704,000</u>	.....	<u>2014</u>
\$	<u>710,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$96,000 for 2013 and \$608,000 for 2014.

The 2015 appropriation includes \$102,000 for 2014 and \$608,000 for 2015.

Subd. 12. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	.....	<u>2014</u>
\$	<u>70,000</u>	.....	<u>2015</u>

Subd. 13. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>1,000</u>	.....	<u>2014</u>
\$	<u>1,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$0 for 2013 and \$1,000 for 2014.

The 2015 appropriation includes \$0 for 2014 and \$1,000 for 2015.

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	<u>46,978,000</u>	.....	<u>2014</u>
\$	<u>48,816,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$6,284,000 for 2013 and \$40,694,000 for 2014.

The 2015 appropriation includes \$6,901,000 for 2014 and \$41,915,000 for 2015.

Subd. 15. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$	<u>125,000</u>	.....	<u>2014</u>
\$	<u>125,000</u>	.....	<u>2015</u>

ARTICLE 9

STATE AGENCIES

Section 1. **DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

\$	<u>22,283,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>19,996,000</u>	<u>.....</u>	<u>2015</u>

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

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$50,000 each year is for the Duluth Children's Museum.

(e) \$618,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(f) \$167,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

(g) \$1,500,000 in fiscal year 2014 and \$263,000 in fiscal year 2015 only is for transfers to the Office of Enterprise Technology to develop model Individuals with Disabilities Education Act (IDEA) online-available paperwork for special needs students. Any ongoing information technology support or costs for online IDEA paperwork will be incorporated into the service-level agreement and will be paid to the Office of Enterprise Technology by the department under the rates and mechanisms specified in that agreement. Any balance in the first year does not cancel but is available in the second year.

(h) \$250,000 each year is for the School Finance Division to enhance financial data analysis.

(i) \$300,000 in fiscal year 2014 only is for a grant to the Northeast Service Cooperative for a pilot project related to energy conservation programs in Northeast Service Cooperative member school districts.

(j) \$500,000 each year is to assist school districts in implementing a bullying policy.

(k) \$125,000 each year is appropriated to the Minnesota Humanities Commission for civics education.

(l) \$35,000 each year is for a transfer to the governor's office.

(m) \$750,000 in fiscal year 2014 only is for departmental costs associated with teacher development and evaluation.

(n) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(o) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(p) The base in fiscal year 2016 and later is \$19,733,000.

Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

\$	<u>30,000</u>	.....	<u>2014</u>
\$	<u>30,000</u>	.....	<u>2015</u>

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Sec. 2. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>11,591,000</u>	.....	<u>2014</u>
\$	<u>11,591,000</u>	.....	<u>2015</u>

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

Sec. 3. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.

The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>7,478,000</u>	.....	<u>2014</u>
\$	<u>7,478,000</u>	.....	<u>2015</u>

\$750,000 each year is to develop an arts curriculum.

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

ARTICLE 10

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 1, is amended to read:

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

\$	5,379,068,000	.....	2012
	5,844,995,000		
\$	<u>7,153,701,000</u>	.....	2013

The 2012 appropriation includes \$1,660,922,000 for 2011 and \$3,718,146,000 for 2012.

The 2013 appropriation includes \$2,038,568,000 for 2012 and ~~\$3,806,427,000~~ \$5,115,133,000 for 2013.

Sec. 2. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 2, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	42,000	.....	2012
	46,000		
\$	<u>40,000</u>	.....	2013

Sec. 3. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 3, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	1,406,000	.....	2012
	2,072,000		
\$	<u>2,503,000</u>	.....	2013

The 2012 appropriation includes \$346,000 for 2011 and \$1,060,000 for 2012.

The 2013 appropriation includes \$588,000 for 2012 and ~~\$1,484,000~~ \$1,915,000 for 2013.

Sec. 4. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 4, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	145,000	.....	2012
	193,000		
\$	<u>260,000</u>	.....	2013

The 2012 appropriation includes \$145,000 for 2011 and \$0 for 2012.

The 2013 appropriation includes \$0 for 2012 and ~~\$193,000~~ \$260,000 for 2013.

Sec. 5. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 5, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	14,302,000	.....	2012
	15,594,000		
\$	<u>18,969,000</u>	.....	2013

The 2012 appropriation includes \$4,161,000 for 2011 and \$10,141,000 for 2012.

The 2013 appropriation includes \$5,629,000 for 2012 and ~~\$9,965,000~~ \$13,340,000 for 2013.

Sec. 6. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 6, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	17,757,000	.....	2012
	19,036,000		
\$	<u>23,648,000</u>	.....	2013

The 2012 appropriation includes \$5,700,000 for 2011 and \$12,057,000 for 2012.

The 2013 appropriation includes \$6,694,000 for 2012 and ~~\$12,342,000~~ \$16,954,000 for 2013.

Sec. 7. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 10, as amended by Laws 2012, chapter 292, article 2, section 7, is amended to read:

Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory pilot project formula aid as calculated under this subdivision:

	9,368,000		
\$	<u>13,403,000</u>	.....	2013

For fiscal year 2013 only, a district which has a pupil unit count that is in the top 20 largest pupil unit counts is eligible for the greater of zero or \$1,400 times the number of compensatory pupil units, minus the amount of compensatory education revenue received by the district under Minnesota Statutes, section 126C.10, subdivision 3.

