

THIRTY-FIFTH DAY

St. Paul, Minnesota, Thursday, March 31, 2011

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Craig Richter.

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:

Bakk	Gerlach	Kubly	Olson	Sieben
Benson	Gimse	Langseth	Ortman	Skoe
Berglin	Goodwin	Latz	Pappas	Sparks
Bonoff	Hall	Lillie	Parry	Stumpf
Brown	Hann	Limmer	Pederson	Thompson
Carlson	Harrington	Lourey	Pogemiller	Tomassoni
Chamberlain	Higgins	Magnus	Reinert	Torres Ray
Cohen	Hoffman	Marty	Rest	Vandever
Dahms	Howe	Metzen	Robling	Wiger
Daley	Ingebrigtsen	Michel	Rosen	Wolf
DeKruif	Jungbauer	Miller	Saxhaug	
Dibble	Kelash	Nelson	Scheid	
Fischbach	Koch	Newman	Senjem	
Gazelka	Kruse	Nienow	Sheran	

The President declared a quorum present.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Senjem introduced—

S.F. No. 1071: A bill for an act relating to highways; distinguishing between frontage road and ramp for controlled access highways; authorizing municipal road authorities to issue permits for

driveway access to frontage roads and ramps for controlled access highways; amending Minnesota Statutes 2010, section 161.38, subdivision 3.

Referred to the Committee on Transportation.

Senators Gimse and Dibble introduced—

S.F. No. 1072: A bill for an act relating to railroads; exempting train crews from requirement for driver's license; amending Minnesota Statutes 2010, section 171.03.

Referred to the Committee on Transportation.

Senators Nelson, Harrington, Rosen and Koch introduced—

S.F. No. 1073: A bill for an act relating to education; proposing a transitions plan for high school students to successfully pursue postsecondary education and employment; appropriating money; amending Minnesota Statutes 2010, section 120B.125.

Referred to the Committee on Education.

Senators Magnus, Miller, Rosen, Stumpf and Kubly introduced—

S.F. No. 1074: A bill for an act relating to agriculture; establishing the Dairy Research, Teaching, and Consumer Education Authority; specifying duties and procedures; proposing coding for new law as Minnesota Statutes, chapter 32C.

Referred to the Committee on Agriculture and Rural Economies.

Senators Pappas, Tomassoni, Latz, Bakk and Sheran introduced—

S.F. No. 1075: A bill for an act relating to taxation; providing a higher education individual income tax credit; appropriating money; amending Minnesota Statutes 2010, section 290.06, by adding a subdivision.

Referred to the Committee on Taxes.

MOTIONS AND RESOLUTIONS

Senator Wiger moved that the name of Senator Sieben be added as a co-author to S.F. No. 15. The motion prevailed.

Senators Latz, Bonoff, Rest, Michel and Hann introduced –

Senate Resolution No. 63: A Senate resolution congratulating the Hopkins High School girls basketball team on winning the 2011 State High School Class AAAA girls basketball championship.

Referred to the Committee on Rules and Administration.

Senators Latz, Bonoff, Rest, Michel and Hann introduced –

Senate Resolution No. 64: A Senate resolution congratulating the Hopkins High School boys basketball team on winning the 2011 State High School Class AAAA boys basketball championship.

Referred to the Committee on Rules and Administration.

Senator Koch moved that H.F. No. 934 be taken from the table, and given a second reading. The motion prevailed.

H.F. No. 934: A bill for an act relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, academic excellence, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; requiring reports; requiring studies; appropriating money; amending Minnesota Statutes 2010, sections 13D.02, by adding a subdivision; 16A.152, subdivision 2; 93.22, subdivision 1; 93.2236; 120A.41; 120B.023, subdivision 2; 120B.07; 120B.30, subdivision 1, by adding a subdivision; 120B.35, subdivision 1; 120B.36, subdivision 1; 122A.40, subdivisions 5, 6, 7, 8, 9, 10, 11, by adding subdivisions; 122A.41, subdivisions 2, 3, 4, 5, 6, 14, by adding a subdivision; 122A.414, subdivisions 1a, 2, 2a, 2b, 4; 122A.416; 122A.60; 122A.61, subdivision 1; 123A.55; 123B.02, subdivision 15; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.54; 123B.59, subdivision 5; 123B.75, subdivision 5; 124D.10, subdivision 3; 124D.19, subdivision 3; 124D.531, subdivision 1; 124D.86, subdivision 3; 125A.07; 125A.21, subdivisions 2, 3, 5, 7; 125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.76, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 1, 2, 2a, 3, 7, 8, 8a, 13a, 14, by adding a subdivision; 126C.126; 126C.20; 126C.40, subdivision 1; 126C.44; 127A.33; 127A.441; 127A.45, subdivision 2; 179A.16, subdivision 1; 179A.18, subdivisions 1, 3; 298.28, subdivisions 2, 4; Laws 2009, chapter 79, article 5, section 60, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; 179A; repealing Minnesota Statutes 2010, sections 122A.61; 123B.05; 123B.59, subdivisions 6, 7; 124D.86, subdivisions 1, 1a, 2, 4, 5, 6; 126C.10, subdivision 5; 127A.46; 129C.10, subdivisions 1, 2, 3, 3a, 4, 6, 7, 8; 129C.105; 129C.15; 129C.20; 129C.25; 129C.26; 179A.18, subdivision 2; Laws 2009, chapter 88, article 12, section 23.

H.F. No. 934 was read the second time.

Senator Koch moved that H.F. No. 934 be laid on the table. The motion prevailed.

Senator Koch moved that H.F. No. 1101 be taken from the table, and given a second reading. The motion prevailed.

H.F. No. 1101: A bill for an act relating to higher education; amending postsecondary education provisions; requiring reports; changing Minnesota college savings plan matching grants; making technical changes; modifying definitions; setting requirements for credit transfer; providing stable undergraduate tuition rates; modifying achieve scholarship program; modifying contract and salary provisions; prohibiting use of certain public funds to support human cloning; requiring a study

of graduate education in for-profit sector; repealing certain provisions related to equipment and apparel; appropriating money; amending Minnesota Statutes 2010, sections 15A.081, subdivision 7c; 135A.51, subdivision 2; 136A.121, subdivision 6; 136F.40, subdivision 2; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 137; 145; repealing Minnesota Statutes 2010, sections 135A.26; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 181.986; Laws 2009, chapter 95, article 2, section 39.