The 2013 appropriation includes \$0 for 2012 and ~~\$9,368,000~~ \$13,403,000 for 2013.

This is a onetime appropriation.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 8, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	42,806,000	.....	2012
	48,978,000		
\$	<u>60,067,000</u>	.....	2013

The 2012 appropriation includes \$12,642,000 for 2011 and \$30,164,000 for 2012.

The 2013 appropriation includes \$16,746,000 for 2012 and ~~\$32,232,000~~ \$43,321,000 for 2013.

Sec. 9. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 10, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

\$	61,181,000	2012
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\$ ~~65,498,000~~
79,329,000 2013

The 2012 appropriation includes \$19,272,000 for 2011 and \$41,909,000 for 2012.

The 2013 appropriation includes \$23,268,000 for 2012 and ~~\$42,230,000~~ \$56,061,000 for 2013.

The base for the final payment in fiscal year 2014 for fiscal year 2013 is ~~\$31,668,000~~ \$17,197,000.

Sec. 10. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 11, is amended to read:

Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$ ~~31,241,000~~
41,978,000 2013

The 2013 appropriation includes \$0 for 2012 and ~~\$31,241,000~~ \$41,978,000 for 2013.

Sec. 11. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 12, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$ 13,262,000 2012
~~13,966,000~~
\$ 13,260,000 2013

Sec. 12. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 13, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$ 2,013,000 2012
~~2,137,000~~
\$ 2,609,000 2013

The 2012 appropriation includes \$638,000 for 2011 and \$1,375,000 for 2012.

The 2013 appropriation includes \$762,000 for 2012 and ~~\$1,375,000~~ \$1,847,000 for 2013.

Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 9, as amended by Laws 2012, chapter 292, article 2, section 14, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ 1,791,000 2012

	1,969,000		
\$	<u>2,353,000</u>	.....	2013

The 2012 appropriation includes \$600,000 for 2011 and \$1,191,000 for 2012.

The 2013 appropriation includes \$660,000 for 2012 and ~~\$1,309,000~~ \$1,693,000 for 2013.

C. SPECIAL EDUCATION

Sec. 14. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 15, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	767,845,000	.....	2012
	856,386,000		
\$	<u>1,046,423,000</u>	.....	2013

The 2012 appropriation includes \$235,975,000 for 2011 and \$531,870,000 for 2012.

The 2013 appropriation includes \$295,299,000 for 2012 and ~~\$561,087,000~~ \$751,124,000 for 2013.

Sec. 15. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 16, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	1,508,000	.....	2012
	1,593,000		
\$	<u>1,570,000</u>	.....	2013

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 16. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 17, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	314,000	.....	2012
	321,000		
\$	<u>407,000</u>	.....	2013

The 2012 appropriation includes \$107,000 for 2011 and \$207,000 for 2012.

The 2013 appropriation includes \$114,000 for 2012 and ~~\$207,000~~ \$293,000 for 2013.

Sec. 17. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 18, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	107,557,000	.....	2012
	115,269,000		
\$	<u>134,121,000</u>	.....	2013

The 2012 appropriation includes \$53,449,000 for 2011 and \$54,108,000 for 2012.

The 2013 appropriation includes \$59,607,000 for 2012 and ~~\$55,662,000~~ \$74,514,000 for 2013.

D. FACILITIES AND TECHNOLOGY

Sec. 18. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 19, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	98,000	.....	2012
	157,000		
\$	<u>200,000</u>	.....	2013

The 2012 appropriation includes \$39,000 for 2011 and \$59,000 for 2012.

The 2013 appropriation includes \$32,000 for 2012 and ~~\$125,000~~ \$168,000 for 2013.

Sec. 19. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 20, is amended to read:

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

\$	11,625,000	.....	2012
	16,342,000		
\$	<u>20,237,000</u>	.....	2013

The 2012 appropriation includes \$2,604,000 for 2011 and \$9,021,000 for 2012.

The 2013 appropriation includes \$5,008,000 for 2012 and ~~\$11,334,000~~ \$15,229,000 for 2013.

Sec. 20. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 21, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	18,187,000	2012
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	19,287,000		
\$	<u>23,549,000</u>	2013

The 2012 appropriation includes \$5,785,000 for 2011 and \$12,402,000 for 2012.

The 2013 appropriation includes \$6,885,000 for 2012 and ~~\$12,402,000~~ \$16,664,000 for 2013.

Sec. 21. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 22, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	2,331,000	.....	2012
	3,141,000		
\$	<u>3,817,000</u>	.....	2013

The 2012 appropriation includes \$676,000 for 2011 and \$1,655,000 for 2012.

The 2013 appropriation includes \$918,000 for 2012 and ~~\$2,223,000~~ \$2,899,000 for 2013.

E. NUTRITION AND LIBRARIES

Sec. 22. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 23, is amended to read:

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

\$	12,285,000	.....	2012
	12,524,000		
\$	<u>12,266,000</u>	.....	2013

Sec. 23. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 24, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	5,247,000	.....	2012
	5,560,000		
\$	<u>5,417,000</u>	.....	2013

Sec. 24. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 25, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	1,025,000	2012
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	1,035,000		
\$	<u>1,019,000</u>	2013

Sec. 25. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 26, is amended to read:

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

\$	12,797,000	.....	2012
	13,570,000		
\$	<u>16,569,000</u>	.....	2013

The 2012 appropriation includes \$4,071,000 for 2011 and \$8,726,000 for 2012.

The 2013 appropriation includes \$4,844,000 for 2012 and ~~\$8,726,000~~ \$11,725,000 for 2013.

Sec. 26. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 27, is amended to read:

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	1,226,000	.....	2012
	1,300,000		
\$	<u>1,588,000</u>	.....	2013

The 2012 appropriation includes \$390,000 for 2011 and \$836,000 for 2012.

The 2013 appropriation includes \$464,000 for 2012 and ~~\$836,000~~ \$1,124,000 for 2013.

Sec. 27. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 28, is amended to read:

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	2,169,000	.....	2012
	2,300,000		
\$	<u>2,809,000</u>	.....	2013

The 2012 appropriation includes \$690,000 for 2011 and \$1,479,000 for 2012.

The 2013 appropriation includes \$821,000 for 2012 and ~~\$1,479,000~~ \$1,988,000 for 2013.

F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND LIFELONG LEARNING

Sec. 28. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 29, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	9,444,000	.....	2012
	10,095,000		
\$	<u>12,326,000</u>	.....	2013

The 2012 appropriation includes \$2,952,000 for 2011 and \$6,492,000 for 2012.

The 2013 appropriation includes \$3,603,000 for 2012 and ~~\$6,492,000~~ \$8,723,000 for 2013.

Sec. 29. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 30, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	21,099,000	.....	2012
	22,358,000		
\$	<u>27,197,000</u>	.....	2013

The 2012 appropriation includes \$6,542,000 for 2011 and \$14,557,000 for 2012.

The 2013 appropriation includes \$8,082,000 for 2012 and ~~\$14,276,000~~ \$19,115,000 for 2013.

Sec. 30. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 31, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	3,359,000	.....	2012
	3,543,000		
\$	<u>4,287,000</u>	.....	2013

The 2012 appropriation includes \$1,066,000 for 2011 and \$2,293,000 for 2012.

The 2013 appropriation includes \$1,273,000 for 2012 and ~~\$2,270,000~~ \$3,014,000 for 2013.

Sec. 31. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 32, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	442,000	.....	2012
	746,000		
\$	<u>926,000</u>	.....	2013

The 2012 appropriation includes \$134,000 for 2011 and \$308,000 for 2012.

The 2013 appropriation includes \$170,000 for 2012 and ~~\$576,000~~ \$756,000 for 2013.

Sec. 32. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 33, is amended to read:

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	654,000	.....	2012
	710,000		
\$	<u>867,000</u>	.....	2013

The 2012 appropriation includes \$197,000 for 2011 and \$457,000 for 2012.

The 2013 appropriation includes \$253,000 for 2012 and ~~\$457,000~~ \$614,000 for 2013.

Sec. 33. Laws 2011, First Special Session chapter 11, article 9, section 3, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 34, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	42,526,000	.....	2012
	45,901,000		
\$	<u>56,113,000</u>	.....	2013

The 2012 appropriation includes \$13,364,000 for 2011 and \$29,162,000 for 2012.

The 2013 appropriation includes \$16,190,000 for 2012 and ~~\$29,711,000~~ \$39,923,000 for 2013."

Delete the title and insert:

"A bill for an act relating to education finance; providing for early childhood through grade 12 education, including general education, student accountability, education excellence, charter schools, special programs, facilities and technology, nutrition, libraries and accounting, early childhood education, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; appropriating money, requiring reports; amending Minnesota Statutes 2012, sections 13.319, by adding a subdivision; 120A.20, subdivision 1; 120A.22, subdivisions 5, 8, 11; 120A.24, subdivision 1; 120A.41; 120B.02; 120B.125; 120B.128; 120B.30, subdivisions 1, 1a; 120B.36, subdivision 1; 122A.415, by adding subdivisions; 123A.73, subdivisions 3, 4, 5; 123B.41, subdivision 7; 123B.42, subdivision 3; 123B.53, subdivision 5; 123B.54; 123B.57, subdivision 4; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.92, subdivision 9; 124D.02, subdivision 1; 124D.03, subdivision 12; 124D.10, subdivisions 14, 23a; 124D.11, subdivisions 1, 2, 4, 5; 124D.111, subdivision 1, by adding a subdivision; 124D.119; 124D.128, subdivision 2; 124D.42; 124D.4531; 124D.531, subdivision 1; 124D.65, subdivision 5; 125A.11, subdivision 1; 125A.76, subdivision 4; 125A.79, subdivisions 1, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6, 15; 126C.10, subdivisions 1, 2, 2a, 2c, 3, 7, 8, 13, 13a, 13b, 17, 18, 24, 27, 29, 31, 32, 34, 35, 36, by adding subdivisions; 126C.12, subdivisions 1, 5; 126C.126; 126C.13, subdivisions 4, 5, by adding subdivisions; 126C.15, subdivision 1; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.45, subdivision 2; 127A.47, subdivisions 7, 8; 127A.51; 128D.11, subdivision 3; 260C.007, subdivision 19; Laws 2007, chapter 146, article 4, section 12; Laws 2011, First Special Session chapter 11, article 1, section 36, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 10, as amended; article 2, sections 13; 14; 18; 19; 50, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 9, as amended; article 3, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended,