H.F. No. 1101 was read the second time.

Senator Koch moved that H.F. No. 1101 be laid on the table. The motion prevailed.

Senator Koch moved that H.F. No. 1010 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated H.F. No. 1010 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1010: A bill for an act relating to state government; appropriating money for environment, natural resources, commerce, and energy; creating accounts; modifying disposition of certain receipts; modifying responsibilities and authorities; creating an advisory committee; modifying Petroleum Tank Release Cleanup Act; modifying cooperative electric association petition provisions; repealing definitions and requirements; requiring rulemaking on wild rice standards; amending Minnesota Statutes 2010, sections 85.052, subdivision 4; 89.21; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 103G.615, subdivision 2; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116P.04, by adding a subdivision; 116P.05, subdivision 2; 216B.026, subdivision 1; 290.431; 290.432; 357.021, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.027, subdivision 11; 116P.09, subdivision 4; 116P.14.

Senator Ingebrigtsen moved to amend H.F. No. 1010 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1010, and insert the language after the enacting clause, and the title, of S.F. No. 1029, the second engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 1010 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 36 and nays 28, as follows:

Those who voted in the affirmative were:

Benson	Fischbach	Howe	Magnus	Ortman
Brown	Gazelka	Ingebrigtsen	Michel	Parry
Carlson	Gerlach	Jungbauer	Miller	Pederson
Chamberlain	Gimse	Koch	Nelson	Robling
Dahms	Hall	Kruse	Newman	Senjem
Daley	Hann	Lillie	Nienow	Thompson
DeKruif	Hoffman	Limmer	Olson	Vandever

Wolf

Those who voted in the negative were:

Bakk	Harrington	Lourey	Rest	Sparks
Berglin	Higgins	Marty	Saxhaug	Tomassoni
Bonoff	Kelash	Metzen	Scheid	Torres Ray
Cohen	Kubly	Pappas	Sheran	Wiger
Dibble	Langseth	Pogemiller	Sieben	
Goodwin	Latz	Reinert	Skoe	

So the bill, as amended, was passed and its title was agreed to.

RECESS

Senator Koch 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.

APPOINTMENTS

Senator Koch from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1016: Senators Magnus, Kubly, Dahms, Nienow and Miller.

Senator Koch moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated S.F. No. 1030 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1030: A bill for an act relating to education; providing for general education; education excellence; special programs; facilities and technology; nutrition and accounting; libraries; early childhood education; prevention; self-sufficiency and lifelong learning; state agencies; and forecast adjustments; appropriating money; amending Minnesota Statutes 2010, sections 11A.16, subdivision 5; 120A.22, subdivision 11; 120A.24; 120B.023, subdivision 2; 120B.07; 121A.15, subdivision 8; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.40, subdivisions 7, 9, 11, 13, 15, 16, by adding subdivisions; 122A.41, subdivisions 4, 14, by adding a subdivision; 123B.42, subdivision 1; 123B.44, subdivision 1; 123B.54; 123B.57; 123B.63, subdivision 3; 123B.75, subdivision 5; 123B.88, by adding a subdivision; 123B.92, subdivision 1; 124D.09, subdivisions 5, 7, 8; 124D.10, subdivision 3; 124D.11, subdivision 4; 124D.36; 124D.37; 124D.38, subdivision 3; 124D.385, subdivision 3; 124D.39; 124D.40; 124D.42; 124D.44; 124D.45, subdivision 2; 124D.4531, subdivision 1; 124D.531, subdivisions 1, 4; 124D.59, subdivision 2; 125A.69, subdivision 1; 125A.76, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 2, 3, 7, 8, 8a, 14, 18; 126C.126; 126C.20; 126C.40, subdivision 1; 126C.44; 127A.441; 127A.45, subdivisions

2, 6a; 127A.46; 134.195, subdivision 8; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; 181A.05, subdivision 1; Laws 1999, chapter 241, article 4, section 25, by adding a subdivision; Laws 2008, chapter 363, article 2, section 46, subdivision 1, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; repealing Minnesota Statutes 2010, sections 120A.26, subdivisions 1, 2; 122A.60; 122A.61; 123B.05; 124D.11, subdivision 8; 124D.38, subdivisions 4, 5, 6; 124D.86; 124D.87; 124D.871; 124D.88; 124D.892, subdivisions 1, 2; 124D.896; Minnesota Rules, parts 3535.0100; 3535.0110; 3535.0120; 3535.0130; 3535.0140; 3535.0150; 3535.0160; 3535.0170; 3535.0180.

Senator Olson moved to amend S.F. No. 1030 as follows:

Page 53, delete lines 16 to 18

The motion prevailed. So the amendment was adopted.

Senator Pogemiller moved to amend S.F. No. 1030 as follows:

Page 9, delete section 11

Page 21, line 22, delete "5,684,409,000" and insert "5,701,239,000"

Page 21, line 23, delete "5,815,940,000" and insert "5,852,280,000"

Page 21, line 24, delete "\$4,019,533,000" and insert "\$4,036,363,000"

Page 21, line 26, delete "\$1,722,657,000" and insert "\$1,729,870,000" and delete "\$4,093,283,000" and insert "\$4,122,410,000"

Page 59, delete sections 1 and 2

Page 60, line 17, delete "789,955,000" and insert "815,438,000"

Page 60, line 18, delete "796,681,000" and insert "860,239,000"

Page 60, line 19, delete "\$553,980,000" and insert "\$579,463,000"

Page 60, line 20, delete "\$237,419,000" and insert "\$248,341,000" and delete "\$559,262,000" and insert "\$611,898,000"

Page 61, line 3, delete "111,243,000" and insert "112,399,000"

Page 61, line 4, delete "112,122,000" and insert "115,554,000"

Page 61, line 5, delete "\$57,794,000" and insert "\$58,950,000"

Page 61, line 6, delete "\$53,777,000" and insert "\$54,852,000" and delete "\$58,345,000" and insert "\$60,702,000"

Page 75, after line 10, insert:

"Sec. 5. Minnesota Statutes 2010, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first ~~\$25,680~~ \$33,770, 5.35 percent;
- (2) On all over ~~\$25,680~~ \$33,770, but not over ~~\$102,030~~ \$134,170, 7.05 percent;
- (3) On all over ~~\$102,030~~ \$134,170, but not over \$250,000, 7.85 percent;;
- (4) On all over \$250,000, 8.16 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$17,570~~ \$23,100, 5.35 percent;
- (2) On all over ~~\$17,570~~ \$23,100, but not over ~~\$57,710~~ \$75,890, 7.05 percent;
- (3) On all over ~~\$57,710~~ \$75,890, but not over \$141,250, 7.85 percent;;
- (4) On all over \$141,250, 8.16 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$21,630~~ \$28,440, 5.35 percent;
- (2) On all over ~~\$21,630~~ \$28,440, but not over ~~\$86,910~~ \$114,290, 7.05 percent;
- (3) On all over ~~\$86,910~~ \$114,290, but not over \$212,500, 7.85 percent;;
- (4) On all over \$212,500, 8.16 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (15), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (15), and (17).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 6. Minnesota Statutes 2010, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2000~~ 2011, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2010, and before January 1, ~~2001~~ 2012. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2010" shall be substituted for the word "1992." For ~~2001~~ 2012, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31, ~~2000~~ 2011, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2011."

Correct the subdivision and section totals and the appropriations by fund accordingly

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 28 and nays 38, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Marty	Saxhaug	Stumpf
Berglin	Kelash	Metzen	Scheid	Tomassoni
Cohen	Kubly	Pappas	Sheran	Torres Ray
Dibble	Langseth	Pogemiller	Sieben	Wiger
Goodwin	Latz	Reinert	Skoe	
Harrington	Lourey	Rest	Sparks	

Those who voted in the negative were:

Benson	Fischbach	Ingebrigtsen	Miller	Robling
Bonoff	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vanderveer
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	

The motion did not prevail. So the amendment was not adopted.

Senator Pogemiller moved to amend S.F. No. 1030 as follows:

Page 76, after line 18, insert:

"Sec. 8. **STATE GENERAL LEVY REDUCTION DELAYED.**

Notwithstanding any other law to the contrary, if 2011 House File No. 42 is enacted and includes a reduction of the levy base amount for the state general levy, the effective dates included in that provision are each delayed by two years, regardless of the order of enactment of that provision and this act.

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

Page 59, delete sections 1 and 2

Page 60, line 17, delete "789,955,000" and insert "815,438,000"

Page 60, line 18, delete "796,681,000" and insert "860,239,000"

Page 60, line 19, delete "\$553,980,000" and insert "\$579,463,000"

Page 60, line 20, delete "\$237,419,000" and insert "\$248,341,000" and delete "\$559,262,000" and insert "\$611,898,000"

Page 61, line 3, delete "111,243,000" and insert "112,399,000"

Page 61, line 4, delete "112,122,000" and insert "115,554,000"

Page 61, line 5, delete "\$57,794,000" and insert "\$58,950,000"

Page 61, line 6, delete "\$53,777,000" and insert "\$54,852,000" and delete "\$58,345,000" and insert "\$60,702,000"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Stumpf moved to amend S.F. No. 1030 as follows:

Page 21, after line 4, insert:

"Sec. 28. RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY SUSPENSION.

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2012 and 2013 only, a school district or charter school may use revenue reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5."

Page 23, line 19, delete "sections 122A.60; 122A.61; and 123B.05, are" and insert "section 123B.05, is"

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 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Rest	Sparks
Berglin	Higgins	Marty	Saxhaug	Stumpf
Bonoff	Kelash	Metzen	Scheid	Tomassoni
Cohen	Kubly	Pappas	Sheran	Torres Ray
Dibble	Langseth	Pogemiller	Sieben	Wiger
Goodwin	Latz	Reinert	Skoe	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vanderveer
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Michel moved to amend S.F. No. 1030 as follows:

Page 78, after line 19, insert:

"Section 1. [124D.143] OUTCOME INVESTMENTS.

An increase in state appropriations for the purpose of improving school readiness outcomes must be made in programs of known quality consistent with the framework under section 124D.142."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Wiger moved to amend the Michel amendment to S.F. No. 1030 as follows:

Page 1, line 5, before "programs" insert "research-based"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Michel amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Senator Bonoff moved to amend S.F. No. 1030 as follows:

Page 56, line 5, delete "15,150,000" and insert "11,150,000"

Page 56, line 6, delete "15,150,000" and insert "11,150,000"

Page 56, after line 6, insert:

"The base for fiscal year 2014 and later is \$10,150,000."

Page 78, after line 19, insert:

"Section 1. **[119C.01] DEFINITIONS.**

Subdivision 1. **Definitions.** The terms defined in this section apply to this chapter.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of education.

Subd. 3. **Eligible program.** "Eligible program" means a Head Start program under section 119A.50, school readiness program under section 124D.15, licensed center-based child care program under chapter 245A, or licensed family child care program under chapter 245A.

Subd. 4. **Income.** "Income" has the meaning given in section 119B.011, subdivision 15.

Subd. 5. **Parent Aware.** "Parent Aware" means the voluntary evidence-based quality rating and improvement system for early childhood education under section 119C.02.

Subd. 6. **Parent Aware Plus regions.** "Parent Aware Plus regions" means Parent Aware regions as designated by the commissioner under section 119C.03, subdivision 5.

Subd. 7. **Parent Aware region.** "Parent Aware region" means a geographic area approved by the commissioner under section 119C.03.

Subd. 8. **Rated program.** "Rated program" means an eligible program in a Parent Aware region that receives one, two, three, or four stars.

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

Sec. 2. **[119C.02] PARENT AWARE.**

Subdivision 1. **Department of Education; request for proposal.** The Department of Education must develop a request for proposal for an organization to: (1) develop the methods used to verify,

assess, and monitor program compliance with the standards, including review of and action on applications; (2) conduct on-site assessments; (3) develop and maintain a data quality management system for compiling all data used to calculate program ratings and related procedures for ensuring data quality and integrity; and (4) coordinate a system for sharing ratings and related quality information with the public. The commissioner must consult with the Minnesota Early Learning Foundation to design the request for proposal. Eligible responders include units of state and local governments, nonprofit organizations, research organizations, and educational institutions. The commissioner shall issue a request for proposal by July 30, 2011. The commissioner shall issue a contract by October 31, 2011. The contract is valid for three years. By July 30, 2014, and every three years thereafter, the commissioner must consult with the Minnesota Early Learning Foundation or its designated successor organization to review and update the request for proposal. The contract must be issued by October 31, 2014, and every three years thereafter. The Minnesota Early Learning Foundation and its designated successor organization are consultants to the commissioner on the request for proposal and are not eligible responders.