5, as amended; article 4, section 10, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 5, section 12, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 2, subdivisions 2, as amended, 3, as amended, 5, as amended; article 7, section 2, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 2, subdivisions 2, as amended, 3, as amended; article 9, section 3, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 124D; 126C; repealing Minnesota Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions 10, 11; 125A.76, subdivision 7; 126C.10, subdivisions 13a, 13b, 25, 26, 28, 31a, 31b, 31c, 34, 35, 36; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5; Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1, 2; 3501.0290; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; 3501.1190."

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Senator Petersen, B. questioned the reference thereon and, under Rule 21, the bill was referred to the Committee on Rules and Administration.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Thompson, Schmit, Carlson and Sieben introduced—

S.F. No. 1608: A bill for an act relating to capital investment; appropriating money for spillway of Lake Byllesby Dam on the Cannon River; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Brown, Hall, Newman and Nienow introduced—

S.F. No. 1609: A bill for an act relating to education; establishing the Student Religious Liberties Act; proposing coding for new law in Minnesota Statutes, chapter 121A.

Referred to the Committee on Education.

Senator Senjem introduced—

S.F. No. 1610: A bill for an act relating to education finance; modifying certain capital levy provisions; amending Minnesota Statutes 2012, section 126C.40, subdivision 1.

Referred to the Committee on Finance.

Senator Cohen introduced—

S.F. No. 1611: A bill for an act relating to capital investment; appropriating money for county fairs; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Stumpf and Scalze introduced—

S.F. No. 1612: A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; authorizing the sale of state bonds; modifying previous appropriations; appropriating money; amending Minnesota Statutes 2012, sections 16A.641, subdivision 4a; 462A.36, subdivision 1; 462A.37, subdivision 1, by adding subdivisions; Laws 2008, chapter 152, article 2, section 6; Laws 2009, chapter 93, article 1, section 22, as amended; Laws 2011, First Special Session chapter 12, section 10.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS

Senator Stumpf moved that the name of Senator Westrom be added as a co-author to S.F. No. 833. The motion prevailed.

Senator Tomassoni moved that the names of Senators Sparks, Saxhaug and Dziejcz be added as co-authors to S.F. No. 1607. The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Senator Bakk imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Bakk from the Committee on Rules and Administration, to which was referred under Rule 21, together with the committee report thereon,

S.F. No. 453: A bill for an act relating to education; providing funding for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special programs, facilities and technology, nutrition, accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2012, sections 120A.20, subdivision 1; 123A.73, subdivisions 3, 4, 5; 123B.42, subdivision 3; 123B.54; 123B.57, subdivision 4; 123B.59,

subdivision 6; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.92, subdivisions 1, 9; 124D.02, subdivision 1; 124D.10, subdivisions 15, 17; 124D.11, subdivisions 1, 2, 4, 5; 124D.119; 124D.128, subdivision 2; 124D.4531, subdivision 1; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.86; 124D.98; 125A.11, subdivision 1; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6; 126C.10, subdivisions 1, 2, 2c, 3, 7, 8, 13, 13a, 17, 18, 24, 27, 29, 31, 32, 35, by adding subdivisions; 126C.12, subdivision 1; 126C.13, subdivisions 4, 5; 126C.15, subdivision 2; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.441; 127A.45, subdivisions 2, 13; 127A.47, subdivisions 7, 8; 127A.51; Laws 2011, First Special Session chapter 11, article 2, section 51; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; repealing Minnesota Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions 3, 10, 11; 124D.86, subdivision 6; 124D.98, subdivision 2; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a, 31b, 31c; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5.

Reports the same back with the recommendation that the report from the Committee on Finance, shown in the Journal for April 17, 2013, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Taxes". Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 1236, and H.F. Nos. 290 and 129.

SPECIAL ORDER

S.F. No. 1236: A bill for an act relating to higher education; providing funding for the University of Minnesota, Minnesota State Colleges and Universities, the Minnesota Office of Higher Education, and for other higher education purposes; regulating the state grant program; eliminating state regulation of certain online instruction; providing for local bank deposit of certain MnSCU reserves; requiring the development of strategies to assist in the completion of post-secondary programs; requiring an assessment of the feasibility of a state program to refinance student debt; creating a pilot program for intensive mentoring, counseling, and job placement activities for certain students; requiring an evaluation of which performance standards should be used to evaluate institutional eligibility for state student financial aid programs; requiring the University of Minnesota to develop a plan to reduce administrative costs; requiring a higher education mental health summit; creating a tribal college supplemental grant assistance program; recognizing veteran's experience and training for various higher education purposes; providing a pilot program for state grant aid to part-time students at MnSCU institutions; appropriating money; amending Minnesota Statutes 2012, sections 13.47, subdivision 3; 127A.70, subdivision 2; 135A.61; 136A.031, subdivision 2; 136A.101, subdivisions 3, 5a, 9; 136A.121, subdivision 5, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.233, subdivision 2; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivisions 4, 8; 136A.653, by adding a subdivision; 141.25,

subdivision 7; 141.35; 197.775, subdivisions 1, 2, by adding a subdivision; 268.19, subdivision 1; 299A.45, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 136A; 136F; 137; repealing Minnesota Statutes 2012, section 136A.121, subdivision 9b.