Subd. 2. **Criteria; measure.** (a) Parent Aware must use quality ratings shown to be linked to improving children's school readiness outcomes and must evaluate, at a minimum, how programs perform in the following areas:

- (1) family partnerships;
- (2) tracking learning;
- (3) teacher training and education; and
- (4) teaching materials and strategies.

(b) The commissioner must establish and regularly update the standards and indicators that determine program quality for the quality rating system. In fiscal year 2012 and later, the commissioner must use the Minnesota quality rating system tool in use in fiscal year 2011, the results of the evaluations of that quality rating system, and the recommendations in the report required under section 124D.142.

(c) Ratings must be indicated using stars. Four stars is the best possible rating. No stars means the program has not been rated.

Subd. 3. **Rated programs.** At least twice each year, beginning June 30, 2012, the contract entity awarded the contract in subdivision 1 must submit a list of rated programs to the commissioner. The list of rated programs serves as the commissioner's rating. The commissioner's decision is final.

Subd. 4. **Evaluation.** The commissioner shall contract with an independent private organization to use private funds to evaluate the Parent Aware quality rating system if sufficient private funding is available. The evaluation must incorporate rating levels and outcome-based data reflecting child progress toward school readiness. The evaluation must also include recommendations on continued monitoring and improvement of the correlation between rating levels and outcome-based child progress toward school readiness. The commissioner shall make available to the independent private organization any data requested by the organization consistent with chapter 13 and at no cost to the organization.

Sec. 3. [119C.03] SELECTION PROCESS FOR PARENT AWARE REGIONS.

Subdivision 1. **Designation of Parent Aware regions.** For the purposes of this section, Parent Aware regions are the economic development regions as designated by the governor under section 462.385.

Subd. 2. **Application process.** The commissioner of education, in consultation with the commissioner of human services, shall develop an application process to select new Parent Aware regions using the following criteria:

(1) the percentage of preschool-aged children who are from families with income equal to or less than 47 percent of the state median income;

(2) the region's demonstrated efforts to use existing public and private resources to improve program quality in alignment with Parent Aware quality standards;

(3) the level of community support, especially support of the school districts, Head Start programs, counties, and local representatives of child care centers and licensed family child care homes; and

(4) the demonstration of quality improvement support from local nonprofits and foundations.

Subd. 3. **Application preparation.** A resource and referral organization under section 119B.19, or other entities designated by the commissioner of education, must prepare and submit the application for their region for approval under subdivision 4 to become a Parent Aware region in coordination with local partners.

Subd. 4. **Region approval.** The commissioner shall develop an application process by December 1, 2011. A region may apply beginning February 1, 2012, to become a Parent Aware region. Economic development regions 9, 10, and 11 are automatically approved as Parent Aware regions beginning in fiscal year 2012. The commissioner shall approve the first Parent Aware region by June 30, 2012, and shall approve all regions as Parent Aware regions by June 30, 2015.

Subd. 5. **Parent Aware Plus regions; commissioner approval.** The commissioner of education must designate a Parent Aware region as a Parent Aware Plus region when there is a sufficient number of programs rated for each program type. The commissioner must also consider, at a minimum, the following criteria when designating Parent Aware Plus regions: (1) the distribution of rated programs by eligible program type within a region; (2) the amount of funding available for scholarships in the region; and (3) the distribution of the population of low-income preschool-aged children in the region. The commissioner must also designate Hennepin County, the city of St. Paul, Blue Earth County, and Nicollet County as Parent Aware Plus regions beginning in fiscal year 2012 and allow those regions to continue using the existing model of the Parent Aware quality rating system in fiscal year 2012.

Sec. 4. **[119C.04] EARLY CHILDHOOD EDUCATION SCHOLARSHIPS.**

Subdivision 1. **Early childhood education scholarship locations.** In fiscal year 2012 and later, the commissioner shall make scholarships available in the Parent Aware Plus regions. In fiscal year 2013 and later, the commissioner shall establish additional locations where early childhood education scholarships may be used to pay for services provided by rated programs. The additional early childhood education scholarship locations must be located in Parent Aware Plus regions. The commissioner may assign duties as described in subdivisions 5 and 7 to approved Parent Aware Plus regions, as appropriate.

Subd. 2. **Scholarship eligibility.** (a) All children whose parents or legal guardians meet the eligibility requirements of paragraph (b) are eligible to receive early childhood education scholarships under this section.

(b) A parent or legal guardian is eligible for an early childhood education scholarship if the parent or legal guardian:

(1) has a child three or four years of age on September 1, beginning in calendar year 2011;

(2) lives in one of the early childhood education scholarship locations according to subdivision 1; and

(i) has income equal to or less than 47 percent of the state median income in the current calendar year; or

(ii) can document 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; and child care assistance programs under chapter 119B.

Subd. 3. **Eligibility determination.** The commissioner of education shall develop a simple application process that families may use to apply for early childhood education scholarships based on the criteria in subdivision 2.

Subd. 4. **Scholarship value.** For fiscal year 2012 and later, the early childhood education scholarship is equal to \$4,000 each year for each eligible child according to subdivision 2.

Subd. 5. **Scholarship use.** (a) The early childhood education scholarship must be used during the 13 months after July 1, 2011, and each year thereafter by the parent or legal guardian on behalf of their child for services designed to promote school readiness at a rated program in a Parent Aware Plus region. A parent or legal guardian may use the early childhood education scholarship to pay fees or charges associated with their eligible child's education at a rated program, according to subdivision 6.

(b) To maintain an eligible child's early childhood education scholarship, a parent or legal guardian must begin to use the scholarship within six months following the receipt of the scholarship or October 1.

(c) For the purpose of dividing the early childhood education scholarship between two or more rated programs, a parent or legal guardian may reduce the early childhood education scholarship value paid to an individual rated program. The commissioner must determine a method to allow a parent or legal guardian to reduce or divide an early childhood education scholarship.

Subd. 6. **Quality standard; transition.** (a) A rated program is eligible to receive early childhood education scholarships if the program has received a three- or four-star rating under Parent Aware under section 119C.02 and is located in a Parent Aware Plus region. An eligible program must agree to accept early childhood education scholarships to pay for services.

(b) Notwithstanding paragraph (a), for the first two fiscal years after a Parent Aware region has become a Parent Aware Plus region, a rated program located in the Parent Aware Plus region is

eligible to receive early childhood education scholarships to pay for its services if the program has received a one-star or better rating under the Parent Aware rating system. An eligible program must agree to accept early childhood education scholarships to pay for services. This paragraph does not apply to the Parent Aware Plus regions located in the city of St. Paul, Hennepin County, Nicollet County, and Blue Earth County.

Subd. 7. **Redeeming a scholarship.** (a) A rated program that has received an early childhood education scholarship on behalf of an eligible child to pay for services must remit the scholarship in a manner determined by the commissioner.

(b) The commissioner must pay rated programs the value of the early childhood education scholarship within 30 days of receiving the scholarship from a program.

(c) The commissioner must determine a method for paying rated programs if a parent or legal guardian has divided or reduced a scholarship under subdivision 5, paragraph (b).

Subd. 8. **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, MFIP, 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.

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

Page 79, after line 23, insert:

"Subd. 8. **Quality rating and improvement system.** For improving effectiveness of teacher-child interaction in the classroom under Minnesota Statutes, section 124D.142, paragraph (c):

\$	<u>1,000,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>-0-</u>	<u>.....</u>	<u>2013</u>

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

The base funding for this program is \$2,000,000 in fiscal year 2014 and \$0 in fiscal year 2015.

Subd. 9. **Early childhood education scholarships.** For grants to early childhood education scholarships under Minnesota Statutes, section 119C.04:

\$	<u>3,000,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>4,000,000</u>	<u>.....</u>	<u>2013</u>

In fiscal year 2012, the appropriation is for grants to projects located in the Parent Aware Plus regions. In fiscal year 2013 and later, the appropriation is for scholarship grants to fund eligible early childhood care and education programs located in Parent Aware Plus regions that have received early childhood education scholarships from eligible parents or legal guardians under Minnesota Statutes, section 119C.04, subdivision 2. The appropriation is available until expended. The base funding for this program is \$5,000,000 in fiscal year 2014 and later.

Each year, if this appropriation is insufficient to provide early childhood education scholarships to all eligible children, the Department of Education shall make scholarships available on a first-come, first-served basis."

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 28 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Saxhaug	Stumpf
Berglin	Higgins	Metzen	Scheid	Tomassoni
Bonoff	Kelash	Pappas	Sheran	Torres Ray
Cohen	Kubly	Pogemiller	Sieben	Wiger
Dibble	Langseth	Reinert	Skoe	
Goodwin	Latz	Rest	Sparks	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Vanderveer
Chamberlain	Hall	Lillie	Olson	Wolf
Dahms	Hann	Limmer	Ortman	
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Harrington moved to amend S.F. No. 1030 as follows:

Page 53, delete section 37

Page 54, delete lines 29 to 33 and insert:

"Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5.

\$	<u>66,320,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>67,469,000</u>	<u>.....</u>	<u>2013</u>

The 2012 appropriation includes \$19,272,000 for 2011 and \$47,048,000 for 2012. The 2013 appropriation includes \$20,163,000 for 2012 and \$47,306,000 for 2013."

Page 58, delete lines 22 and 23

Page 58, line 24, delete "(e)" and insert "(d)"

Page 58, delete lines 25 and 26

Page 58, line 28, delete "(e)" and insert "(d)"

Page 58, delete line 29

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 28 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Marty	Saxhaug	Stumpf
Berglin	Kelash	Metzen	Scheid	Tomassoni
Cohen	Kubly	Pappas	Sheran	Torres Ray
Dibble	Langseth	Pogemiller	Sieben	Wiger
Goodwin	Latz	Reinert	Skoe	
Harrington	Lourey	Rest	Sparks	

Those who voted in the negative were:

Benson	Fischbach	Jungbauer	Nelson	Rosen
Bonoff	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Hall	Lillie	Olson	Vanderveer
Chamberlain	Hann	Limmer	Ortman	Wolf
Dahms	Hoffman	Magnus	Parry	
Daley	Howe	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Harrington moved to amend S.F. No. 1030 as follows:

Page 58, line 22, delete "; and"

Page 58, line 23, delete "124D.896"

Page 58, delete lines 25 and 26

Page 58, delete line 29 and insert "Paragraph (d) is effective the day following final enactment."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Rest	Sparks
Berglin	Higgins	Marty	Saxhaug	Stumpf
Bonoff	Kelash	Metzen	Scheid	Tomassoni
Cohen	Kubly	Pappas	Sheran	Torres Ray
Dibble	Langseth	Pogemiller	Sieben	Wiger
Goodwin	Latz	Reinert	Skoe	

Those who voted in the negative were:

Benson	DeKruif	Hann	Kruse	Nelson
Brown	Fischbach	Hoffman	Lillie	Newman
Carlson	Gazelka	Howe	Limmer	Nienow
Chamberlain	Gerlach	Ingebrigtsen	Magnus	Olson
Dahms	Gimse	Jungbauer	Michel	Ortman
Daley	Hall	Koch	Miller	Parry

Pederson
Robling

Rosen
Senjem

Thompson
Vandevier

Wolf

The motion did not prevail. So the amendment was not adopted.