CALL OF THE SENATE

Senator Cohen imposed a call of the Senate for the balance of the proceedings on Special Orders. The Sergeant at Arms was instructed to bring in the absent members.

Senator Nelson moved to amend S.F. No. 1236 as follows:

Page 38, after line 10, insert:

"Sec. 13. Minnesota Statutes 2012, section 136F.40, subdivision 2, is amended to read:

Subd. 2. **Contracts.** (a) The board may enter into a contract with the chancellor, a vice-chancellor, or a president, containing terms and conditions of employment. The terms of the contract must be authorized under a plan approved under section 43A.18, subdivision 3a.

(b) Notwithstanding section 43A.17, subdivision 11, or other law to the contrary, a contract under this section may provide a liquidated salary amount or other compensation if a contract is terminated by the board prior to its expiration.

(c) Notwithstanding section 356.24 or other law to the contrary, a contract under this section may contain a deferred compensation plan made in conformance with section 457(f) of the Internal Revenue Code.

(d) Notwithstanding any provision of the plan approved under section 43A.18, subdivision 3a, a contract under this section must not authorize or otherwise provide for a discretionary or mandatory bonus payment.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to contracts entered into on or after that date.

Sec. 14. Minnesota Statutes 2012, section 137.027, is amended to read:

137.027 APPROPRIATION; FRINGE BENEFITS.

(a) Direct appropriations to the University of Minnesota include money to pay the employer's share of Social Security, state retirement, and health insurance. Money provided for these purposes shall be expended only for these purposes and any amounts in excess of the employer's share shall be returned to the state treasury.

(b) Unless otherwise explicitly provided for in law, direct appropriations to the University of Minnesota do not include, and may not be used to pay, any mandatory or discretionary bonus payment provided for in an employment contract with the president or vice-presidents, chancellors, provosts, vice provosts, deans, or directors of individual programs."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 61 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Franzen	Kiffmeyer	Pederson, J.	Sparks
Benson	Gazelka	Koenen	Petersen, B.	Stumpf
Bonoff	Goodwin	Limmer	Pratt	Thompson
Brown	Hall	Lourey	Reinert	Tomassoni
Chamberlain	Hann	Marty	Rest	Torres Ray
Champion	Hawj	Metzen	Rosen	Weber
Dahle	Hayden	Miller	Ruud	Westrom
Dahms	Hoffman	Nelson	Saxhaug	Wiger
Dibble	Housley	Newman	Scalze	Wiklund
Dziedzic	Ingebrigtsen	Nienow	Senjem	
Eaton	Jensen	Ortman	Sheran	
Eken	Johnson	Osmek	Sieben	
Fischbach	Kent	Pappas	Skoe	

Those who voted in the negative were:

Bakk	Carlson	Clausen	Cohen	Latz
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The motion prevailed. So the amendment was adopted.

Senator Newman moved to amend S.F. No. 1236 as follows:

Page 17, after line 32, insert:

"Subd. 6. Athletic buyouts

The appropriations made by this section may not be used to pay, in whole or part, for a buyout of an employment contract of a coach or other employee of the athletic department of the University of Minnesota."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 60 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Kent	Osmek	Sheran
Benson	Eken	Kiffmeyer	Pappas	Sieben
Bonoff	Fischbach	Koenen	Pederson, J.	Skoe
Brown	Franzen	Limmer	Petersen, B.	Sparks
Carlson	Gazelka	Lourey	Pratt	Stumpf
Chamberlain	Hall	Marty	Reinert	Thompson
Clausen	Hann	Metzen	Rest	Tomassoni
Cohen	Hoffman	Miller	Rosen	Torres Ray
Dahle	Housley	Nelson	Ruud	Weber
Dahms	Ingebrigtsen	Newman	Saxhaug	Westrom
Dibble	Jensen	Nienow	Scalze	Wiger
Dziedzic	Johnson	Ortman	Senjem	Wiklund

Those who voted in the negative were:

Bakk	Goodwin	Hayden
Champion	Hawj	Latz

The motion prevailed. So the amendment was adopted.

Senator Chamberlain moved to amend S.F. No. 1236 as follows:

Page 8, after line 8, insert:

"The Board of Trustees may not set the tuition rate in any degree-granting program for the 2013-2014 and 2014-2015 academic years at a rate greater than the 2012-2013 academic year rate. The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student that would result in an estimated cost of attendance directly attributable to the board, institution, or program in which the student is enrolled at an amount greater than that estimate for the 2012-2013 academic year."