Senator Torres Ray moved to amend S.F. No. 1030 as follows:

Page 19, delete section 27

Page 22, line 15, delete "15,750,000" and insert "15,785,000"

Page 22, line 16, delete "15,578,000" and insert "15,627,000"

Page 22, line 17, delete "\$10,672,000" and insert "\$10,707,000"

Page 22, line 18, delete "\$4,573,000" and insert "\$4,587,000" and delete "\$11,005,000" and insert "\$11,040,000"

Page 22, line 21, delete "19,010,000" and insert "19,058,000"

Page 22, line 22, delete "19,030,000" and insert "19,099,000"

Page 22, line 23, delete "\$13,115,000" and insert "\$13,163,000"

Page 22, line 24, delete "\$5,621,000" and insert "\$5,641,000" and delete "\$13,409,000" and insert "\$13,458,000"

Page 29, delete section 5

Page 36, delete section 13

Page 56, line 5, delete "15,150,000" and insert "15,049,000"

Page 56, line 6, delete "15,150,000" and insert "15,050,000"

Page 56, after line 6, insert:

"The base for fiscal year 2014 and later is \$15,150,000."

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 28 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk
Berglin
Bonoff
Cohen
Dibble
Goodwin

Harrington
Higgins
Kelash
Kubly
Langseth
Latz

Lourey
Marty
Metzen
Pappas
Pogemiller
Reinert

Rest
Saxhaug
Sheran
Sieben
Skoe
Sparks

Stumpf
Tomassoni
Torres Ray
Wiger

Those who voted in the negative were:

Benson

Brown

Carlson

Chamberlain

Dahms

Daley	Hann	Lillie	Nienow	Senjem
DeKruif	Hoffman	Limmer	Olson	Thompson
Fischbach	Howe	Magnus	Ortman	Vanderveer
Gazelka	Ingebrigtsen	Michel	Parry	Wolf
Gerlach	Jungbauer	Miller	Pederson	
Gimse	Koch	Nelson	Robling	
Hall	Kruse	Newman	Rosen	

The motion did not prevail. So the amendment was not adopted.

Senator Kelash moved to amend S.F. No. 1030 as follows:

Page 28, after line 31, insert:

"(c) The evaluation of the teacher must only include student data for students who received instruction from the teacher for a minimum of 100 days."

The motion prevailed. So the amendment was adopted.

Senator Dibble moved to amend S.F. No. 1030 as follows:

Page 25, after line 8, insert:

"Sec. 2. Minnesota Statutes 2010, section 121A.03, is amended to read:

121A.03 ~~MODEL POLICY~~ SCHOOL BOARD POLICY; PROHIBITING HARASSMENT, BULLYING, INTIMIDATION, AND VIOLENCE.

Subdivision 1. **Model policy.** The commissioner shall maintain and make available to school boards a model ~~sexual, religious, and racial harassment, bullying, intimidation, and violence~~ policy. The model policy shall address the requirements of subdivision 2, and may encourage violence prevention and character development education programs, consistent with section 120B.232, subdivision 1, to prevent and reduce policy violations.

Subd. 2. **~~Sexual, religious, and racial harassment and violence policy~~ Harassment, bullying, intimidation, and violence policy.** ~~A school board must adopt a written sexual, religious, and racial harassment and sexual, religious, and racial violence policy that conforms with chapter 363A.~~ By January 1, 2012, a school board must adopt a written policy that prohibits harassment, bullying, intimidation, and violence based on, but not limited to, actual or perceived race, color, creed, religion, national origin, sex, marital status, disability, socioeconomic status, sexual orientation, gender identity or expression, age, physical characteristics, or association with a person or group with one or more of these actual or perceived characteristics. The policy shall address harassment, bullying, intimidation, and violence in all forms including, but not limited to, electronic forms and forms requiring Internet use. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 121A.41 to 121A.56. The policy must be conspicuously posted throughout each school building, posted on the district's Web site, given to each district employee and independent contractor at the time of entering into the person's employment contract, and included in each school's student handbook on school policies. Each school must develop a process for discussing the school's ~~sexual, religious, and racial~~ harassment, bullying, intimidation, and violence policy with students and school employees. School employees shall receive training on preventing and responding to harassment, bullying, intimidation, and violence. The board of directors of a school

district shall develop and maintain a system to collect harassment, bullying, intimidation, and violence incidents data.

Subd. 3. **Submission to commissioner.** Each school board must submit to the commissioner a copy of the ~~sexual, religious, and racial harassment, bullying, intimidation, and sexual, religious, and racial~~ bullying, intimidation, and violence policy the board has adopted.

EFFECTIVE DATE. This section is effective January 1, 2012."

Page 47, after line 36, insert:

"Sec. 24. Minnesota Statutes 2010, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and ~~section~~ sections 121A.03 and 121A.04.

(i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory

operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19."

Page 58, after line 26, insert:

"(g) Minnesota Statutes 2010, section 121A.0695, is repealed effective January 1, 2012."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 1030. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Dibble amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Lourey	Rest	Stumpf
Berglin	Harrington	Marty	Saxhaug	Tomassoni
Bonoff	Higgins	Metzen	Sheran	Torres Ray
Brown	Kelash	Pappas	Sieben	Wiger
Cohen	Kubly	Pogemiller	Skoe	
Dibble	Langseth	Reinert	Sparks	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Miller	Pederson
Carlson	Gerlach	Koch	Nelson	Robling
Chamberlain	Gimse	Kruse	Newman	Rosen
Dahms	Hall	Lillie	Nienow	Senjem
Daley	Hoffman	Limmer	Olson	Thompson
DeKruif	Howe	Magnus	Ortman	Vandever
Fischbach	Ingebrigtsen	Michel	Parry	Wolf

The motion did not prevail. So the amendment was not adopted.

Senator Dibble moved to amend S.F. No. 1030 as follows:

Page 2, after line 18, insert:

"Sec. 2. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 3a. **Health improvement programs.** The commissioner, with the approval of the school employee insurance committee, is authorized to plan, develop, purchase, administer, and evaluate disease management and other programs, strategies, and incentives to improve the health and health outcomes of members.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 3. Minnesota Statutes 2010, section 43A.316, subdivision 9, is amended to read:

Subd. 9. **Insurance trust fund.** (a) The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the program and transfers before July 1, 1994, from the excess contributions holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs, including costs incurred under chapters 62E and 297I in connection with the school employee insurance program. Premiums paid by employers to the fund are exempt from the taxes imposed by chapter 297I, except as described in paragraph (b). The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The State Board of Investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

(b) Notwithstanding paragraph (a), premium revenues collected from the school employee insurance program, described in subdivisions 12 and 13, are not exempt from the taxes imposed under section 297I.05, subdivision 15.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 4. Minnesota Statutes 2010, section 43A.316, subdivision 10, is amended to read:

Subd. 10. **Exemption.** (a) The public employee insurance program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161.