Page 12, line 7, after the period, insert "Notwithstanding section 137.025, subdivision 1, the commissioner of management and budget may not distribute any appropriation provided under this subdivision until the Board of Regents certifies to the commissioner that it has established resident tuition rates for courses in all baccalaureate programs at a rate no greater than the rate charged for the 2012-2013 academic year, and that the student tuition relief is not offset by increases in mandatory fees, charges, or other assessments to the student that would result in an estimated costs of attendance directly attributable to the board, institution, or program in which the student is enrolled at an amount greater than that estimate for the 2012-2013 academic year."

Senator Bonoff requested division of the Chamberlain amendment as follows:

First portion:

Page 8, after line 8, insert:

"The Board of Trustees may not set the tuition rate in any degree-granting program for the 2013-2014 and 2014-2015 academic years at a rate greater than the 2012-2013 academic year rate. The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student that would result in an estimated cost of attendance directly attributable to the board, institution, or program in which the student is enrolled at an amount greater than that estimate for the 2012-2013 academic year."

Senator Clausen moved to amend the first portion of the Chamberlain amendment to S.F. No. 1236 as follows:

Page 1, line 6, after "than" insert "three percent above"

Page 1, line 13, after "than" insert "three percent above"

The question was taken on the adoption of the Clausen amendment to the first portion of the Chamberlain amendment.

The roll was called, and there were yeas 45 and nays 21, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Johnson	Pappas	Sheran
Bonoff	Eken	Kent	Pederson, J.	Sieben
Carlson	Fischbach	Koenen	Petersen, B.	Skoe
Champion	Franzen	Lourey	Reinert	Sparks
Clausen	Hawj	Marty	Rest	Stumpf
Cohen	Hayden	Metzen	Rosen	Tomassoni
Dahle	Hoffman	Miller	Ruud	Torres Ray
Dibble	Housley	Newman	Saxhaug	Wiger
Dziedzic	Jensen	Ortman	Scalze	Wiklund

Those who voted in the negative were:

Anderson	Gazelka	Kiffmeyer	Osmek	Westrom
Benson	Goodwin	Latz	Pratt	
Brown	Hall	Limmer	Senjem	
Chamberlain	Hann	Nelson	Thompson	
Dahms	Ingebrigtsen	Nienow	Weber	

The motion prevailed. So the amendment to the first portion of the amendment was adopted.

The question was taken on the adoption of the first portion of the Chamberlain amendment, as amended. The motion prevailed. So the first portion of the amendment, as amended, was adopted.

Second portion:

Page 12, line 7, after the period, insert "Notwithstanding section 137.025, subdivision 1, the commissioner of management and budget may not distribute any appropriation provided under this subdivision until the Board of Regents certifies to the commissioner that it has established resident tuition rates for courses in all baccalaureate programs at a rate no greater than the rate charged for the 2012-2013 academic year, and that the student tuition relief is not offset by increases in mandatory fees, charges, or other assessments to the student that would result in an estimated costs of attendance directly attributable to the board, institution, or program in which the student is enrolled at an amount greater than that estimate for the 2012-2013 academic year."

The question was taken on the adoption of the second portion of the Chamberlain amendment.

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Kiffmeyer	Ortman	Ruud
Benson	Goodwin	Limmer	Osmek	Scalze
Brown	Hall	Miller	Pederson, J.	Senjem
Chamberlain	Hann	Nelson	Petersen, B.	Thompson
Dahms	Housley	Newman	Pratt	Weber
Fischbach	Ingebrigtsen	Nienow	Rosen	Westrom

Those who voted in the negative were:

Bakk	Dahle	Hawj	Koenen	Reinert
Bonoff	Dibble	Hayden	Latz	Rest
Carlson	Dziedzic	Hoffman	Lourey	Saxhaug
Champion	Eaton	Jensen	Marty	Sheran
Clausen	Eken	Johnson	Metzen	Skoe
Cohen	Franzen	Kent	Pappas	Sparks

Stumpf

Tomassoni

Torres Ray

Wiger

Wiklund

The motion did not prevail. So the second portion of the amendment was not adopted.

Senator Newman moved to amend S.F. No. 1236 as follows:

Page 12, line 18, delete everything after "met" and insert "the performance goal in clause (4) and at least two of"

Page 12, line 19, delete "five" and insert "four other"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Kiffmeyer	Ortman	Ruud
Benson	Goodwin	Limmer	Osmek	Scalze
Brown	Hall	Miller	Pederson, J.	Senjem
Chamberlain	Hann	Nelson	Petersen, B.	Thompson
Dahms	Housley	Newman	Pratt	Weber
Fischbach	Ingebrigtsen	Nienow	Rosen	Westrom

Those who voted in the negative were:

Bakk	Dibble	Hoffman	Marty	Skoe
Bonoff	Dziedzic	Jensen	Metzen	Sparks
Carlson	Eaton	Johnson	Pappas	Stumpf
Champion	Eken	Kent	Reinert	Tomassoni
Clausen	Franzen	Koenen	Rest	Torres Ray
Cohen	Hawj	Latz	Saxhaug	Wiger
Dahle	Hayden	Lourey	Sheran	Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Nelson moved to amend S.F. No. 1236 as follows:

Page 38, after line 10, insert:

"Sec. 13. **IN-STATE AND OUT-OF-STATE TUITION RANKINGS AND LIMITS.**

The University of Minnesota ranking among member schools of the Big Ten Conference for undergraduate in-state tuition rates must not be higher than its ranking for undergraduate out-of-state tuition rates."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Nelson moved to amend the second Nelson amendment to S.F. No. 1236 as follows:

Page 1, line 4, after "Minnesota" insert "Board of Regents is requested to ensure that its"

The motion did not prevail. So the amendment to the amendment was not adopted.