(b) Notwithstanding paragraph (a), the school employee insurance program, described in subdivisions 12 and 13, is a contributing member of the Minnesota Comprehensive Health Association and must pay assessments made by the association on the premium revenue attributed to the school employee insurance program, prorated as provided in section 62E.11, subdivision 5, paragraph (b).

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 5. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 11. **Definitions.** (a) For purposes of subdivisions 11 to 16, the terms defined in this

subdivision have the meanings given.

(b) "Eligible employee" means an employee of a school employer, a dependent of such an employee, a retiree, or other person, who is eligible for health insurance coverage under the school employer's plan.

(c) "School Employee Insurance Committee" means the committee created in subdivision 14.

(d) "School employer" means a school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under a joint powers agreement under section 471.59.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 6. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 12. **School employee insurance program.** The commissioner shall develop and administer within the public employees insurance program a separately rated and administered program for eligible employees of school employers, to be called the school employee insurance program. The initial offerings must be the PEIP Advantage, Advantage Value, and Advantage HSA plans offered by the public employee insurance program. Health coverage offered through the school employee insurance program must be made available beginning January 1, 2013.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 7. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 13. **Enrollment; school employee insurance program.** (a) A school employer that provides health coverage to eligible employees or contributes money to pay for all or part of the cost of health coverage for eligible employees, must purchase such coverage through the school employee insurance program under subdivision 12. School employers described in paragraph (b) may opt out as described in paragraphs (b) to (e).

(b) The school board of a school employer and each exclusive representative of employees of a school employer which, on July 1, 2011, was individually self-insured shall jointly determine whether the employees the exclusive representative represents will opt out of the school employee insurance program, in the same manner described in subdivision 5, paragraph (b). Paragraphs (c), (d), and (e) apply only to school employees of the school employers described in this paragraph.

(c) School employees not represented by an exclusive representative may enter the school employee insurance program in the same manner described in subdivision 5, paragraph (c).

(d) School employees who do not enter the program upon first becoming eligible for participation are ineligible to participate for four years and must be pooled and rated separately from the other enrollees in the school employee insurance program for the first four years after entering the program. This paragraph does not apply to a school employee upon later becoming a member of a school employee group that has not declined participation.

(e) The decision of a school board of a school employer and an exclusive representative of school employees or, in the case of unorganized employees, the decision of the school board of a school

employer, to not opt-out of entry into the school employee insurance program is irrevocable and applies to all future years.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 8. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 14. **School Employee Insurance Committee.** (a) Notwithstanding any other provision of law, all plan design decisions, including all pilot or demonstration programs in which school employees participate, must first be developed by the School Employee Insurance Committee in consultation with the commissioner or the commissioner's designee and other consultants as the committee sees fit. This paragraph does not apply to the initial offerings specified in subdivision 12.

(b) The committee must be composed of 14 members who represent school district employees and employers in equal number. The employee representatives shall be appointed as follows: four shall be appointed by Education Minnesota, one shall be appointed by the Service Employees International Union, one shall be appointed by the American Federation of State, County, and Municipal Employees, and one shall be appointed by the Minnesota School Employees Association. The seven school employer representatives who serve on the School Employee Insurance Committee must be appointed by the Minnesota School Boards Association, and geographic representation must be taken into consideration when making the appointments. Members of the committee shall serve at the will of the appointing organization. The committee will select a chair from its membership.

(c) The School Employee Insurance Committee members are eligible for compensation and expense reimbursement under section 15.0575, subdivision 3. In addition, if actual salary is lost by a committee member, or if a cost is charged by an employer of a committee member for time missed while performing the duties of a committee member, then the commissioner shall reimburse the member for the lost salary or the cost from funds appropriated for the operations of the committee.

(d) The commissioner shall provide the necessary meeting space and staff support for the committee.

EFFECTIVE DATE. This section is effective August 1, 2011.

Sec. 9. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 15. **Reinsurance.** The commissioner shall, on behalf of the program, participate in an insured or self-insured reinsurance pool for the first three years of the program and may continue to participate in a reinsurance pool after the first three years.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 10. Minnesota Statutes 2010, section 43A.316, is amended by adding a subdivision to read:

Subd. 16. **Nonidentifiable aggregate claims data from past coverage.** Upon request by the commissioner, entities that are providing or have provided coverage to eligible employees of school employers within two years before the effective date of this section, shall provide to the commissioner at no charge nonidentifiable aggregate claims data for that coverage. The information must include data relating to employee group benefit sets, demographics, and claims experience. Notwithstanding section 13.203, Minnesota service cooperatives must comply with

this subdivision.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 11. Minnesota Statutes 2010, section 62E.02, subdivision 23, is amended to read:

Subd. 23. **Contributing member.** "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; community integrated service networks regulated under chapter 62N; fraternal benefit societies regulated under chapter 64B; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; ~~and~~ joint self-insurance plans regulated under chapter 62H; and the school employee insurance program created under section 43A.316. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization ~~or,~~ a community integrated service network, or the school employee insurance program shall be considered to be accident and health insurance premiums.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013.

Sec. 12. Minnesota Statutes 2010, section 62E.10, subdivision 1, is amended to read:

Subdivision 1. **Creation and membership; tax exemption.** (a) There is established a Comprehensive Health Association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans regulated under chapter 62H; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; the school employee insurance program created under section 43A.316, subdivision 12; health maintenance organizations; and community integrated service networks licensed or authorized to do business in this state.

(b) The Comprehensive Health Association is exempt from the taxes imposed under chapter 297I and any other laws of this state and all property owned by the association is exempt from taxation.

Sec. 13. Minnesota Statutes 2010, section 62E.11, subdivision 5, is amended to read:

Subd. 5. **Allocation of losses.** (a) Each contributing member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan for plans issued or approved for issuance by the association, and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs. Claims expenses of the state plan which exceed the premium payments allocated to the payment of benefits shall be the liability of the contributing members. Contributing members shall share in the claims expense of the state plan and operating and administrative expenses of the association in an amount equal to the ratio of the contributing member's total accident and health insurance premium, received from or on behalf of Minnesota residents as divided by the total accident and health insurance premium, received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner. Payments made by the state to a contributing member for medical assistance, MinnesotaCare, or general assistance medical care services according to chapters 256, 256B, and 256D shall be excluded when determining a contributing member's total premium.

(b) In making the allocation of losses provided in paragraph (a) in each future year, the association's assessment against the school employee insurance program must be based on premiums received by the school employee insurance program in that future year from the school employers that, on May 1, 2011, were receiving health care coverage from a contributing member of the association. The association shall assess the premiums paid in each future year by those employers at the same rate as premiums paid to other members of the association. For purposes of this calculation, premiums of the program used must be net of rate credits and retroactive rate refunds on the same basis as the premiums of other association members.

EFFECTIVE DATE. This section is effective for coverage to begin January 1, 2013."

Page 18, after line 24, insert:

"Sec. 37. Minnesota Statutes 2010, section 297I.05, is amended by adding a subdivision to read:

Subd. 15. **School employee insurance program.** A tax is imposed on the school employee insurance program created under section 43A.316, subdivision 12. The tax must be assessed upon gross premiums less return premiums received by the school employee insurance program in that calendar year from a school employer that, on May 1, 2011, was purchasing health care coverage from an entity that is required to pay tax under subdivision 1, 3, 4, or 5. The commissioner shall assess the premiums paid in each year to the school employee insurance program by those employers at the same rate as premiums paid by the entities under subdivision 1, 3, 4, or 5 as applicable to the school employer.

Sec. 38. Minnesota Statutes 2010, section 297I.15, subdivision 3, is amended to read:

Subd. 3. **Public employees insurance program.** Premiums paid to the public employees insurance program under section 43A.316 are exempt from the taxes imposed under this chapter, except for premiums paid to the school employee insurance program as provided in section 297I.05, subdivision 15.

Sec. 39. APPOINTMENTS TO SCHOOL EMPLOYEE INSURANCE COMMITTEE; FIRST MEETING.

The appointing authorities under Minnesota Statutes, section 43A.316, subdivision 14, shall complete their initial appointments no later than August 1, 2011. The commissioner of management and budget, or the commissioner's designee, shall convene the first meeting of the school employee insurance committee within 30 days after determining that (1) an amendment or change to the coverage offered under Minnesota Statutes, section 43A.316, subdivision 12, is necessary; or (2) advice from the committee concerning the administration of the coverage would assist the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2011.

Sec. 40. START-UP FUNDING; ADMINISTRATION OF ONGOING REVENUES AND EXPENSES.

(a) The commissioner of management and budget shall use funds available in the insurance trust fund under Minnesota Statutes, section 43A.316, subdivision 9, in the form of temporary funding to pay for the administrative start-up costs necessary under this act. In addition to the amounts of temporary funding, the commissioner shall determine the amount of interest lost to the insurance

trust fund as a result of the temporary funding.

(b) The commissioner of management and budget shall impose an enrollment fee upon the premium charged for the first three months of coverage under the school employee insurance program created in this act sufficient to repay to the insurance trust fund the loans provided to cover the start-up costs incurred by the commissioner under paragraph (a), plus foregone interest to the insurance trust fund, as determined under paragraph (a). The commissioner shall deposit the enrollment fees in the insurance trust fund.

(c) All costs incurred and revenue received by the commissioner of management and budget under this act in addition to those dealt with in paragraphs (a) and (b), shall on an ongoing basis be deposited into and paid out of the insurance trust fund as provided in Minnesota Statutes, section 43A.316, subdivision 9, as amended in this act."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Olson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Dibble appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 36 and nays 26, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandever
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hoffman	Magnus	Parry	
Daley	Howe	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	
Fischbach	Jungbauer	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Marty	Saxhaug	Torres Ray
Berglin	Higgins	Metzen	Sieben	Wiger
Bonoff	Kelash	Pappas	Skoe	
Cohen	Kubly	Pogemiller	Sparks	
Dibble	Langseth	Reinert	Stumpf	
Goodwin	Lourey	Rest	Tomassoni	

So the decision of the President was sustained.

Senator Goodwin moved to amend S.F. No. 1030 as follows:

Page 19, delete section 27

Pages 28 to 39, delete sections 4 to 15

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 23 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Marty	Saxhaug	Tomassoni
Berglin	Kelash	Metzen	Sieben	Torres Ray
Cohen	Kubly	Pappas	Skoe	Wiger
Goodwin	Langseth	Pogemiller	Sparks	
Harrington	Lourey	Rest	Stumpf	

Those who voted in the negative were:

Benson	Fischbach	Jungbauer	Nelson	Rosen
Bonoff	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vanderveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hoffman	Magnus	Parry	
Daley	Howe	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1030 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 36 and nays 25, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vanderveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hoffman	Magnus	Parry	
Daley	Howe	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	
Fischbach	Jungbauer	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Lourey	Rest	Sparks
Berglin	Higgins	Marty	Saxhaug	Stumpf
Bonoff	Kelash	Metzen	Sheran	Tomassoni
Cohen	Kubly	Pappas	Sieben	Torres Ray
Goodwin	Langseth	Pogemiller	Skoe	Wiger

So the bill, as amended, was passed and its title was agreed to.

Senator Koch moved that S.F. No. 1030 be laid on the table. The motion prevailed.

MEMBERS EXCUSED

Senators Rosen and Stumpf were excused from the Session of today from 9:00 to 10:30 a.m. Senator Latz was excused from the Session of today from 11:00 to 11:30 a.m. and from 11:40 a.m. to 12:05 p.m. and at 1:10 p.m. Senator Thompson was excused from the Session of today from 11:20

to 11:40 a.m. Senator Gimse was excused from the Session of today from 11:50 a.m. to 12:10 p.m. Senator Scheid was excused from the Session of today at 1:00 p.m. Senator Hann was excused from the Session of today at 1:10 p.m. Senator Sheran was excused from the Session today from 1:45 to 2:10 p.m. Senator Dibble was excused from the Session of today at 1:55 p.m. Senator Reinert was excused from the Session of today at 2:00 p.m.

ADJOURNMENT

Senator Koch moved that the Senate do now adjourn until 10:00 a.m., Monday, April 4, 2011. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