The question was taken on the adoption of the second Nelson amendment.

The roll was called, and there were yeas 28 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Kiffmeyer	Ortman	Ruud
Benson	Hall	Limmer	Osmek	Thompson
Brown	Hann	Miller	Pederson, J.	Weber
Chamberlain	Hayden	Nelson	Petersen, B.	Westrom
Dahms	Housley	Newman	Pratt	
Fischbach	Ingebrigtsen	Nienow	Rosen	

Those who voted in the negative were:

Bakk	Dziedzic	Johnson	Reinert	Stumpf
Bonoff	Eaton	Kent	Rest	Tomassoni
Carlson	Eken	Koenen	Saxhaug	Torres Ray
Champion	Franzen	Latz	Scalze	Wiger
Clausen	Goodwin	Lourey	Senjem	Wiklund
Cohen	Hawj	Marty	Sheran	
Dahle	Hoffman	Metzen	Skoe	
Dibble	Jensen	Pappas	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Nienow moved to amend S.F. No. 1236 as follows:

Page 32, after line 8, insert:

"Sec. 3. [135A.63] TERRORIST RELATIONSHIP PROHIBITED.

The regents of the University of Minnesota and the board of trustees of the Minnesota State Colleges and Universities and its employees or agents may not make arrangements to host, to expend money on, to facilitate travel for, or to confer an academic honor on behalf of any person who has either been convicted of an act of terrorism or who has publicly acknowledged committing or participating in terrorism."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Thompson moved to amend the Nienow amendment to S.F. No. 1236 as follows:

Page 1, line 8, after the period, insert "For purposes of this section, "terrorism" shall be defined as international or domestic terrorism as defined in 18 United States Code, section 2331."

The question was taken on the adoption of the Thompson amendment to the Nienow amendment.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Ortman	Senjem
Benson	Gazelka	Limmer	Osmek	Thompson
Brown	Hall	Miller	Pederson, J.	Weber
Chamberlain	Hann	Nelson	Petersen, B.	Westrom
Dahms	Housley	Newman	Pratt	
Eken	Ingebrigtsen	Nienow	Ruud	

Those who voted in the negative were:

Bakk	Dibble	Hoffman	Marty	Sheran
Bonoff	Dziedzic	Jensen	Metzen	Skoe
Carlson	Eaton	Johnson	Pappas	Sparks
Champion	Franzen	Kent	Reinert	Stumpf
Clausen	Goodwin	Koenen	Rest	Tomassoni
Cohen	Hawj	Latz	Saxhaug	Torres Ray
Dahle	Hayden	Lourey	Scalze	Wiger

Wiklund

The motion did not prevail. So the amendment to the amendment was not adopted.

Senator Franzen moved to amend the Nienow amendment to S.F. No. 1236 as follows:

Page 1, delete lines 4 to 8 and insert:

"The board of regents of the University of Minnesota and the board of trustees of the Minnesota State Colleges and Universities must each develop a policy concerning the hosting, expending money on, facilitating travel for, or conferring an academic honor on behalf of any person who has either been convicted of an act of terrorism or who has publicly acknowledged committing or participating in terrorism."

The question was taken on the adoption of the Franzen amendment to the Nienow amendment.

The roll was called, and there were yeas 38 and nays 26, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Nelson	Sparks
Bonoff	Eaton	Kent	Newman	Stumpf
Carlson	Franzen	Koenen	Pappas	Tomassoni
Champion	Goodwin	Latz	Reinert	Torres Ray
Clausen	Hawj	Lourey	Rest	Wiger
Cohen	Hayden	Marty	Saxhaug	Wiklund
Dahle	Hoffman	Metzen	Scalze	
Dibble	Jensen	Miller	Skoe	

Those who voted in the negative were:

Anderson	Fischbach	Kiffmeyer	Pratt	Weber
Benson	Gazelka	Limmer	Rosen	Westrom
Brown	Hall	Nienow	Ruud	
Chamberlain	Hann	Osmek	Senjem	
Dahms	Housley	Pederson, J.	Sheran	
Eken	Ingebrigtsen	Petersen, B.	Thompson	

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Nienow amendment, as amended.

The roll was called, and there were yeas 58 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Jensen	Ortman	Sheran
Bakk	Eaton	Johnson	Pappas	Skoe
Benson	Eken	Kent	Pederson, J.	Sparks
Bonoff	Fischbach	Kiffmeyer	Petersen, B.	Stumpf
Brown	Franzen	Koenen	Pratt	Thompson
Carlson	Gazelka	Limmer	Reinert	Tomassoni
Chamberlain	Hall	Lourey	Rest	Weber
Champion	Hann	Metzen	Rosen	Westrom
Clausen	Hayden	Miller	Ruud	Wiger
Cohen	Hoffman	Nelson	Saxhaug	Wiklund
Dahle	Housley	Newman	Scalze	
Dahms	Ingebrigtsen	Nienow	Senjem	

Those who voted in the negative were:

Dibble
Goodwin

Latz
Marty

Osmek
Torres Ray

The motion prevailed. So the Nienow amendment, as amended, was adopted.

Senator Ortman moved to amend S.F. No. 1236 as follows:

Page 12, line 19, delete "five" and insert "six"

Page 13, line 17, delete "and"

Page 13, line 20, delete the period and insert "; and"

Page 13, after line 20, insert:

"(6) for the fall 2015 term at least 75 percent of the incoming freshmen at the University of Minnesota are Minnesota residents."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Pederson, J.	Weber
Benson	Hall	Nelson	Pratt	Westrom
Brown	Hann	Newman	Rosen	
Chamberlain	Housley	Nienow	Ruud	
Dahms	Ingebrigtsen	Ortman	Senjem	
Fischbach	Kiffmeyer	Osmek	Thompson	

Those who voted in the negative were:

Bakk	Dziedzic	Johnson	Pappas	Sparks
Bonoff	Eaton	Kent	Petersen, B.	Stumpf
Carlson	Eken	Koenen	Reinert	Tomassoni
Champion	Franzen	Latz	Rest	Torres Ray
Clausen	Goodwin	Lourey	Saxhaug	Wiger
Cohen	Hayden	Marty	Scalze	Wiklund
Dahle	Hoffman	Metzen	Sheran	
Dibble	Jensen	Miller	Skoe	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1236 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 46 and nays 18, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Koenen	Pratt	Tomassoni
Bonoff	Eken	Latz	Reinert	Torres Ray
Carlson	Franzen	Lourey	Rest	Weber
Champion	Goodwin	Marty	Saxhaug	Westrom
Clausen	Hayden	Metzen	Scalze	Wiger
Cohen	Hoffman	Miller	Senjem	Wiklund
Dahle	Ingebrigtsen	Nelson	Sheran	
Dahms	Jensen	Pappas	Skoe	
Dibble	Johnson	Pederson, J.	Sparks	
Dziedzic	Kent	Petersen, B.	Stumpf	

Those who voted in the negative were:

Anderson	Fischbach	Housley	Nienow	Ruud
Benson	Gazelka	Kiffmeyer	Ortman	Thompson
Brown	Hall	Limmer	Osmek	
Chamberlain	Hann	Newman	Rosen	

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 290: A bill for an act relating to state government; modifying false claims provisions; amending Minnesota Statutes 2012, sections 15C.01; 15C.02; 15C.05; 15C.08; 15C.12; 15C.13; proposing coding for new law in Minnesota Statutes, chapter 15C; repealing Minnesota Statutes 2012, section 15C.14.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 3, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Johnson	Nienow	Senjem
Benson	Eken	Kent	Ortman	Sheran
Bonoff	Fischbach	Kiffmeyer	Osmek	Skoe
Carlson	Franzen	Koenen	Pappas	Sparks
Chamberlain	Gazelka	Latz	Pederson, J.	Stumpf
Champion	Goodwin	Limmer	Pratt	Thompson
Clausen	Hall	Lourey	Reinert	Tomassoni
Cohen	Hann	Marty	Rest	Torres Ray
Dahle	Hayden	Metzen	Rosen	Weber
Dahms	Hoffman	Miller	Ruud	Westrom
Dibble	Housley	Nelson	Saxhaug	Wiger
Dziedzic	Jensen	Newman	Scalze	Wiklund

Those who voted in the negative were:

Anderson	Brown	Ingebrigtsen
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So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 129: A bill for an act relating to commerce; regulating mortgage foreclosures; clarifying the definition of a foreclosure consultant; amending Minnesota Statutes 2012, section 325N.01.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Carlson	Dahle	Eken	Hall
Bakk	Chamberlain	Dahms	Fischbach	Hann
Benson	Champion	Dibble	Franzen	Hayden
Bonoff	Clausen	Dziedzic	Gazelka	Hoffman
Brown	Cohen	Eaton	Goodwin	Housley

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Ingebrigtsen	Lourey	Osmek	Saxhaug	Torres Ray
Jensen	Marty	Pappas	Scalze	Weber
Johnson	Metzen	Pederson, J.	Sheran	Westrom
Kent	Miller	Pratt	Skoe	Wiger
Kiffmeyer	Nelson	Reinert	Sparks	Wiklund
Koenen	Newman	Rest	Stumpf	
Latz	Nienow	Rosen	Thompson	
Limmer	Ortman	Ruud	Tomassoni	

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Senator Schmit was excused from the Session of today. Senator Sieben was excused from the Session of today at 2:35 p.m. Senator Rosen was excused from the Session of today from 3:45 to 4:25 p.m. Senator Hawj was excused from the Session of today at 4:30 p.m. Senator Petersen, B. was excused from the Session of today at 4:40 p.m. Senator Senjem was excused from the Session of today at 4:45 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Thursday, April 18, 2013. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate