

STATE OF MINNESOTA

EIGHTY-THIRD SESSION — 2004

SEVENTY-NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 25, 2004

The House of Representatives convened at 3:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Father Greg Welch, St. Austin's Catholic Church, Minneapolis, Minnesota.

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

The roll was called and the following members were present:

Abeler	DeLaForest	Heidgerken	Latz	Osterman	Smith
Abrams	Demmer	Hilstrom	Lenczewski	Otremba	Soderstrom
Adolphson	Dempsey	Hilty	Lesch	Otto	Solberg
Anderson, B.	Dill	Holberg	Lieder	Ozment	Stang
Anderson, I.	Dorman	Hoppe	Lindgren	Paulsen	Swenson
Anderson, J.	Dorn	Hornstein	Lindner	Paymar	Sykora
Atkins	Eastlund	Howes	Lipman	Pelowski	Thao
Beard	Eken	Huntley	Magnus	Penas	Thissen
Bernardy	Ellison	Jacobson	Mahoney	Peterson	Tingelstad
Biernat	Entenza	Jaros	Mariani	Powell	Urdahl
Blaine	Erhardt	Johnson, J.	Marquart	Pugh	Vandever
Borrell	Erickson	Johnson, S.	McNamara	Rhodes	Wagenius
Boudreau	Finstad	Juhnke	Mullery	Rukavina	Walker
Bradley	Fuller	Kahn	Murphy	Ruth	Walz
Brod	Gerlach	Kelliher	Nelson, C.	Samuelson	Wardlow
Buesgens	Goodwin	Klinzing	Nelson, M.	Seagren	Wasiluk
Carlson	Greiling	Knoblach	Nelson, P.	Seifert	Westerberg
Clark	Gunther	Koenen	Newman	Sertich	Westrom
Cornish	Haas	Kohls	Nornes	Severson	Wilkin
Cox	Hackbarth	Krinkie	Olsen, S.	Sieben	Zellers
Davids	Harder	Kuisle	Olson, M.	Simpson	Spk. Sviggum
Davnie	Hausman	Lanning	Opatz	Slawik	

A quorum was present.

Larson, Meslow and Strachan were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Lesch moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Haas from the Committee on State Government Finance to which was referred:

H. F. No. 2058, A bill for an act relating to elections; expanding membership and staff of the Campaign Finance and Public Disclosure Board; creating administrative remedy for violations of fair campaign practices in state and local elections; repealing mandate that county attorney investigate violations of voter registration laws and fair campaign practices; appropriating money; amending Minnesota Statutes 2002, sections 10A.02, subdivisions 1, 2, 3, 7, 12; 201.275; 211A.05, subdivision 2; Minnesota Statutes 2003 Supplement, section 204B.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 10A; 211A; 211B; repealing Minnesota Statutes 2002, sections 211A.08, subdivisions 1, 2; 211B.16, subdivisions 1, 2.

Reported the same back with the following amendments:

Page 1, after line 16, insert:

"Section 1. [CITATION.]

This act may be cited as the Fair Campaign Reform Act."

Page 5, lines 24, 30, and 36, before "violation" insert "prima facie"

Page 6, line 18, before the period, insert "and that the respondent may submit evidence for consideration by the board or a panel of the board"

Page 7, line 31, after the period, insert "The respondent may submit a response, including supporting affidavits and documentation, for consideration by the panel."

Page 8, line 2, delete everything after "If"

Page 8, line 3, delete everything before "must" and insert "the vote to dismiss is not unanimous, the panel"

Page 9, line 18, after the period, insert "The respondent may submit a response, including supporting affidavits and documentation, for consideration by the board."

Page 11, lines 23, 25, 27, 29, 32, 34, and 36, delete "\$..." and insert "\$50"

Page 12, lines 2, 4, and 6, delete "\$..." and insert "\$50"

Page 12, line 8, delete ", plus a fair campaign fee of \$..."

Page 12, line 10, delete "\$...; and" and insert "\$10:"

Page 12, line 11, delete "municipal" and insert "city" and delete "\$..." and insert "\$10; and

(14) for township office, a fair campaign fee of \$5"

Page 13, delete lines 2 and 3, and insert:

"Sec. 14. Minnesota Statutes 2002, section 211A.04, is amended to read:

211A.04 [~~SECRETARY OF STATE'S~~ CAMPAIGN FINANCE BOARD DUTIES.]

Subdivision 1. [REPORT FORMS.] The ~~secretary of state~~ Campaign Finance and Public Disclosure Board shall prepare blanks for reports required by section 211A.02. Copies must be furnished through the county auditor or otherwise, as the ~~secretary of state~~ board finds expedient, to a committee upon request or to a candidate upon filing for office.

Sec. 15. Minnesota Statutes 2002, section 211A.05, is amended to read:

211A.05 [FAILURE TO FILE STATEMENT.]

Subdivision 1. [PENALTY.] A candidate who intentionally fails to file a report required by section 211A.02 is guilty of a misdemeanor. The treasurer of a committee formed to promote or defeat a ballot question who intentionally fails to file a report required by section 211A.02 is guilty of a misdemeanor. Each candidate or treasurer of a committee formed to promote or defeat a ballot question shall certify to the filing officer that all reports required by section 211A.02 have been submitted to the filing officer or that the candidate or committee has not received contributions or made disbursements exceeding \$750 in the calendar year. The certification shall be submitted to the filing officer no later than seven days after the general or special election. The ~~secretary of state~~ Campaign Finance and Public Disclosure Board shall prepare blanks for this certification. An officer who issues a certificate of election to a candidate who has not certified that all reports required by section 211A.02 have been filed is guilty of a misdemeanor."

Page 13, after line 16, insert:

"Sec. 17. Minnesota Statutes 2002, section 211B.14, is amended to read:

211B.14 [DIGEST OF LAWS.]

The ~~secretary of state~~ Campaign Finance and Public Disclosure Board, with the approval of the attorney general, shall prepare and print an easily understandable digest of this chapter and annotations of it. The digest may include other related laws and annotations at the discretion of the ~~secretary of state~~ board.

The ~~secretary of state~~ board shall distribute the digest to candidates and committees through the county auditor or otherwise as the ~~secretary of state~~ board considers expedient. A copy of the digest and, if appropriate, a financial reporting form and a certification of filing form must be distributed to each candidate by the filing officer at the time that the candidate's affidavit of candidacy is filed.

Sec. 18. Minnesota Statutes 2002, section 211B.15, subdivision 12, is amended to read:

Subd. 12. [REPORTS REQUIRED.] The total amount of an expenditure or contribution for any one project permitted by subdivisions 9 and 11 that is more than \$200, together with the date, purpose, and the names and addresses of the persons receiving the contribution or expenditures, must be reported to the ~~secretary of state~~ Campaign Finance and Public Disclosure Board. The reports must be filed on forms provided by the ~~secretary of state~~ board on the dates required for committees under section 211A.02. Failure to file is a misdemeanor."

Page 13, after line 19, insert:

"Sec. 20. Minnesota Statutes 2002, section 383B.055, subdivision 2, is amended to read:

Subd. 2. ~~The county filing officer of Hennepin County Campaign Finance and Public Disclosure Board~~ shall develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054. ~~The filing officer board~~ shall furnish sufficient copies of the forms to all officers with whom candidates file affidavits or applications of candidacy and nominating petitions."

Page 13, delete section 16

Page 13, after line 28, insert:

"Sec. 22. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall renumber Minnesota Statutes, section 211B.11, subdivision 1, as section 204C.06, subdivision 8."

Page 13, line 30, delete everything before "are" and insert "Sections 2 to 6, 12, 13, and 16 to 21"

Page 13, delete line 31 and insert "2005. Sections 7 to 11 are effective July 1, 2005."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "appropriating money;"

Page 1, line 10, after "201.275;" insert "211A.04;" and delete ", subdivision 2;" and insert "; 211B.14; 211B.15, subdivision 12; 383B.055, subdivision 2;"

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means without further recommendation.

The report was adopted.

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2095, A bill for an act relating to mortgage foreclosure; providing for rescission of foreclosure consultant contracts; regulating foreclosure consultant contracts; providing remedies for foreclosure violations; requiring foreclosure purchasers to enter foreclosure reconveyances in the form of written contracts; regulating foreclosure contracts; prohibiting certain foreclosure purchaser practices; providing enforcement remedies; requiring certain foreclosure notices; imposing criminal penalties; amending Minnesota Statutes 2002, section 580.03; proposing coding for new law in Minnesota Statutes, chapter 580; proposing coding for new law as Minnesota Statutes, chapter 325N.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 2212, A bill for an act relating to natural resources; modifying electronic licensing provisions; clarifying certain wild rice provisions; modifying disposition of certain proceeds; modifying snowmobile training and operating requirements; modifying certain fee provisions; eliminating RIM work plan requirement; modifying reporting requirements; modifying motorboat equipment and noise provisions; modifying provisions for cross-country ski passes; providing for certain refunds, fees, and commissions; modifying authority to issue and sell licenses and appoint agents; modifying nonresident minnow transport requirements; providing for rulemaking; appropriating money; amending Minnesota Statutes 2002, sections 84.027, subdivision 15; 84.091, subdivision 1; 84.83, subdivision 2; 84.86, subdivision 1; 84.862, subdivisions 1, 3; 84.872, subdivision 1; 85.41, subdivisions 2, 4, 5; 85.43; 86B.321, subdivision 2; 86B.521, subdivisions 1, 2; 97A.055, subdivision 4; 97A.311, by adding a subdivision; 97A.434, subdivision 3; 97A.4742, subdivision 4; 97A.485, subdivisions 3, 4, 5, 7, 11; 97C.501, subdivision 4; 97C.525, subdivisions 3, 5; Minnesota Statutes 2003 Supplement, sections 84.862, subdivision 2a; 97A.475, subdivision 26; 97A.485, subdivision 6; 103G.615, subdivision 2; repealing Minnesota Statutes 2002, sections 84.862, subdivision 2; 84.95, subdivision 3; 97A.485, subdivisions 2, 8, 10; Minnesota Statutes 2003 Supplement, section 97A.475, subdivision 28.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2304, A bill for an act relating to drivers' licenses; modifying requirements for operating motor vehicle by holder of provisional license; amending Minnesota Statutes 2002, section 171.055, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 23, delete "(i)"

Page 1, line 25, delete everything after "holder" and insert a period

Page 2, delete lines 1 to 3 and insert:

"(c) A provisional license holder may operate a motor vehicle without complying with a restriction under paragraph (b) if the license holder carries written permission signed by a parent or guardian that authorizes the operation without complying with that restriction including a telephone number where the signing parent or guardian may be contacted during those hours."

Page 2, line 4, delete "(c)" and insert "(d)"

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2436, A bill for an act relating to health; providing for public health emergencies; regulating public employees group long-term care insurance; amending Minnesota Statutes 2002, sections 12.03, subdivision 4d; 12.39, subdivision 2; 43A.318, subdivisions 1, 2; 144.419, subdivision 1; 144.4195, subdivisions 1, 2, 3, 5; Minnesota Statutes 2003 Supplement, section 13.37, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 12; 144; repealing Laws 2002, chapter 402, section 21.

Reported the same back with the following amendments:

Page 2, line 8, before "includes" insert "means a plan describing the coordination of various government or private sector emergency responsibilities, including addressing the accessibility needs of persons with disabilities and of other special populations, and"

Page 3, delete lines 8 to 36

Page 4, delete lines 1 to 22

Page 5, delete line 8

Page 5, line 9, delete "contrary,"

Pages 6 to 9, delete sections 9 and 10

Page 15, delete lines 22 and 23

Page 15, line 27, before the period, insert "during a public health emergency and during emergency preparedness preparations"

Page 15, line 28, delete "1" and insert "15"

Page 16, line 7, delete "1" and insert "15"

Page 16, line 15, delete "7, and 16" and insert "5, and 12"

Page 16, line 19, delete "8" and insert "6"

Page 16, line 22, delete "18" and insert "14"

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, line 4, delete everything before "amending"

Page 1, line 6, delete "43A.318, subdivisions 1, 2;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 2649, A bill for an act relating to insurance; requiring the commissioner of commerce to study and report on options to reduce motor vehicle insurance premiums for private transit companies and taxi services.

Reported the same back with the following amendments:

Page 1, line 9, delete everything after "must" and insert "convene a task force including representatives from"

Page 1, line 10, delete "with insurers" and insert "the insurance industry" and delete the first "and" and after "companies," insert "and others as appropriate,"

Page 1, line 13, delete "The"

Page 1, delete line 14

Page 1, line 15, delete "through" and insert "Subjects to be considered by the task force may include"

Page 2, line 4, before the period, insert "including, but not limited to, a program modeled after the Transit Mutual Insurance Corporation of Wisconsin"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2653, A bill for an act relating to public safety; removing sunset date on propane education and research council established under federal law; repealing Laws 2001, chapter 130, sections 5, 6.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Stang from the Committee on Higher Education Finance to which was referred:

H. F. No. 2663, A bill for an act relating to higher education; extending sunset of education telecommunications council; requiring eligible institutions to provide certain data to the Higher Education Services Office; making changes relating to child care grants and the Minnesota College Savings Plan; modifying certain education benefits of public safety officers; repealing obsolete rules; amending Minnesota Statutes 2002, sections 136A.121, by adding a subdivision; 136G.11, by adding a subdivision; 299A.45, subdivision 4; Minnesota Statutes 2003 Supplement, sections 125B.21, subdivision 1; 136A.125, subdivision 2; 136G.11, subdivisions 1, 3; 136G.13, subdivision 1; repealing Minnesota Statutes 2003 Supplement, section 136G.11, subdivision 2; Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; 4830.8150.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are added to, or, if shown in parentheses, are subtracted from the appropriations in Laws 2003, chapter 133, or other law to the specified agencies. The appropriations are from the general fund, or other named fund, to the agencies and for the purposes specified. The figure "2004" or "2005" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2004, or June 30, 2005, respectively. If only one figure is shown in the text for the specified purpose, the addition or subtraction is for 2004 unless the context indicates another fiscal year.

SUMMARY BY FUND

	2004	2005	TOTAL
General	(\$3,600,000)	(\$3,684,000)	(\$7,284,000)

SUMMARY BY AGENCY - ALL FUNDS

	2004	2005	TOTAL
Higher Education Services Office	(\$3,600,000)	(\$3,684,000)	(\$7,284,000)

APPROPRIATIONS
Available for the Year
Ending June 30

2004	2005
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Sec. 2. HIGHER EDUCATION SERVICES OFFICE

Subdivision 1. Total Appropriation Changes	(\$3,600,000)	(\$3,684,000)
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Subd. 2. State Grants

Of the amount appropriated for the state grant program in Laws 2003, chapter 133, article 1, section 2, subdivision 2, up to \$400,000 may be spent to upgrade the computer database used to make projections for the state grant program. This amount is available until June 30, 2007.

Subd. 3. Interstate Tuition Reciprocity	(3,600,000)	(3,600,000)
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Beginning in fiscal year 2006, the base appropriation for this program is \$2,000,000 annually.

Subd. 4. Agency Administration	-0-	(84,000)
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[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2003 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;
- (9) between the Department of Human Services, the Department of Education, and the Department of Economic Security for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Higher Education Services Office to the extent necessary to determine eligibility under ~~section~~ sections 136A.121, subdivision 2, clause (5), and 136A.125, subdivision 2, clause (8);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Economic Security, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 4. Minnesota Statutes 2003 Supplement, section 125B.21, subdivision 1, is amended to read:

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota Education Telecommunications Council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the Board of Trustees for Minnesota State Colleges and Universities; one representative of the higher education services offices; one representative appointed by the Private College Council; one representative selected by the commissioner of administration; eight representatives selected by the commissioner of education, at least one of which must come from each of the six higher education telecommunication regions; a representative from the Office of Technology; two members each from the senate and the house of representatives selected by the Subcommittee on Committees of the Committee on Rules and Administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor; and two members, one selected from and representing the higher education regional coordinators and one selected from and representing the kindergarten through grade 12 cluster regions. The council shall serve as a forum to establish and advocate for a statewide vision and plans for the use of distance learning technologies, including:

- (1) the coordination and collaboration of distance learning opportunities;
- (2) the implementation of the use of distance learning technologies;
- (3) the collaboration of distance learning users;
- (4) the implementation of educational policy relating to telecommunications;
- (5) the exchange of ideas;
- (6) the communications with state government and related agencies and entities;
- (7) the coordination of networks for postsecondary campuses, kindergarten through grade 12 education, and regional and community libraries; and
- (8) the promotion of consistency of the operation of the learning network with standards of an open system architecture.

The council expires June 30, ~~2004~~ 2005.

Sec. 5. Minnesota Statutes 2002, section 136A.08, is amended by adding a subdivision to read:

Subd. 7. [REPORTING.] The Higher Education Services Office must annually submit a report to the committees in the house of representatives and the senate with responsibility for higher education on (1) participation in the tuition reciprocity program by Minnesota students and students from other states attending Minnesota postsecondary institutions; (2) reciprocity and resident tuition rates at each institution; and (3) interstate payments and obligations for each state participating in the tuition reciprocity program in the prior year.

Sec. 6. Minnesota Statutes 2002, section 136A.121, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR GRANTS.] An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.095 to 136A.131 if the office finds that the applicant:

(1) is a resident of the state of Minnesota;

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the office, of any federal or state student educational loan; and

(5) is not more than 30 days in arrears ~~for any in court-ordered child support payments owed to a~~ that is collected or enforced by the public agency authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518.553 or order for arrearages. ~~An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the amount of the monthly child support obligation or no less than \$30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.~~

~~The director and the commissioner of human services shall develop procedures to implement clause (5).~~

Sec. 7. Minnesota Statutes 2002, section 136A.121, is amended by adding a subdivision to read:

Subd. 18. [DATA.] An eligible institution must provide student enrollment and financial aid data to the office to enable the office to carry out its responsibilities under section 136A.01, subdivision 2, clause (6).

Sec. 8. Minnesota Statutes 2003 Supplement, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; ~~and~~

(7) is in good academic standing and making satisfactory academic progress; and

(8) is not more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518.553 or order for arrearages.

Sec. 9. Minnesota Statutes 2003 Supplement, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. [MATCHING GRANT QUALIFICATION.] By June 30 of each year, a state matching grant must be added to each account established under the program if the following conditions are met:

- (1) the contributor applies, in writing in a form prescribed by the director, for a matching grant;
- (2) a minimum contribution of \$200 was made during the preceding calendar year; ~~and~~
- (3) the beneficiary's family meets Minnesota College Savings Plan residency requirements; and
- (4) the family income of the beneficiary did not exceed \$80,000.

Sec. 10. Minnesota Statutes 2003 Supplement, section 136G.11, subdivision 3, is amended to read:

Subd. 3. [RESIDENCY REQUIREMENT.] (a) If the beneficiary is under age 25, the beneficiary's parents or legal guardians must be Minnesota residents to qualify for a matching grant. If the beneficiary is age 25 or older, the beneficiary must be a Minnesota resident to qualify for a matching grant.

(b) To meet the residency requirements, the parent or legal guardian of beneficiaries under age 25 must have filed a Minnesota individual income tax return as a Minnesota resident and claimed the beneficiary as a dependent on the parent or legal guardian's federal tax return for the calendar year in which contributions were made. If the beneficiary's parents are divorced, the parent or legal guardian claiming the beneficiary as a dependent on the federal individual income tax return must be a Minnesota resident. For beneficiaries age 25 or older, the beneficiary, and a spouse, if any, must have filed a Minnesota and a federal individual income tax return as a Minnesota resident for the calendar year in which contributions were made.

(c) A parent of beneficiaries under age 25 and beneficiaries age 25 or older who did not reside in Minnesota in the calendar year in which contributions were made are not eligible for a matching grant.

Sec. 11. Minnesota Statutes 2002, section 136G.11, is amended by adding a subdivision to read:

Subd. 3a. [FAMILY INCOME.] (a) For purposes of this section, "family income" means:

(1) if the beneficiary is under age 25, the combined adjusted gross income of the beneficiary's parents or legal guardians as reported on the federal tax return or returns for the calendar year in which contributions were made. If the beneficiary's parents or legal guardians are divorced, the income of the parent claiming the beneficiary as a dependent on the federal individual income tax return and the income of that parent's spouse, if any, is used to determine family income; or

(2) if the beneficiary is age 25 or older, the combined adjusted gross income of the beneficiary and spouse, if any.

(b) For a parent or legal guardian of beneficiaries under age 25 and for beneficiaries age 25 or older who resided in Minnesota and filed a federal individual income tax return, the matching grant must be based on family income from the calendar year in which contributions were made.

Sec. 12. Minnesota Statutes 2003 Supplement, section 136G.13, subdivision 1, is amended to read:

Subdivision 1. [QUALIFIED DISTRIBUTION METHODS.] (a) Qualified distributions may be made:

(1) directly to participating eligible educational institutions on behalf of the beneficiary; ~~or~~

(2) in the form of a check payable to both the beneficiary and the eligible educational institution; or

(3) to an account owner.

(b) Qualified distributions must be withdrawn proportionally from contributions and earnings in an account owner's account on the date of distribution as provided in section 529 of the Internal Revenue Code.

Sec. 13. [DOCTORAL DEGREES; REPORT.]

Notwithstanding Laws 2003, chapter 133, article 1, section 3, subdivision 2, or any other law to the contrary, a Minnesota state university may prepare and submit to the legislature a report on a plan to develop and offer applied doctoral level programs or degrees. The report must include a cost and revenue analysis of offering doctoral programs with a detailed account of how the costs will be funded. If the institutions choose to prepare the report, the report must be submitted by January 15, 2007.

Sec. 14. [TUITION RECIPROCITY; SOUTH DAKOTA.]

By December 1, 2004, the Higher Education Services Office must renegotiate the tuition reciprocity agreement with the South Dakota Board of Regents to provide for interstate payments that (1) conform to the statutory requirements under Minnesota and South Dakota law and (2) treat interstate reimbursements for Minnesota or South Dakota comparable to the treatment in Minnesota's reciprocity agreements with Wisconsin or North Dakota. The payment of any obligations under the South Dakota tuition reciprocity agreement must begin with fiscal year 2006.

Sec. 15. [REPEALER.]

(a) Minnesota Statutes 2003 Supplement, section 136G.11, subdivision 2, is repealed.

(b) Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; and 4830.8150, are repealed."

Delete the title and insert:

"A bill for an act relating to higher education; extending sunset of education telecommunications council; requiring eligible institutions to provide certain data to the Higher Education Services Office; making changes relating to child care grants and the Minnesota College Savings Plan; modifying certain education benefits of public safety officers; repealing obsolete rules; making changes to tuition reciprocity; authorizing planning for applied doctoral degrees; reducing appropriations; amending Minnesota Statutes 2002, sections 136A.08, by adding a subdivision; 136A.121, subdivision 2, by adding a subdivision; 136G.11, by adding a subdivision; Minnesota

Statutes 2003 Supplement, sections 13.46, subdivision 2; 125B.21, subdivision 1; 136A.125, subdivision 2; 136G.11, subdivisions 1, 3; 136G.13, subdivision 1; repealing Minnesota Statutes 2003 Supplement, section 136G.11, subdivision 2; Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; 4830.8150."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Kuisle from the Committee on Transportation Finance to which was referred:

H. F. No. 2737, A bill for an act relating to municipal airports; requiring notice to commissioner of transportation and public notice and hearing before final closure of municipal airport; proposing coding for new law in Minnesota Statutes, chapter 360.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 2799, A bill for an act relating to employment; modifying state dislocated worker program provisions; amending Minnesota Statutes 2002, section 116L.17, subdivisions 1, 4, 5, 6; Minnesota Statutes 2003 Supplement, section 116L.17, subdivisions 2, 3; repealing Minnesota Statutes 2002, section 116L.17, subdivision 7.

Reported the same back with the following amendments:

Page 4, line 12, strike "councils" and insert "investment boards"

Page 7, lines 16, 18, 27, 32, and 36, delete "councils" and insert "investment boards"

Page 7, line 26, after "commissioner" insert ", in consultation with the board."

Page 8, line 6, delete "councils" and insert "investment boards"

Page 8, line 10, delete "council" and insert "investment board"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2905, A bill for an act relating to state government; authorizing agency heads to contract with national purchasing organizations for the purchase of goods; amending Minnesota Statutes 2002, section 16C.03, subdivision 3, by adding a subdivision.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 2, line 18, delete "Sec. 2." and insert "Section 1."

Page 2, delete lines 20 to 25 and insert:

"Subd. 18. [COOPERATIVE PURCHASE OF GOODS.] (a) In determining best value, the commissioner may seek to combine purchases across multiple units of government to achieve volume discounts. When consistent with section 16C.06, subdivision 4, the commissioner shall expand the choices available to agencies by recognizing contracts bid to purchasing alliances or cooperatives established as a national association of states or municipalities for the acquisition of goods. To be eligible for such multiple award contracts, the cooperative's or association's acquisition methods must comply with the requirements of this chapter and sections 16B.121 to 16B.126 and 363A.36.

(b) Contracts under this section may not include any items, as defined under section 16B.181, subdivision 1, clause (2), included within the lists of items available for purchase from the Department of Corrections industries prepared by the commissioner of corrections under section 16B.181, subdivision 2, paragraph (a)."

Amend the title as follows:

Page 1, line 2, delete "agency heads"

Page 1, delete line 3

Page 1, line 4, after "the" insert "cooperative"

Page 1, line 5, delete "subdivision 3,"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2915, A bill for an act relating to workers' compensation; making technical changes; modifying the definition of "personal injury" to include injury or disease resulting from certain vaccines; authorizing qualifying employees to opt to receive alternative workers' compensation benefits; amending Minnesota Statutes 2002, sections 176.011, subdivisions 15, 16; 176.081, subdivision 1; 176.092, subdivision 1a; 176.102, subdivision 3a; 176.129,

subdivisions 1b, 2a, 13; 176.135, subdivisions 1, 7; 176.1351, subdivisions 3, 5, by adding a subdivision; 176.136, subdivision 1a; 176.181, by adding a subdivision; 176.1812, subdivision 6; 176.185, subdivision 1; 176.231, subdivision 5; 176.238, subdivision 10; 176.391, subdivision 2; 176.83, subdivision 5.

Reported the same back with the following amendments:

Page 21, line 36, after "further" insert "administrative"

Page 23, line 5, after "further" insert "administrative"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law.

The report was adopted.

Seagren from the Committee on Education Finance to which was referred:

H. F. No. 3016, A bill for an act relating to education finance; appropriating money for prekindergarten through grade 12 education, including general education, education excellence, special programs, and facilities and technology; early childhood and family education, including prevention and self-sufficiency and lifelong learning; amending Minnesota Statutes 2003 Supplement, section 123B.54; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivisions 2, 3, 5, 6, 11, 12; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivisions 2, 3, 4, 5, 7, 9, 12; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivisions 4, 5, 6, 7, 8, 9; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivisions 2, 5; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2002, section 120A.05, is amended by adding a subdivision to read:

Subd. 18. [KINDERGARTEN.] "Kindergarten" means a program designed for pupils five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter first grade the following school year. A program designed for pupils younger than five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter kindergarten the following school year is a prekindergarten program.

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

Sec. 2. [120B.124] [BASIC SKILLS INTERVENTION.]

Districts and charter schools must provide or contract for summer school classes for all district and charter school students in grades 9 through 12 who have not received a passing score on a basic skills test taken by the student as required for high school graduation under sections 120B.02 and 120B.30. These courses must provide additional instruction in the subject areas where students demonstrate a lack of comprehension of specific subject matter on the basic skills tests.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to summer sessions starting after June 1, 2004.

Sec. 3. Minnesota Statutes 2002, section 121A.34, is amended by adding a subdivision to read:

Subd. 5. [BELTS AND OTHER ACCESSORIES.] Notwithstanding any rule of the commissioner of public safety, vests, sashes, ponchos, and Sam Browne belts worn by school safety patrol members may be fluorescent yellow, fluorescent yellow-green, or blaze orange.

Sec. 4. Minnesota Statutes 2002, section 121A.34, is amended by adding a subdivision to read:

Subd. 6. [SCHOOL SAFETY PATROL FLAGS.] Notwithstanding any rule of the commissioner of public safety, school safety patrol flags may be (1) blaze orange with a yellow octagon bearing the word "Stop" in black letters, or (2) fluorescent yellow or fluorescent yellow-green with an octagon of sharply contrasting color bearing the word "Stop" in black letters.

Sec. 5. Minnesota Statutes 2002, section 123B.76, is amended by adding a subdivision to read:

Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

(b) Each district shall maintain separate accounts to identify general fund expenditures, excluding capital expenditures and pupil transportation, for each building. All expenditures for regular instruction, secondary vocational instruction, and school administration must be reported to the department separately for each building. All expenditures for special education instruction, instructional support services, and pupil support services provided within a specific building must be reported to the department separately for each building. Salary expenditures reported by building must reflect actual salaries for staff at the building and must not be based on districtwide averages. All other general fund expenditures may be reported on a districtwide basis.

(c) The department must annually report information showing school district general fund expenditures per pupil by program category for each building and estimated school district general fund revenue generated by pupils attending each building on its Web site. For purposes of this report:

(1) expenditures not required to be reported by building shall be allocated among buildings on a uniform per pupil basis;

(2) basic skills revenue shall be allocated according to section 126C.10, subdivision 4;

(3) secondary sparsity revenue and elementary sparsity revenue shall be allocated according to section 126C.10, subdivisions 7 and 8;

(4) other general education revenue shall be allocated on a uniform per pupil unit basis;

(5) first grade preparedness aid shall be allocated according to section 124D.081;

(6) state and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building; and

(7) other general fund revenues shall be allocated on a uniform per pupil basis, except that the department may allocate other revenues attributable to specific buildings directly to those buildings.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to reports for fiscal year 2004 and later.

Sec. 6. Minnesota Statutes 2003 Supplement, section 123B.77, subdivision 4, is amended to read:

Subd. 4. [BUDGET APPROVAL.] Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. Prior to the appropriation of revenue for the next school year in the initial budget, the board shall ~~calculate the general education revenue, basic skills revenue, and referendum revenue for that year that it estimates will be generated by the pupils in attendance at each site, and shall inform the principal or other responsible administrative authority of each site of that estimate and report this information to the amount of general education and referendum revenue that the~~ Department of Education estimates will be generated by the pupils in attendance at each site. For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to reports for fiscal year 2005 and later.

Sec. 7. Minnesota Statutes 2002, section 123B.82, is amended to read:

123B.82 [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than ~~capital expenditure~~, building construction, debt redemption, and trust and agency, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 123A.39, subdivision 3; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 123A.46 or 123A.48.

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

Sec. 8. Minnesota Statutes 2003 Supplement, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; ~~and~~

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128;

(viii) for purposes of computing special education base revenue under section 125A.76, subdivision 2, the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year, must be included in the disabled transportation category; and

(ix) for purposes of computing special education base revenue under section 125A.76, subdivision 2, depreciation on district-owned buses purchased after July 1, 2004, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clause (1), items (ii) and (iii), must be included in the disabled transportation category. Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

[EFFECTIVE DATE.] This section is effective July 1, 2004, and applies for revenue for fiscal year 2005.

Sec. 9. Minnesota Statutes 2002, section 123B.92, subdivision 5, is amended to read:

Subd. 5. [DISTRICT REPORTS.] (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of other district employees who work part-time in transportation and part-time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on a cost per mile, cost per student, cost per hour, or cost per route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits

may either be directly charged to the appropriate transportation category or may be allocated among transportation categories on a cost per mile or cost per student basis. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 10. Minnesota Statutes 2003 Supplement, section 124D.454, subdivision 2, is amended to read:

Subd. 2. **[DEFINITIONS.]** For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.

(f) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12, ~~paragraph (e)~~. This definition is not intended to change or modify the definition of essential employee in chapter 179A.

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

Sec. 11. Minnesota Statutes 2002, section 125A.51, is amended to read:

125A.51 **[PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]**

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs, unless the pupil is homeless and placed in a public or private facility as defined in section 125A.515. Then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(f) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category.

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

Sec. 12. Minnesota Statutes 2003 Supplement, section 126C.10, subdivision 3, is amended to read:

Subd. 3. [COMPENSATORY EDUCATION REVENUE.] (a) 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. 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.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 13. Minnesota Statutes 2003 Supplement, section 126C.10, subdivision 31, is amended to read:

Subd. 31. [TRANSITION REVENUE.] (a) A district's transition allowance for fiscal years 2004 through 2008 equals 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 of 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 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002. A district's transition allowance for fiscal year 2009 and later is zero.

(b) A district's transition revenue for fiscal year 2004 ~~and later~~ equals the product of the district's transition allowance times the district's adjusted marginal cost pupil units.

(c) A district's transition revenue for fiscal year 2005 equals the sum of:

(1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units, plus

(2) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004.

(d) A district's transition revenue for fiscal year 2006 and later equals the sum of:

(1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units, plus

(2) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus

(3) the amount of compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 14. Minnesota Statutes 2003 Supplement, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Except for revenue allocated for prekindergarten programs under subdivision 2, paragraph (c), 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. 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 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 learners of limited English proficiency;

(9) all day kindergarten;

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

(11) 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 July 1, 2004, for revenue for fiscal year 2005.

Sec. 15. Minnesota Statutes 2002, section 126C.15, subdivision 2, is amended to read:

Subd. 2. [BUILDING ALLOCATION.] (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district ~~received during the previous fiscal year~~ receives to school sites according to a plan adopted by the school board.

(c) Notwithstanding paragraph (a), a district may allocate up to ten percent of the amount of compensatory revenue the district receives to support prekindergarten programs under subdivision 2a.

(d) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

~~(d)~~ (e) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

[EFFECTIVE DATE.] This section is effective July 1, 2004, for revenue for fiscal year 2005.

Sec. 16. Minnesota Statutes 2002, section 126C.15, is amended by adding a subdivision to read:

Subd. 2a. [PREKINDERGARTEN PROGRAMS.] Revenue allocated under subdivision 2, paragraph (c), must be reserved and used for programs and activities that prepare children ages 3-1/2 to kindergarten entrance for kindergarten. Programs may serve resident and nonresident children. Districts may contract with private preschools and other providers of prekindergarten programs.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 17. Minnesota Statutes 2003 Supplement, section 126C.17, subdivision 9, is amended to read:

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 or shall be called by the board upon written petition of qualified voters of the district. 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 paragraph (g), 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 pupil unit, ~~the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations.~~ The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized. ~~If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule.~~ 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 pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

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 pupil unit times the resident marginal cost 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 ~~and annual percentage~~ 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 ~~and annual percentage~~ 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 may result in an increase in your property taxes."

(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 and shall be called by the board upon the written petition of qualified voters of the district. 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) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

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

(f) 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.

[EFFECTIVE DATE.] This section is effective for referenda conducted on or after July 1, 2004.

Sec. 18. Minnesota Statutes 2003 Supplement, section 126C.43, subdivision 2, is amended to read:

Subd. 2. [PAYMENT TO UNEMPLOYMENT INSURANCE PROGRAM TRUST FUND BY STATE AND POLITICAL SUBDIVISIONS.] A district may levy ~~90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified~~ necessary (i) to pay the district's obligations under section 268.052, subdivision 1, and (ii) to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.085 for the fiscal year the levy is certified.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 19. Minnesota Statutes 2003 Supplement, section 126C.43, subdivision 3, is amended to read:

Subd. 3. [TAX LEVY FOR JUDGMENT.] A district may levy ~~90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified~~ necessary to pay judgments against the district under section 123B.25 that became final after the date the district certified its proposed levy in the previous year. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards, a member school district may include its proportionate share of the costs of a judgment against an intermediate school district that became final under section 123B.25 after the date that the earliest member school district certified its proposed levy in the previous year. With the approval of the commissioner, an intermediate school district member school district may spread this levy over a period not to exceed three years.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 20. Minnesota Statutes 2003 Supplement, section 126C.44, is amended to read:

126C.44 [SAFE SCHOOLS LEVY.]

(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 ~~\$27~~ \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. A school district that is a member of an intermediate school district may include in its authority under this section an additional amount equal to \$2 times the district's adjusted marginal cost pupil units for the school year for safe schools costs of the intermediate school districts.

(b) The proceeds of the levy must be 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; or (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district. 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. The levy authorized under this section is not included in determining the school district's levy limitations.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 21. Minnesota Statutes 2003 Supplement, section 127A.42, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS OF LAW.] (a) The commissioner may reduce or withhold the district's state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by:

(1) employing a teacher who does not hold a valid teaching license or permit in a public school;

(2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests;

(3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending;

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota;

(5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes;

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28, subdivision 10; or

(7) using funds contrary to the statutory purpose of the funds.

(b) If a district does not submit audited financial data or an audited financial statement according to section 123B.77, subdivision 3, the commissioner may withhold the district's state aid for the school year until the audited financial data or an audited financial statement have been submitted to the commissioner.

(c) The reduction or withholding must be made in the amount and upon the procedure provided in this section.

(d) For the purposes of this section, "reduce" means a permanent reduction in a district or charter school's state aid for a fiscal year, and "withhold" means a temporary withholding of a portion of a district or charter school's state-aid payments during the period in which a violation exists. Aids withheld from a district or charter school must be paid to the district or charter school within 30 days of the date the violation of law has been corrected.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to audited financial data and audited financial statements for fiscal year 2004 and later.

Sec. 22. Minnesota Statutes 2002, section 127A.42, subdivision 4, is amended to read:

Subd. 4. [NOTICE TO BOARD.] (a) When it appears that a violation is occurring in a district, the commissioner shall notify the board of that district in writing. The notice must specify the violations, set a reasonable time within which the district must correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced or withheld. The time allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

(b) The timeline for submission of audited financial data or an audited financial statement must allow the district or charter school at least two months beyond the statutory due date according to section 123B.77, subdivision 3, before any withholding of aid will occur.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 23. Minnesota Statutes 2002, section 127A.42, subdivision 6, is amended to read:

Subd. 6. [VIOLATION; AID REDUCTION OR WITHHOLDING.] (a) The commissioner shall not reduce or withhold state aids payable to the district if the violation specified is corrected within the time permitted, or if the audited financial data or an audited financial statement is submitted according to section 123B.77, subdivision 3, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the commissioner decides after hearing no violation specified in the commissioner's notice existed at the time of the notice, or that the violations were corrected within the time permitted. Otherwise state aids payable to the district for the year in which the violation occurred may be reduced or withheld as follows: The total amount of state aids to which the district may be entitled shall be reduced or withheld in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by up to 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

(b) Notwithstanding paragraph (a), the commissioner must not withhold more than one percent of a district's basic revenue for failure to submit audited financial data or an audited financial statement according to section 123B.77, subdivision 3.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 24. Minnesota Statutes 2002, section 127A.47, subdivision 3, is amended to read:

Subd. 3. [REVENUE FOR CHILDREN OF DIVORCED OR LEGALLY SEPARATED PARENTS OR PARENTS RESIDING SEPARATELY.] (a) In those instances when the divorced or legally separated parents or parents residing separately share joint physical custody of the child and the divorced or legally separated parents or parents residing separately reside in different school districts, for all school purposes, unless otherwise specifically provided by law, the child must be considered a resident of the school district, as indicated by the child's parents.

(b) When the child of divorced or legally separated parents or parents residing separately under paragraph (a) resides with each parent on alternate weeks, the parents shall be responsible for the transportation of the child to the border of the resident school district during those weeks when the child resides in the nonresident school district.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 25. [127A.52] [CROSS-SUBSIDY REPORTS.]

(a) By January 31 each year, the commissioner must estimate how much each district cross-subsidized the cost of special education with general education revenue during the fiscal year ending on June 30 of the previous year.

(b) By January 31 each year, the commissioner must estimate how much each district cross-subsidized the cost of basic skills programs according to section 126C.15, subdivision 1, with revenue other than basic skills revenue according to section 126C.10, subdivision 4, during the fiscal year ending on June 30 of the previous year.

(c) The commissioner must make the cross-subsidy estimates available to all districts and the public by posting the cross-subsidy reports on the department's Web site.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 26. Minnesota Statutes 2002, section 169.451, is amended to read:

169.451 [INSPECTING SCHOOL AND HEAD START BUSES; RULES; MISDEMEANOR.]

Subdivision 1. [ANNUAL REQUIREMENT.] ~~The Minnesota State Patrol shall inspect~~ Every school bus and every Head Start bus must be inspected annually to ascertain whether its construction, design, equipment, and color comply with all provisions of law.

Subd. 1a. [INSPECTOR CERTIFICATION; SUSPENSION AND REVOCATION; HEARING.] (a) An inspection required by this section may be performed only by:

(1) an employee of the Department of Public Safety or Transportation who has been certified by the commissioner after having received training provided by the State Patrol; or

(2) another person who has been certified by the commissioner after having received training provided by the State Patrol or other training approved by the commissioner.

(b) A person who is not an employee of the Department of Public Safety or Transportation may be certified by the commissioner if the person is:

(1) an owner, or employee of the owner, of one or more school buses, Head Start buses, or both;

(2) a dealer licensed under section 168.27 and engaged in the business of buying and selling school buses, Head Start buses, or both, or an employee of the dealer; or

(3) engaged in the business of repairing and servicing school buses, Head Start buses, or both.

(c) Certification of persons described in paragraph (b) is effective for two years from the date of certification. The commissioner may require biennial retraining of persons holding a certificate under paragraph (b) as a condition of renewal of the certificate. The commissioner may charge a fee of not more than \$10 for each certificate issued and renewed. A certified person described in paragraph (b) may charge a reasonable fee for each inspection of a vehicle not owned by the person or the person's employer.

(d) The commissioner may classify types of vehicles for inspection purposes and may issue separate classes of inspector certificates for each class. The commissioner shall issue separate categories of inspector certificates based on the following classifications:

(1) a class of certificate that authorizes the certificate holder to inspect school buses, Head Start buses, or both, without regard to ownership or lease; and

(2) a class of certificate that authorizes the certificate holder to inspect only school buses, Head Start buses, or both, that the certificate holder owns or leases.

The commissioner shall issue a certificate described in clause (1) only to a person described in paragraph (b), clause (2) or (3).

(e) The commissioner, after notice and an opportunity for a hearing, may suspend a certificate issued under paragraph (b) for failure to meet annual certification requirements prescribed by the commissioner or failure to inspect school buses, Head Start buses, or both, in accordance with inspection procedures established by the State Patrol. The commissioner shall revoke a certificate issued under paragraph (b) if the commissioner determines after notice and an opportunity for a hearing that the certified person issued an inspection decal for a school bus or Head

Start bus when the person knew or reasonably should have known that the vehicle was in such a state of repair that it would have been declared out of service if inspected by an employee of the State Patrol. Suspension and revocation of certificates under this subdivision are not subject to sections 14.57 to 14.69.

Subd. 1b. [INSPECTION REPORT.] (a) A person performing an inspection under this section shall issue an inspection report to the owner of the school bus or Head Start bus inspected. The report must include:

(1) the full name of the person performing the inspection and the person's inspector certification number;

(2) the name of the owner of the vehicle;

(3) the vehicle identification number and, if applicable, the license plate number of the vehicle;

(4) the date and location of the inspection;

(5) the vehicle components inspected and a description of the findings of the inspection; and

(6) the inspector's certification that the inspection was complete, accurate, and in compliance with the requirements of this section.

(b) The owner must retain a copy of the inspection report for at least 14 months at a location in the state where the vehicle is domiciled or maintained. The inspector must maintain a copy of the inspection report for a period of 14 months following the inspection in a location in the state where the inspector conducts business. During this period the report must be available for inspection by an authorized federal, state, or local official.

(c) The commissioner shall prescribe the form of the inspection report and revise it as necessary to comply with state and federal law and regulations. The adoption of the report form is not subject to the Administrative Procedure Act.

Subd. 2. [INSPECTION CERTIFICATE.] No person shall drive, or no owner shall knowingly permit or cause to be driven, any school bus or Head Start bus unless there is displayed thereon a certificate issued by the commissioner of public safety stating that on a certain date, which shall be within 13 months of the date of operation, ~~a member of the Minnesota State Patrol inspected~~ the bus was inspected under subdivision 1a and found that on the date of inspection the bus complied with the applicable provisions of state law relating to construction, design, equipment, and color.

Subd. 3. [RULES OF COMMISSIONER.] (a) The commissioner of public safety shall provide by rule for the issuance and display of distinctive inspection certificates.

(b) The commissioner of public safety shall provide by rule a point system for evaluating the effect on safety operation of any variance from law detected during inspections conducted pursuant to ~~subdivision~~ subdivisions 1, 1a, and 1b.

Subd. 4. [VIOLATION; PENALTY.] The State Patrol shall enforce subdivision 2. A violation of subdivision 2 is a misdemeanor.

Subd. 5. [RANDOM SPOT INSPECTION.] ~~In addition to the annual inspection,~~ The Minnesota State Patrol has authority to conduct random, unannounced spot inspections of any school bus or Head Start bus being operated within the state to ascertain whether it is in compliance with provisions of law, including the Minnesota school bus equipment standards in sections 169.4501 to 169.4504, subject to the procedures approved by the commissioner.

Sec. 27. Minnesota Statutes 2003 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district shall certify the proposed levy as:

(1) ~~the state determined school levy amount as prescribed under section 126C.13, subdivision 2; a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or~~

(2) ~~voter approved referendum and debt levies; and~~

(3) ~~the sum of the remaining school levies, or the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1, less the amounts levied under clauses (1) and (2).~~

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 28. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 2, is amended to read:

Subd. 2. [GENERAL EDUCATION AID.] For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$4,764,384,000 <u>\$4,726,466,000</u>	.....	2004
\$5,090,303,000 <u>\$5,017,204,000</u>	.....	2005

The 2004 appropriation includes ~~\$857,432,000~~ \$860,552,000 for 2003 and ~~\$3,906,952,000~~ \$3,865,914,000 for 2004.

The 2005 appropriation includes ~~\$1,009,856,000~~ \$1,009,822,000 for 2004 and ~~\$4,080,447,000~~ \$4,007,382,000 for 2005.

Sec. 29. [KINDERGARTEN REPORTING.]

Notwithstanding Minnesota Statutes, sections 120A.05, subdivision 18; 120A.20, subdivision 1; and 124D.02, subdivision 1, pupils four or five years of age on September 1 of the calendar year in which the school year commences and enrolled in a prekindergarten program implemented by the district before July 1, 2003, may be reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for fiscal years 2004 and earlier.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to fiscal years 2004 and earlier.

Sec. 30. [TRIAL TRANSPORTATION FEE.]

(a) Notwithstanding Minnesota Statutes, section 123B.37, subdivision 1, clause (10), for fiscal years 2005, 2006, and 2007 only, a school board may require payment of fees for transportation to and from school of any pupil transported, and for all other transportation services not required by law, subject to paragraphs (b) and (c).

(b) If a board charges fees for transportation of pupils under this section, it must establish guidelines to ensure that no pupil is denied transportation solely because of inability to pay. Any transportation fees required must be applied equally to public and nonpublic students transported within the district and expended only for transportation services. The board may require fees for students transported to charter schools or to alternative attendance programs.

(c) A school board's total transportation fees for any school year under this section may exceed the prior year's total transportation fees only for payment of increased costs in student transportation services or for expanding student transportation services.

(d) This section expires June 30, 2007.

Sec. 31. [COMPENSATORY REVENUE ALLOCATION; TEST SCORE PILOT PROGRAM.]

Subdivision 1. [PILOT PROGRAM CREATED.] Notwithstanding Minnesota Statutes, section 126C.15, a three-year pilot program is created to allow Independent School District No. 11, Anoka, to allocate compensatory revenue received under Minnesota Statutes, section 126C.10, subdivision 3, among its school buildings according to each building's test scores and other adequate yearly progress indicators for fiscal years 2005, 2006, and 2007.

Subd. 2. [NOTIFICATION PROCEDURE.] In order to allocate compensatory revenue to its school sites based on student performance, Independent School District No. 11, Anoka, must submit its plan to the commissioner of education by June 1, 2004. The plan must include a written resolution approved by the school board that: (1) identifies the test results and other indicators that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance and other adequate yearly progress indicators.

Subd. 3. [REPORT.] Independent School District No. 11, Anoka, must submit a report by February 15 of each year, to the education committees of the legislature and the commissioner of education evaluating the effectiveness of the pilot program.

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

Sec. 32. [SCHOOL BUS LEVY; CARPENTER SCHOOL BUSES.]

For taxes payable in 2005 through 2009, a school district may levy an amount, not to exceed in the aggregate, \$30,000 times the number of Carpenter school buses in its fleet that have been determined to have potentially defective welds and are subject to limitations imposed by the Minnesota Department of Public Safety.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 33. [REPEALER.]

Minnesota Statutes 2002, section 126C.23, is repealed.

ARTICLE 2

ACADEMIC EXCELLENCE

Section 1. Minnesota Statutes 2002, section 13.321, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The sections referred to in subdivisions 2 to 9 11 are codified outside this chapter. Those sections classify prekindergarten to grade 12 educational data as other than public, place restrictions on access to government data, or involve data sharing.

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

Sec. 2. Minnesota Statutes 2002, section 13.321, is amended by adding a subdivision to read:

Subd. 10. [TEACHER DATA FROM VALUE-ADDED ASSESSMENT MODEL.] Data on individual teachers generated from a value-added assessment model are governed under section 120B.362.

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

Sec. 3. Minnesota Statutes 2002, section 13.321, is amended by adding a subdivision to read:

Subd. 11. [SCHOOL ACCOUNTABILITY.] Data involving school performance report cards and data involving adequate yearly progress determinations are governed by section 120B.36.

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

Sec. 4. [120A.23] [STUDENTS MUST ATTEND SCHOOL TO OBTAIN, KEEP A DRIVER'S LICENSE OR PERMIT.]

(a) A board, by majority vote, may waive the requirement under section 171.056 that its students must attend school to obtain or keep their driver's licenses or permits. The board must formally waive the requirement by September 30 of the first school year in which the waiver applies. If a board wants to rescind its waiver and require students to comply with section 171.056 in a subsequent school year, the board must vote to rescind the waiver by September 30 of the first school year in which the waiver no longer applies.

(b) For the purposes of this section, "board" means a district school board, a board of a state-approved alternative program, or a charter school board of directors.

Sec. 5. Minnesota Statutes 2003 Supplement, section 120B.024, is amended to read:

120B.024 [GRADUATION REQUIREMENTS; COURSE CREDITS.]

Subdivision 1. [REQUIRED NUMBER OF COURSE CREDITS.] Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the grades 9, 10, and 11 academic standard standards;
- (3) three credits of science, including at least one credit in biology;
- (4) three and one-half credits of social studies, including encompassing at least one credit of United States history, one credit of geography, 0.5 credits of government and citizenship, 0.5 credits of world history, and 0.5 credits of economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies or business department; and
- (5) one credit in the arts; and
- (6) a minimum of eight seven elective course credits, including at least one credit in the arts.

A course credit is equivalent to a ~~student's successful completion of~~ student successfully completing an academic year of study or a ~~student's mastery of~~ student mastering the applicable subject matter, as determined by the local school district.

Subd. 2. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon receiving a student's application approved by the student's parent or guardian, and with the recommendation of the student's teacher, a school district, area learning center, or charter school must declare that a student has completed a content standard if the local school board, the school board of the school district in which the area learning center is located, or charter school board of directors determines that:

(1) the student is participating in a course of study including an advanced placement or international baccalaureate course or a learning opportunity outside the curriculum of the district, area learning center, or charter school that is equally or more rigorous than the academic standard required by the district, area learning center, charter school, or the state required academic standards; and

(2) completing the grade-level benchmarks of the required academic standards to be waived would preclude the student from participating in the rigorous course of study or learning opportunity.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09, that has been approved under paragraph (c), is not required to complete other requirements of the required academic standards corresponding to that specific rigorous course of study.

(c) By August 15, 2004, and each year thereafter, the Board of Regents of the University of Minnesota, the Board of Trustees of the Minnesota State Colleges and Universities, and the governing boards of Minnesota private colleges shall determine the courses offered at each postsecondary institution under the postsecondary enrollment

options program that meet the requirements of paragraph (a) and shall notify the commissioner of those courses offered that meet the requirements. The commissioner shall make available a listing of the postsecondary enrollment options courses offered at postsecondary institutions meeting the requirements of this section.

(d) Notwithstanding paragraph (a) or (b), a student who entered ninth grade before the 2003-2004 school year and satisfactorily completes an advanced placement or international baccalaureate course, or a postsecondary enrollment options course under section 124D.09, satisfies the requirements of the required academic standards corresponding to that specific rigorous course of study.

Sec. 6. [120B.122] [READING RECORD.]

A school must include a reading record in the permanent academic record of each kindergarten through grade 3 student. The reading record must include a detailed screening that identifies at least the reading strengths and weaknesses of the student and progress in phonological awareness and other early reading indicators. A school must record a student's reading progress in the student's permanent academic record each year. The reading record must also be included in the student's permanent academic record that follows the student if the student transfers to a new school or district. The commissioner, with input from school districts, must develop a sample form and content of the reading record.

Sec. 7. [120B.123] [STUDENT ACADEMIC PROGRESS.]

Subdivision 1. [STUDENT RETENTION.] (a) A public school or charter school enrolling students in any grade kindergarten through grade 6 must consider retaining a student without promotion to the next grade level when the student in the current year:

(1) was enrolled in school for at least 120 days and was absent more than 20 percent of the class time during those days;

(2) achieved below grade level test scores on highly reliable statewide or districtwide assessments; and

(3) based on the school's determination, did not master the academic skills needed to succeed in the next grade.

The school must provide differentiated instruction whether or not the student is retained in that same grade or promoted to the next grade level.

(b) "Differentiated instruction" means an instructional framework that allows classroom teachers to blend whole-class, group, and individual instruction to best meet the individual and diverse needs of the students in the classroom. A school district or charter school must determine the scope of the differentiated instruction.

Subd. 2. [APPEAL OF DECISIONS TO RETAIN A STUDENT.] After meeting with the student, the student's parent or guardian, the student's teacher or teachers, and the school principal or other appropriate administrator to discuss the student's proposed retention under subdivision 1, the principal or other administrator must provide timely written notice to the student and parent or guardian of the school's decision about promoting or retaining the student. The student's parent or guardian has 20 days from the date of receiving the notice to submit a written appeal of the decision to the school superintendent or charter school director and must list the reasons for the appeal. The school superintendent or charter school director must give timely written notice to the student's parent or guardian of the school superintendent's or charter school director's decision regarding the appeal, which is a final decision.

Subd. 3. [EXEMPTION.] A student with an individual education plan under sections 125A.05 and 125A.06 and a pupil of limited English proficiency under section 124D.59, subdivision 2, are exempt from this section.

Subd. 4. [SCHOOL POLICY.] A school board or charter school board of directors must, by August 1, 2005, adopt a student retention policy and procedure that includes the requirements under this section.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 8. [120B.131] [GIFTED AND TALENTED PROGRAM DEVELOPMENT AND STUDENT IDENTIFICATION.]

Subdivision 1. [PURPOSE.] The legislature finds that it is critical for gifted and talented students to be identified and appropriately served.

Subd. 2. [STUDENT IDENTIFICATION.] School districts are strongly encouraged to identify and assess students for possible placement in appropriate gifted and talented educational services. Consideration in student identification includes:

(1) a balance of multiple objective and subjective criteria, which may include performances as well as test results;

(2) an ongoing, comprehensive district assessment system that guides instruction and services offered;

(3) use of assessment instruments and procedures that are valid and reliable and based on current theory and research;

(4) placement decisions that are fair and consistent, valid, and reliable;

(5) provisions for informed consent, retention, reassessment, exiting, and appeals;

(6) an open process available to all students; and

(7) an identification process and collected information shared with parents, educational staff, and students themselves.

Sec. 9. [120B.135] [SCHOLARS OF DISTINCTION PROGRAM ADMINISTRATION.]

(a) The commissioner shall expand the Minnesota scholars of distinction program to include mathematics, leadership, and theater arts in order to nurture and recognize distinguished achievement by highly motivated students in those subjects. The commissioner shall authorize the creation of statewide coordinating boards to oversee the implementation of the mathematics, leadership, and theater arts specialty areas for the program. Each statewide coordinating board shall include representatives of kindergarten through grade 12 schools, higher education, businesses, or others familiar with applying complex knowledge and skills to real-world problems in that specialty. Each coordinating board shall manage and implement the program so that as many kindergarten through grade 12 students as possible who are willing to commit time, rigorous study, and dedication to learning the specialty have the opportunity to participate. Each coordinating board must establish a statewide certification panel to determine whether students have met the requirements for the particular specialty. The coordinating boards must provide assistance, if requested, to schools, community organizations, and other entities wishing to establish the program. The coordinating boards are required to seek permanent funding so that the scholars of distinction program may be permanently continued in each specialty area.

(b) For each specialty, student participants must be required to demonstrate mastery of complex subject matter and apply their knowledge and skills on challenging projects. Students who earn the scholar of distinction honor shall be awarded a small scholarship, the amount of which shall be determined by the coordinating board for the particular specialty. A notation identifying the student as a Minnesota scholar of distinction in a particular specialty must be made on the transcript of each student who successfully completes the program.

Sec. 10. Minnesota Statutes 2003 Supplement, section 120B.36, is amended to read:

120B.36 [SCHOOL ACCOUNTABILITY; APPEALS PROCESS.]

Subdivision 1. [SCHOOL PERFORMANCE REPORT CARDS.] (a) The commissioner shall use objective criteria based on levels of student performance to identify four to six designations applicable to high and low performing public schools. The objective criteria shall include at least student academic performance, school safety, and staff characteristics, with a value-added growth component added by the 2006-2007 school year.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards. A school's designation must be clearly stated on each school performance report card.

(c) The commissioner must make available the first school designations and school performance report cards by November 2003, and during the beginning of each school year thereafter.

(d) A school or district may appeal in writing a designation under this section to the commissioner within 30 days of receiving the designation. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance report cards are nonpublic data under section 13.02, subdivision 9, until the department posts the data to its public Web site. The department shall annually post school performance report cards to its public Web site no later than September 1.

Subd. 2. [ADEQUATE YEARLY PROGRESS DATA.] All data the department receives, collects, or creates for purposes of determining adequate yearly progress designations under Public Law 107-110, section 1116, are nonpublic data under section 13.02, subdivision 9, until the department posts the results of its determinations concerning yearly progress designations to its public Web site. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The department shall annually post adequate yearly progress data to its public Web site no later than September 1.

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

Sec. 11. [120B.362] [VALUE-ADDED ASSESSMENT PROGRAM.]

(a) The commissioner of education must develop a value added assessment program to assist school districts, public schools, and charter schools in assessing and reporting students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools may apply to the commissioner to participate in the program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state and no more than 125,000 students may participate.

(b) The commissioner may contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time for different classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances. The data on individual teachers generated from a value-added assessment model is private data under section 13.02, subdivision 12. The model the commissioner selects must accommodate diverse data from various test sources and must use each student's test data across grades and subjects even when the data are incomplete.

(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4.

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

Sec. 12. [121A.032] [SCHOOL BOARD POLICY OPPOSING BULLYING.]

Each school board must adopt a written district wide policy that opposes bullying. Districts annually must notify students, teachers, administrators, volunteers, contractors and other school employees of this policy and, in those districts that provide a student handbook, must publish the policy in the student handbook.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 13. Minnesota Statutes 2002, section 121A.22, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] In addition, this section does not apply to drugs or medicine that are:

- (1) ~~that can be~~ purchased without a prescription;
- (2) ~~that are~~ used by a pupil who is 18 years old or older;
- (3) ~~that are~~ used in connection with services for which a minor may give effective consent, including section 144.343, subdivision 1, and any other law;
- (4) ~~that are~~ used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;
- (5) ~~that are~~ used off the school grounds;
- (6) ~~that are~~ used in connection with athletics or extra curricular activities;
- (7) ~~that are~~ used in connection with activities that occur before or after the regular school day;
- (8) ~~that are~~ provided or administered by a public health agency ~~in order~~ to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12; ~~or~~
- (9) ~~that are~~ prescription asthma or reactive airway disease medications self-administered by a pupil with an asthma inhaler if the district has received a written authorization from the pupil's parent permitting the pupil to self-administer the medication, the inhaler is properly labeled for that student, and the parent has not requested school personnel to administer the medication to the pupil. The parent must submit written authorization for the pupil to self-administer the medication each school year; or
- (10) prescription nonsyringe injectors of epinephrine, consistent with section 122A.2205, if the parent and prescribing medical professional annually inform the pupil's school in writing that (i) the pupil may possess the epinephrine or (ii) the pupil is unable to possess the epinephrine and requires immediate access to nonsyringe injectors of epinephrine that the parent provides properly labeled to the school for the pupil as needed.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 14. Minnesota Statutes 2002, section 121A.45, subdivision 3, is amended to read:

Subd. 3. [PARENT NOTIFICATION AND MEETING.] If a pupil's total days of removal from school exceeds ten cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the pupil and the pupil's parent or guardian ~~prior to~~ before subsequently removing the pupil from school and, with the permission of the parent or guardian, suggest arrangements for a mental health screening for the pupil. The

purpose of this meeting is to attempt to determine the pupil's need for assessment or other services or whether the parent or guardian should have the pupil screened, assessed, or diagnosed to determine whether the pupil needs treatment for a mental health disorder.

Sec. 15. Minnesota Statutes 2002, section 121A.48, is amended to read:

121A.48 [GOOD FAITH EXCEPTION.]

A violation of the technical provisions of the Pupil Fair Dismissal Act or of section 121A.032, made in good faith, is not a defense to a disciplinary procedure under the act or section 121A.032 unless the pupil can demonstrate actual prejudice as a result of the violation.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 16. Minnesota Statutes 2002, section 122A.06, subdivision 4, is amended to read:

Subd. 4. [COMPREHENSIVE, SCIENTIFICALLY BASED READING INSTRUCTION.] ~~"Comprehensive, scientifically based reading instruction" includes instruction and practice in phonemic awareness, phonics and other word recognition skills, and guided oral reading for beginning readers, as well as extensive silent reading, vocabulary instruction, instruction in comprehension, and instruction that fosters understanding and higher order thinking for readers of all ages and proficiency levels.~~ "Comprehensive, scientifically based reading instruction" includes, at a minimum, a program or collection of instructional practices with a proven record of success and with reliable, trustworthy, and valid evidence to support the conclusion that when these methods are used with learners, they can be expected to achieve, at a minimum, satisfactory progress in reading achievement. The program or collection of practices must include, at a minimum, instruction in five areas of reading: phonemic awareness, phonics, fluency, vocabulary, and text comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing and diagnosing the learner's reading progress and needs in order to design and implement ongoing interventions so that learners of all ages and proficiency levels can read and comprehend text as well as apply higher level thinking skills.

Sec. 17. Minnesota Statutes 2003 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. The Board of Teaching may adopt rules to exempt teachers who do not provide direct instruction including, at least, librarians, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, recreation personnel, media generalists, media supervisors, and speech language pathologists.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

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

Sec. 18. Minnesota Statutes 2002, section 122A.12, is amended by adding a subdivision to read:

Subd. 2a. [DISTRICT REIMBURSEMENT FOR COST OF SUBSTITUTE TEACHER.] The board may reimburse a school district for the cost of a substitute teacher employed when the regular classroom teacher is providing professional assistance to the state by serving on the Board of School Administrators.

Sec. 19. Minnesota Statutes 2002, section 122A.16, is amended to read:

122A.16 [HIGHLY QUALIFIED TEACHER DEFINED.]

(a) A highly qualified teacher is ~~one holding~~ holds a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) A highly qualified teacher includes those teachers who satisfy paragraph (b), (c), or (d) under this section so that highly qualified teachers include:

(1) all elementary school teachers newly hired at the beginning of the 2002-2003 school year or later to teach in a Title I, Part A program who are licensed, hold at least a bachelor's degree from an accredited postsecondary institution, and pass a rigorous state test under section 122A.18 that demonstrates subject knowledge and teaching skills in reading, writing, mathematics, and other areas of the basic elementary school curriculum; and

(2) all middle and secondary school teachers newly hired at the beginning of the 2002-2003 school year or later to teach in a Title I, Part A program who are licensed, hold at least a bachelor's degree from an accredited postsecondary institution, and demonstrate a high level of competency by (i) passing a rigorous academic subject area test under section 122A.18 in each core academic subject the teacher teaches, or (ii) successfully completing, in each of the academic subjects in which the teacher teaches, an academic major, a graduate degree, course work equivalent to an academic major, or advanced certification.

Except newly hired teachers under clauses (1) and (2), and teachers in rural areas, all teachers, including elementary school teachers, middle school content teachers, secondary school content teachers, charter school teachers, vocational education teachers, and bilingual and English as a second language teachers, who provide direct instruction to students in core academic subjects must satisfy the definition of a highly qualified teacher under clause (1) or (2), as appropriate, by the end of the 2005-2006 school year or through the High Objective Uniform State Standard of Evaluation (HOUSSE) process.

Teachers in rural areas, including elementary school teachers, middle school content teachers, secondary school content teachers, charter school teachers, vocational education teachers, and bilingual and English as a second language teachers, who provide direct instruction to students in core academic subjects must satisfy the definition of a highly qualified teacher under clause (1) or (2), as appropriate, by the end of the 2006-2007 school year, or through the High Objective Uniform State Standard of Evaluation (HOUSSE) process.

Core academic subjects under this section include English, reading, or language arts; mathematics; sciences; world languages; civics and government; economics; history; and arts including music, visual arts, theater arts, and dance.

(c) All Minnesota teachers holding licenses and teaching in a core academic subject area in which they are licensed as reported under the state's STAR system, are highly qualified.

(d) All Minnesota teachers teaching in a core academic subject area in which they are not fully licensed are not highly qualified and may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:

(1) documentation of student achievement that demonstrates at least one year of academic growth as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;

(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;

(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;

(4) test results from the Praxis II content test;

(5) evidence of advanced certification from organizations, such as the National Board for Professional Teaching Standards (NBPTS) or the American Board for Certification of Teaching Excellence (ABCTE);

(6) evidence of the successful completion of course work or pedagogy courses; and

(7) evidence of the successful completion of high quality professional development activities.

Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area in a single academic discipline.

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

Sec. 20. Minnesota Statutes 2002, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. **[READING STRATEGIES.]** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs ~~reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other~~ research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs: that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

Sec. 21. Minnesota Statutes 2002, section 122A.18, is amended by adding a subdivision to read:

Subd. 2c. **[LITERACY SPECIALIST LICENSURE.]** No later than July 1, 2005, the Board of Teaching must adopt rules providing for licensing literacy specialists who possess sufficient training and experience to assist teachers of reading and other teachers throughout the district or at a school site to effectively teach students to read. Candidates for licensure must successfully complete training in comprehensive, scientifically based reading instruction consistent with section 122A.06, subdivision 4, and a graduate level degree in reading or literacy.

Sec. 22. Minnesota Statutes 2002, section 122A.20, subdivision 2, is amended to read:

Subd. 2. [MANDATORY REPORTING.] A school board must report to the Board of Teaching, the Board of School Administrators, or the Board of Trustees of the Minnesota State Colleges and Universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are ground for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a) clauses (1) to (5); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556, or when a teacher or administrator is suspended without an investigation under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the license, a board or school superintendent shall provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made must transmit to the Attorney General's Office any record or data it receives under this subdivision for the sole purpose of having the Attorney General's Office assist that board in its investigation. When the Attorney General's Office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 23. [122A.2205] [POSSESSION AND USE OF NONSYRINGE INJECTORS OF EPINEPHRINE; MODEL POLICY.]

(a) At the start of each school year or at the time a student enrolls in school, whichever is first, a student's parent, school staff including those responsible for student health care, and the prescribing medical professional must develop and implement an individualized written health plan for a student who is prescribed nonsyringe injectors of epinephrine that enables the student to:

(1) possess nonsyringe injectors of epinephrine; or

(2) if the parent and prescribing medical professional determine the student is unable to possess the epinephrine, have immediate access to nonsyringe injectors of epinephrine in school.

The plan must designate the school staff responsible for implementing the student's health plan, including administering nonsyringe injectors of epinephrine when required, consistent with section 121A.22, subdivision 2, clause (10). This health plan may be included in a student's 504 plan.

(b) A school under this section is a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act. Other nonpublic schools are encouraged to develop and implement an individualized written health plan for students requiring nonsyringe injectors of epinephrine, consistent with this section and section 121A.22, subdivision 2, clause (10).

(c) A school district and its agents and employees are immune from liability for any act or failure to act, made in good faith, in implementing this section.

(d) The education commissioner may develop and transmit to interested schools a model policy and individualized health plan form consistent with this section and federal 504 plan requirements. The policy and form may:

(1) assess a student's ability to safely possess nonsyringe injectors of epinephrine;

(2) identify staff training needs related to recognizing anaphylaxis and administering epinephrine when needed;

(3) accommodate a student's need to possess or have immediate access to nonsyringe injectors of epinephrine in school; and

(4) ensure that the student's parent provides properly labeled nonsyringe injectors of epinephrine to the school for the student as needed.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 24. [122A.245] [TEACHER TRAINING PROGRAM FOR QUALIFIED PROFESSIONALS.]

Subdivision 1. [REQUIREMENTS.] (a) As an alternative to postsecondary teacher preparation programs and alternative preparation licensing for teachers under section 122A.24, a teacher training program is established for qualified professionals to acquire an entrance license. Providers, approved by the commissioner under subdivision 3, may offer the program to train a maximum of 300 teachers per year in the instructional fields of special education, science, math, reading, English as a second language, communication arts and literature, business, world languages, and library and media specialist.

(b) To participate in the teacher training program, the applicant must:

(1) have a bachelor's degree from an accredited four-year postsecondary institution;

(2) have an undergraduate major or postbaccalaureate degree in the subject to be taught or have equivalent academic qualifications in the subject area in which the applicant is seeking licensure;

(3) have a minimum of five years of professional employment in a subject area related to the subject area in which the applicant is seeking licensure; and

(4) pass a skills exam in reading, writing, and mathematics under section 122A.18.

(c) Teachers currently teaching under a variance issued by the Board of Teaching may apply to participate in this program.

Subd. 2. [PROGRAM.] The teacher training program must include:

(1) 200 clock hours of intensive training in classroom management, curriculum, and instruction; and

(2) a minimum of five seminars totaling at least 20 clock hours during the applicant's first year of teaching.

Subd. 3. [PROGRAM APPROVAL.] The commissioner must approve teacher training programs under this section based on criteria developed by an advisory group appointed by the commissioner. The advisory group at least must include representatives of the Board of Teaching, school superintendents, and postsecondary institutions, including those offering degrees in teacher preparation.

By January 15, 2005, the commissioner must report to the legislative committees with responsibility for higher education on the criteria for teacher training programs developed by the advisory group under this subdivision.

An approved teacher training program must require program participants to complete the standards of effective practice for teachers under Minnesota Rules, part 8710.2000.

Subd. 4. [PROGRAM DELIVERY.] Postsecondary institutions and district-created teacher academies, among other entities, may apply to the commissioner in the form and manner the commissioner indicates, to deliver a teacher training program under this section to train a maximum of 300 teachers per year.

Subd. 5. [ELIGIBILITY LICENSE.] An applicant who successfully completes the training under subdivision 2, clause (1), and passes the Praxis II content exam under section 122A.09, subdivision 4, paragraph (e), may receive a one-year eligibility license and begin teaching. During the one-year eligibility period, the district must assign a teacher who holds a regular teaching license to mentor the applicant teacher. The applicant teacher and teacher mentor must meet at least once every week.

Subd. 6. [STANDARD ENTRANCE LICENSE.] The Board of Teaching must issue a standard entrance license to a training program licensee who successfully completes the program under subdivision 2, successfully teaches in a classroom for one complete school year, passes the Praxis II pedagogy test, and receives a positive recommendation from the applicant's school principal or other district or school administrator.

Subd. 7. [QUALIFIED TEACHER.] A person with a valid eligibility license under subdivision 5 is a qualified teacher under section 122A.16.

Subd. 8. [EVALUATION AND REPORT.] The Office of the Legislative Auditor must evaluate the program under this section and report its findings to the education policy and finance committees in the legislature by February 1, 2008, and each three years thereafter on February 1.

Sec. 25. Minnesota Statutes 2002, section 123B.02, subdivision 14, is amended to read:

Subd. 14. [EMPLOYEES; CONTRACTS FOR SERVICES.] (a) The board may employ and discharge necessary employees and may contract for other services. Notwithstanding any other law to the contrary, it shall be an inherent managerial right of the board to unilaterally contract or subcontract for services unless the power to contract or subcontract is specifically prohibited by collective bargaining agreements with all units of affected employees.

(b) Notwithstanding any law to the contrary, when the exclusive representative and the employer have been negotiating a contract or subcontract for services as set out in the collective bargaining agreement and have participated in mediation over a period of at least 45 days, either party may declare an impasse and terminate the

negotiation and the collective bargaining agreement shall conclusively be determined to be expired. After the collective bargaining agreement expires under this paragraph, the employer may contract with any other persons and entities for the services.

(c) For the purposes of paragraph (b), the mediation period begins on the day after the commissioner of the Bureau of Mediation Services receives a request for mediation.

(d) Paragraphs (b), (c), and (d) apply to all agreements between the board and collective bargaining representatives except teachers as defined in section 179A.03, subdivision 18, and school superintendents, assistant superintendents, school principals, and assistant principals.

[EFFECTIVE DATE.] This section is effective for contracts negotiated and entered into on or after July 1, 2004, and contracts beginning negotiation, but not entered into, before July 1, 2004.

Sec. 26. Minnesota Statutes 2002, section 123B.09, subdivision 8, is amended to read:

Subd. 8. [DUTIES.] The board must superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. The board may enter into an agreement with a postsecondary institution for secondary or postsecondary nonsectarian courses to be taught at a secondary school, nonsectarian postsecondary institution, or another location. The board must not enter into an agreement that limits a district superintendent's duty to assign and reassign teachers or administrators to the schools in which the teachers will teach or the administrators will administer except that the board may reserve assignment and reassignment rights for purposes of entering into a school site decision making agreement under section 123B.04.

[EFFECTIVE DATE.] This section is effective for agreements entered into on or after July 1, 2004.

Sec. 27. Minnesota Statutes 2002, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT; DUTIES.] All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the

contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) before the start of the school year, and at other times as needed, assign teachers or administrators to schools to best meet student and school needs as determined by the superintendent;

(4) superintend school grading practices and examinations for promotions;

(4) (5) make reports required by the commissioner;

~~(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the basic standards test taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the basic standards test by grade 12, the amount of expenditures that the district requires to attain the targeted student passage rate, and how much the district is cross-subsidizing programs with special education, basic skills, and general education revenue; and~~

(6) perform other duties prescribed by the board.

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

Sec. 28. Minnesota Statutes 2002, section 123B.195, is amended to read:

123B.195 [BOARD MEMBERS' RIGHT TO EMPLOYMENT.]

Notwithstanding section 471.88, subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer under that contract or employment relationship will not exceed ~~\$5,000~~ \$8,000 in that fiscal year. Notwithstanding section 122A.40 or 122A.41 or other law, if the officer does not receive majority approval to be initially employed or to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 29. Minnesota Statutes 2002, section 123B.36, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(2) admission fees or charges for extra curricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(6) fees specifically permitted by any other statute, including but not limited to section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(10) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional, and transportation of charter school students participating in extracurricular activities in their resident district under section 123B.49, subdivision 4, paragraph (a), which must be charged to the charter school;

(11) transportation to and from school of pupils living within two miles from school and all other transportation services not required by law. If a district charges fees for transportation of pupils, it must establish guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) courses, programs, and other activities directed, conducted, or supervised by school staff that are unrelated to high school graduation, summer school classes under section 120B.122, or other necessary education-related goods and services and are provided at times other than during the school year;

(14) transportation to and from postsecondary institutions for pupils enrolled under the postsecondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

[EFFECTIVE DATE.] Paragraph (b), clause (13), is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2002, section 123B.49, subdivision 4, is amended to read:

Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.] (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), and all resident pupils receiving instruction in a charter school as defined in section 124D.10 to be eligible to fully participate in extracurricular activities on the same basis as public school students enrolled in the district's schools. A charter school student must give the enrolling charter school at least a 30-day notice of the student's intent to participate in an extracurricular activity in the resident district. A charter school student is not eligible to participate in an extracurricular activity in the resident district if that extracurricular activity is offered by the enrolling charter school. Charter school students participating in extracurricular activities must meet the academic and student conduct requirements of the resident district. The charter school must:

(1) collect the same information that a district collects on a student's eligibility to participate in an extracurricular activity;

(2) transmit that information to the district at least ten days before a student begins to participate in the extracurricular activity; and

(3) immediately transmit to the district any additional information affecting the student's eligibility.

(b) Extracurricular activities have all of the following characteristics:

(1) they are not offered for school credit nor required for graduation;

(2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

(3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fund-raising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "~~Manual of Instruction for Uniform Student Activities Activity Fund Accounting for Minnesota School Districts and Area Vocational-Technical Colleges.~~" Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

(f) School districts may charge charter schools their proportional share of the direct and indirect costs of the extracurricular activities that are not covered by student fees under section 123B.36, subdivision 1. A district may charge charter school students the same fees it charges enrolled students to participate in an extracurricular activity. A district is not required to provide transportation from the charter school to the resident district to a charter school student who participates in an extracurricular activity in the resident district.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 31. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 8, is amended to read:

Subd. 8. [FINANCIAL ARRANGEMENTS.] (a) For a student enrolled in an on-line learning course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial on-line learning average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The adjusted on-line learning average daily membership equals the initial on-line learning average daily membership times .88.

(c) No on-line learning average daily membership shall be generated if: (1) the student does not complete the on-line learning course, or (2) the student is enrolled in on-line learning provided by the enrolling district and the student was either enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning, or the student is enrolled in an instructional program in which at least 40 percent of the total instructional time takes place in the school's facilities. For students enrolled in on-line learning according to clause (2), the department shall calculate average daily membership according to section 126C.05, subdivision 8.

(d) On-line learning average daily membership under this subdivision for a student currently enrolled in a Minnesota public school and who was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause ~~(ii)~~ (2), and for computing on-line learning aid according to section 126C.24.

(e) On-line learning average daily membership under this subdivision for students not included in paragraph (c) or (d) shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause ~~(ii)~~ (2), and for computing payments under paragraphs (f) and (g).

(f) Subject to the limitations in this subdivision, the department must pay an on-line learning provider an amount equal to the product of the adjusted on-line learning average daily membership for students under paragraph (e) times the student grade level weighting under section 126C.05, subdivision 1, times the formula allowance.

(g) The department must pay each on-line learning provider 100 percent of the amount in paragraph (f) within 45 days of receiving final enrollment and course completion information each quarter or semester.

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

Sec. 32. Minnesota Statutes 2003 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] (a) A school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19; charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations, registered with the attorney general's office, and reports an end-of-year fund balance of at least \$2,000,000; Minnesota private college that grants two- or four-year degrees and is registered with the Higher

Education Services Office under chapter 136A; community college, state university, or technical college, governed by the Board of Trustees of the Minnesota State Colleges and Universities; the Board of the Perpich Center for Arts Education under chapter 129C; or the University of Minnesota may sponsor one or more charter schools.

(b) A nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may sponsor one or more charter schools if the charter school has operated for at least three years under a different sponsor and if the nonprofit corporation has existed for at least 25 years.

(c) The commissioner of education may approve up to five charitable organizations under section 501(c)(3) of the Internal Revenue Code of 1986 that have as their primary activity the sponsoring of charter schools. Proposals of the charitable organizations to the commissioner must contain:

- (1) the articles, bylaws, and initial board membership;
- (2) the sources of financing for its operation;
- (3) the areas of specialization of its sponsorship; and
- (4) other information requested by the department.

Sponsors approved under this paragraph shall report annually to the commissioner on the types of charter schools sponsored, their effectiveness in promoting student achievement, the development of alternative school governance structures, and other information requested by the department. The commissioner may terminate its authorization for a charitable organization to sponsor a charter school under this paragraph if the charitable organization demonstrates persistent financial mismanagement or repeated violations of law.

Sec. 33. Minnesota Statutes 2003 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner. The commissioner may elect to sponsor the charter school or assist the applicant in finding an eligible sponsor. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The commissioner must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all

parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, ~~must~~ may be a majority of the members of the board of directors ~~before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board.~~ Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and
- (4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll record-keeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 34. Minnesota Statutes 2003 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored 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.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

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

(e) 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.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(h) 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.

(i) 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; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. 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. The Department of Education, state auditor, or legislative auditor 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.

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

(k) A charter school must comply with sections 13.32; 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

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

(m) A charter school is subject to sections 123B.36, subdivision 1, clause (10), and 123B.49, subdivision 4, paragraph (a), when its students participate in extracurricular activities in their resident district.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 35. Minnesota Statutes 2003 Supplement, section 124D.11, subdivision 9, is amended to read:

Subd. 9. [PAYMENT OF AIDS TO CHARTER SCHOOLS.] (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school not in its first year of operation shall be of an equal amount on each of the 23 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed.

(b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the end of a school year, 80 percent of the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts.

(c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(d) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

Sec. 36. Minnesota Statutes 2003 Supplement, section 124D.385, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The commission consists of ~~48~~ 26 voting members. Voting members shall include the commissioner of education, ~~a representative of the Children's Cabinet elected by the members of the Children's Cabinet, and the executive director of the Higher Education Services Office.~~

(b) The governor shall appoint ~~45~~ nine additional voting members. ~~Eight of the voting members appointed by the governor shall~~ that include a representative of ~~public or nonprofit~~ organizations experienced in youth ~~employment~~ education development and training, organizations promoting adult service or service learning and volunteerism, community-based service agencies or organizations, local public or private sector labor unions, local governments, business, a national service program, ~~and~~ Indian tribes, and an individual between the ages of 16 and 25 who is a participant or supervisor in a program. The remaining ~~seven~~ 16 voting members appointed by the governor shall include ~~an individual~~ individuals with expertise in the educational, training, and development needs of youth, ~~particularly disadvantaged youth; a youth or young adult who is a participant in a higher education based service learning program; a disabled individual representing persons with disabilities; a youth who is out of school or disadvantaged; an educator of primary or secondary students; an educator from a higher education institution; and an individual between the ages of 16 and 25 who is a participant or supervisor in a youth service program~~ management and operations of a nonprofit organization, including individuals with expertise in public relations, finance, and development.

(c) The governor shall appoint up to five ex officio nonvoting members from ~~among the following agencies or organizations: the Departments of Economic Security, Natural Resources, Human Services, Health, Corrections, Agriculture, Public Safety, Finance, and Labor and Industry, the Housing Finance Agency, and Minnesota Technology, the~~ appropriate state agencies. A representative of the Corporation for National and Community Service shall also serve as an ex officio nonvoting member.

(d) Voting and ex officio nonvoting members may appoint designees to act on their behalf. The number of voting members who are state employees shall not exceed 25 percent.

(e) The governor shall ensure that, to the extent possible, the membership of the commission is balanced according to geography, race, ethnicity, age, and gender. The speaker of the house and the majority leader of the senate shall each appoint two legislators to be nonvoting members of the commission.

Sec. 37. Minnesota Statutes 2003 Supplement, section 124D.42, subdivision 6, is amended to read:

Subd. 6. [PROGRAM TRAINING.] ~~(a) The commission must, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:~~

- (1) orient each ~~participant~~ 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 additional training as it determines necessary, which may include training in evaluating early literacy skills and teaching reading to preschool children through the St. Croix River Education District under Laws 2001, First Special Session chapter 6, article 2, section 70, to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills.

~~(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.~~

Sec. 38. Minnesota Statutes 2002, section 124D.59, as amended by Laws 2003, First Special Session chapter 9, article 1, section 13, is amended to read:

124D.59 [DEFINITIONS.]

Subdivision 1. [GENERALLY.] For purposes of sections 124D.58 to 124D.65, the terms defined in this section shall have the meanings given them.

Subd. 1a. [PRIMARY LANGUAGE.] "Primary language" means a language other than English which is the language normally used by the child or the language which is spoken in the child's home environment. A pupil's primary language as declared by a parent or guardian shall be deemed to be a language other than English if:

- (1) the pupil first spoke a language other than English;
- (2) the primary language spoken in the home of the pupil is not English; or
- (3) the language most often spoken by the pupil is not English.

The primary language of each student, regardless of proficiency status, must be determined with a home language questionnaire the first time that student enrolls in the district.

Subd. 1b. [LANGUAGE MINORITY STUDENT.] "Language minority student" means a pupil in kindergarten through grade 12 who has a primary language other than English.

Subd. 2. [~~PUPIL OF LIMITED ENGLISH PROFICIENCY LANGUAGE LEARNER.~~] (a) "~~Pupil of limited English proficiency language learner~~" means a pupil ~~in kindergarten through grade 12~~ who meets the following requirements:

(1) ~~the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English is a language minority student as defined in subdivision 1b; and~~

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as ~~a pupil of limited~~ an English proficiency language learner in calculating ~~limited~~ English proficiency language learner pupil units under section 126C.05, subdivision 17, and shall not generate state ~~limited~~ English proficiency language learner aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a ~~pupil of limited~~ an English proficiency language learner in calculating ~~limited~~ English proficiency language learner pupil units under section 126C.05, subdivision 17, and shall not generate state ~~limited~~ English proficiency language learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for ~~pupils of limited~~ English proficiency language learners in accordance with sections 124D.58 to 124D.64; or

(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.

Subd. 2a. [TRANSITIONAL LANGUAGE LEARNER.] "Transitional language learner" means a pupil who meets the following requirements:

(1) the pupil is a language minority student;

(2) the pupil has received scores indicating attainment of English proficiency on a test of English language acquisition approved by the commissioner; and

(3) the pupil has not scored in the proficient level on the state reading assessment aligned with the state academic standards three times, or for as many times as the state reading assessment is given during the pupil's last three academic years in a Minnesota school.

Subd. 2b. [FLUENT LANGUAGE LEARNER.] "Fluent language learner" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil is a language minority student;

(2) the pupil has received scores indicating attainment of English proficiency on a test of English language acquisition approved by the commissioner; and

(3) the pupil has scored in the proficient level on the state reading assessment aligned with the state academic standards three times, or for as many times as the state reading assessment is given during the pupil's last three academic years in a Minnesota school.

Subd. 3. [ESSENTIAL INSTRUCTIONAL PERSONNEL.] "Essential instructional personnel" means the following:

(1) a teacher licensed by the state Board of Teaching to teach bilingual education or English as a second language; and

(2) a teacher with an exemption from a teaching license requirement pursuant to section 124D.62 who is employed in a school district's English as a second language or bilingual education program;

~~(3) any teacher as defined in section 122A.15 who holds a valid license from the state Board of Teaching, if the district assures the department that the teacher will obtain the preservice and in-service training the department considers necessary to enable the teacher to provide appropriate service to pupils of limited English proficiency.~~

Subd. 4. [ENGLISH AS A SECOND LANGUAGE PROGRAM.] "English as a second language program" means a program for the instruction of ~~pupils of limited English proficiency~~ language learners in the following English language skills: reading, writing, listening and speaking.

Subd. 5. [BILINGUAL EDUCATION PROGRAM.] "Bilingual education program" means an educational program in which instruction is given in both English and the primary language of the ~~pupil of limited English proficiency~~ language learner to the extent necessary to allow the pupil to progress effectively through the educational system and to attain the basic skills of reading, writing, listening, and speaking in the English language so that the pupil will be able to perform ordinary classwork successfully in English.

~~Subd. 6. [PRIMARY LANGUAGE.] "Primary language" means a language other than English which is the language normally used by the child or the language which is spoken in the child's home environment.~~

Subd. 7. [PARENT.] "Parent" includes a child's legal guardian.

Subd. 8. [EDUCATIONAL PROGRAM FOR ~~PUPILS OF LIMITED ENGLISH PROFICIENCY~~ LANGUAGE LEARNERS.] "Educational program for ~~pupils of limited English proficiency~~ language learners" means an English as a second language program, bilingual education program, or both an English as a second language and a bilingual education program.

Sec. 39. Minnesota Statutes 2002, section 124D.61, is amended to read:

124D.61 [GENERAL REQUIREMENTS FOR PROGRAMS.]

~~(a) A district which receives aid pursuant to section 124D.65 that enrolls one or more English language learners must comply with the following program requirements: under paragraphs (b) and (c).~~

(b) A district must implement an educational program for English language learners if one or more English language learners are enrolled in the district.

(c) An educational program for English language learners must meet the following requirements:

(1) entrance and exit criteria must be documented by the district, applied uniformly to English language learners, and made available to parents and other stakeholders upon request;

(2) the curriculum of the educational program for English language learners must be coordinated with the mainstream curriculum in which the English language learners are involved and must be consistent with standards set forth by the commissioner;

(3) the amount of service offered English language learners through an educational program specifically for English language learners must be designed to meet varying student needs across English proficiency levels;

~~(4) (4) to the extent possible, the district must avoid isolating children of limited English proficiency English language learners for a substantial part of the school day; and~~

(2) (5) in predominantly nonverbal subjects, such as art, music, and physical education, ~~pupils of limited English proficiency~~ English language learners shall be permitted to participate fully and on an equal basis with their contemporaries in public school classes provided for these subjects. To the extent possible, the district must assure to pupils enrolled in ~~a program for limited English proficient students~~ an educational program for English language learners an equal and meaningful opportunity to participate fully with other pupils in all extracurricular activities.

Sec. 40. Minnesota Statutes 2002, section 125A.22, is amended to read:

125A.22 [COMMUNITY TRANSITION INTERAGENCY COMMITTEE.]

A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, must establish a community transition interagency committee for youth with disabilities, beginning at grade 9 or age equivalent, and their families. Members of the committee must consist of representatives from special education, vocational and regular education, community education, postsecondary education and training institutions, the mental health community, adults with disabilities who have received transition services if such persons are available, parents of youth with disabilities, local business or industry, rehabilitation services, county social services, health agencies, and additional public or private adult service providers as appropriate. The committee must elect a chair and must meet regularly. The committee must:

(1) identify current services, programs, and funding sources provided within the community for secondary and postsecondary aged youth with disabilities and their families;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of individuals with disabilities are met;

(4) recommend changes or improvements in the community system of transition services;

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and

(6) following procedures determined by the commissioner, prepare a yearly summary assessing the progress of transition services in the community including follow-up of individuals with disabilities who were provided transition services to determine postschool outcomes. The summary must be disseminated to all adult services agencies involved in the planning and to the commissioner by October 1 of each year.

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

Sec. 41. Minnesota Statutes 2003 Supplement, section 128C.05, subdivision 1a, is amended to read:

Subd. 1a. [SUPERVISED COMPETITIVE HIGH SCHOOL DIVING.] Notwithstanding Minnesota Rules, part 4717.3750, any pool built before January 1, 1987, that was used for a high school diving program during the 2000-2001 school year may be used for supervised competitive high school diving ~~unless a pool that meets the requirements of Minnesota Rules, part 4717.3750, is located within the school district.~~ Schools and school districts are strongly encouraged to use a pool for supervised competitive high school diving that meets the requirements of Minnesota Rules, part 4717.3750. A school or district using a pool for supervised competitive high school diving that does not meet the requirements of the rule must provide appropriate notice to parents and participants.

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

Sec. 42. Minnesota Statutes 2002, section 171.04, subdivision 1, is amended to read:

Subdivision 1. [PERSONS NOT ELIGIBLE.] The department shall not issue a driver's license:

(1) to any person under 18 years unless:

(i) the applicant is 16 or 17 years of age and has a previously issued valid license from another state or country or the applicant has, for the 12 consecutive months preceding application, held a provisional license and during that time has incurred (A) no conviction for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (B) no conviction for a crash-related moving violation, and (C) not more than one conviction for a moving violation that is not crash related. "Moving violation" means a violation of a traffic regulation but does not include a parking violation, vehicle equipment violation, or warning citation;

(ii) the application for a license is approved by (A) either parent when both reside in the same household as the minor applicant or, if otherwise, then (B) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (C) the parent or spouse of the parent with whom the minor is living or, if subitems (A) to (C) do not apply, then (D) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (E) the minor's adult spouse, adult close family member, or adult employer; provided, that the approval required by this item contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; ~~and~~

(iii) the applicant presents a certification by the person who approves the application under item (ii), stating that the applicant has driven a motor vehicle accompanied by and under supervision of a licensed driver at least 21 years of age for at least ten hours during the period of provisional licensure; and

(iv) the applicant presents a certificate under section 120A.23 either verifying school attendance or waiving the attendance requirement;

(2) to any person who is 18 years of age or younger, unless the person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of six months, and, with respect to a person under 18 years of age, a provisional license for a minimum of 12 months;

(3) to any person who is 19 years of age or older, unless that person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of three months;

(4) to any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act;

(5) to any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act and if otherwise qualified;

(6) to any drug-dependent person, as defined in section 254A.02, subdivision 5;

(7) to any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that the person is competent to operate a motor vehicle with safety to persons or property;

(8) to any person who is required by this chapter to take a vision, knowledge, or road examination, unless the person has successfully passed the examination. An applicant who fails four road tests must complete a minimum of six hours of behind-the-wheel instruction with an approved instructor before taking the road test again;

(9) to any person who is required under the Minnesota No-Fault Automobile Insurance Act to deposit proof of financial responsibility and who has not deposited the proof;

(10) to any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by the person would be inimical to public safety or welfare;

(11) to any person when, in the opinion of the commissioner, the person is afflicted with or suffering from a physical or mental disability or disease that will affect the person in a manner as to prevent the person from exercising reasonable and ordinary control over a motor vehicle while operating it upon the highways;

(12) to a person who is unable to read and understand official signs regulating, warning, and directing traffic;

(13) to a child for whom a court has ordered denial of driving privileges under section 260C.201, subdivision 1, or 260B.235, subdivision 5, until the period of denial is completed; or

(14) to any person whose license has been canceled, during the period of cancellation.

[EFFECTIVE DATE.] This section is effective September 1, 2004, and applies to all persons under age 18 who possess or apply for a driver's instruction permit or provisional license on or after that date.

Sec. 43. Minnesota Statutes 2002, section 171.05, subdivision 2, is amended to read:

Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a home-school diploma, the student's status as a home-school student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is

living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; ~~and~~

(6) presents a certificate under section 120A.23 either verifying school attendance or waiving the attendance requirement; and

(7) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for one year from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

[EFFECTIVE DATE.] This section is effective September 1, 2004, and applies to all persons under age 18 who possess or apply for a driver's instruction permit on or after that date.

Sec. 44. Minnesota Statutes 2002, section 171.05, subdivision 2b, is amended to read:

Subd. 2b. [INSTRUCTION PERMIT USE BY PERSON UNDER AGE 18.] (a) This subdivision applies to persons who have applied for and received an instruction permit under subdivision 2.

(b) The permit holder may, with the permit in possession, operate a motor vehicle, but must be accompanied by and be under the supervision of a certified driver education instructor, the permit holder's parent or guardian, or another licensed driver age 21 or older. The supervisor must occupy the seat beside the permit holder.

(c) The permit holder may operate a motor vehicle only when every occupant under the age of 18 has a seat belt or child passenger restraint system properly fastened. A person who violates this paragraph is subject to a fine of \$25. A peace officer may not issue a citation for a violation of this paragraph unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation as defined in section 171.04, subdivision 1. The commissioner shall not record a violation of this paragraph on a person's driving record.

(d) The permit holder must maintain a driving record free of convictions for moving violations, as defined in section 171.04, subdivision 1, and free of convictions for violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53. If the permit holder drives a motor vehicle in violation of the law, the commissioner shall suspend, cancel, or revoke the permit in accordance with the statutory section violated.

(e) The permit holder must comply with the school attendance requirement under section 171.056, except when the board waives the attendance requirement under section 120A.23. If the permit holder does not attend school as required, the commissioner shall cancel the permit according to section 171.056.

[EFFECTIVE DATE.] This section is effective September 1, 2004, and applies to all persons under age 18 who possess or apply for a driver's instruction permit on or after that date.

Sec. 45. Minnesota Statutes 2002, section 171.05, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLE.] Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application and payment of the fee prescribed in section 171.02, subdivision 3, may issue a motorized bicycle instruction permit to an applicant who is 15 years of age ~~and~~, who has successfully completed the written portion of the examination prescribed by the commissioner, and who presents a certificate under section

171.056 verifying school attendance or waiving the attendance requirement. The holder of this instruction permit who has the permit in possession may operate a motorized bicycle within one mile of the holder's residence for the purpose of practicing to take the operator portion of the examination prescribed by the commissioner.

[EFFECTIVE DATE.] This section is effective September 1, 2004, and applies to all persons under age 18 who possess or apply for a motorized bicycle instruction permit on or after that date.

Sec. 46. [171.056] [SCHOOL ATTENDANCE REQUIRED FOR DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, AND PROVISIONAL LICENSE.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Administrator" means a school principal or an equivalent administrator of a state-approved alternative program or a charter school.

(c) "Board" means a school board of a school district, a board of a state-approved alternative program, or a charter school board of directors.

(d) "School" means a district public school, a state-approved alternative program, or a charter school.

(e) "Superintendent" means a district superintendent or an equivalent administrator of a state-approved alternative program or a charter school.

Subd. 2. [ISSUING OR RENEWING A DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, OR PROVISIONAL LICENSE.] (a) Notwithstanding any law to the contrary, except when a board waives the attendance requirement under section 120A.23, a person under age 18 seeking a new driver's instruction permit, motorized bicycle permit, or provisional license or seeking to renew a permit must attend school. The person satisfies the school attendance requirement by:

(1) receiving a high school diploma or general education development certificate (GED);

(2) withdrawing from school under section 120A.22, subdivision 8; or

(3) enrolling and attending school, including a charter school, in good standing under section 120A.22, subdivision 4.

(b) A person under age 18 who applies for a motorized bicycle permit, instruction permit, or provisional license must submit the necessary information to the department certifying that the person meets the requirement for obtaining or keeping a permit or license under paragraph (a).

(c) The administrator at the person's school must certify that the person attended school for the current and preceding school year, to the extent records are available. The department shall make a form available for the administrator to complete that includes the person's name, date of birth, and address. A parent or guardian must give the administrator prior written consent to release to the department any nonpublic data about the student and any data not designated as directory information. The school must notify parents and guardians in the school's student attendance policy that their written consent is needed to transfer such data about the student to the department.

Subd. 3. [CANCELING A PERMIT OR LICENSE.] (a) Notwithstanding any law to the contrary, the department shall cancel the motorized bicycle permit, instruction permit, or provisional license of a person under age 18 when the administrator notifies the department that the person:

(1) is truant under section 260C.007, subdivision 19;

(2) has not withdrawn under section 120A.22, subdivision 8; and

(3) has not received a high school diploma or general education development certificate (GED).

The department shall notify the person that the person's permit or license is canceled under section 171.14 beginning five days after the notice is issued.

The school must inform the person and the person's parent or legal guardian by first class mail or other reasonable means that the person's motorized bicycle permit, instruction permit, or provisional license may be canceled and that the person may request a hardship waiver from the school under subdivision 4 to keep the license or permit.

The school must obtain the prior written consent of the parent or guardian to release the data to the department.

(b) Notwithstanding section 171.14, or other law to the contrary, the department shall cancel the permit or license of a person under age 18 until one of the following conditions is first satisfied:

(1) the person is 18 years old; or

(2) an administrator notifies the department to reinstate the person's permit or license because:

(i) the person attended school for 120 days after the date the department issued its cancellation notice; or

(ii) the administrator, at the board's direction, dismisses the person's expulsion under the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

(c) When a person satisfies a requirement for reinstating a license or permit under paragraph (b), a school shall send an electronic notice to the department to rescind the cancellation of the person's license or permit after obtaining the parent's written consent to release to the department nonpublic data about the student and data not designated as directory information.

Subd. 4. [HARDSHIP WAIVER.] A person whose permit or provisional license may be canceled under this section may ask the school for a hardship waiver hearing. The superintendent must conduct the hearing within seven days after receiving the request. The superintendent must appoint an advisory committee to hear evidence and recommend in writing whether or not to cancel the person's permit or provisional license. The advisory committee must, within two days of holding the hearing, submit its recommendation, evidence, and other related documents to the superintendent. An administrator, the person whose permit or license may be canceled, and the person's parent or guardian may present evidence. The superintendent must electronically notify the department of the decision within seven days after the hearing is held. The school must obtain the prior written consent of the parent or guardian to release the data to the department. The superintendent's decision is final and cannot be appealed.

[EFFECTIVE DATE.] This section is effective September 1, 2004, and applies to all persons under age 18 years who possess or apply for a motorized bicycle permit, driver's instruction permit, or provisional license on or after that date.

Sec. 47. Minnesota Statutes 2002, section 171.19, is amended to read:

171.19 [PETITION FOR LICENSE REINSTATEMENT.]

Any person whose driver's license has been refused, revoked, suspended, canceled, or disqualified by the commissioner, except where the license is revoked or disqualified under section 169A.52 or 171.186 or canceled under section 171.056, may file a petition for a hearing in the matter in the district court in the county wherein such person shall reside and, in the case of a nonresident, in the district court in any county, and such court is hereby

vested with jurisdiction, and it shall be its duty, to set the matter for hearing upon 15 days' written notice to the commissioner, and thereupon to take testimony and examine into the facts of the case to determine whether the petitioner is entitled to a license or is subject to revocation, suspension, cancellation, disqualification, or refusal of license, and shall render judgment accordingly. The petition for hearing must either be filed within 180 days of the effective date of the order of revocation, suspension, cancellation, disqualification, or refusal to license or be filed before expiration of the withdrawal period, whichever occurs first. The petition shall be heard by the court without a jury and may be heard in or out of term. The commissioner may appear in person, or by agents or representatives, and may present evidence upon the hearing by affidavit personally, by agents, or by representatives. The petitioner may present evidence by affidavit, except that the petitioner must be present in person at such hearing for the purpose of cross-examination. In the event the department shall be sustained in these proceedings, the petitioner shall have no further right to make further petition to any court for the purpose of obtaining a driver's license until after the expiration of one year after the date of such hearing.

[EFFECTIVE DATE.] This section is effective September 1, 2004.

Sec. 48. Minnesota Statutes 2002, section 260A.03, is amended to read:

260A.03 [NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A CONTINUING TRUANT.]

Upon a child's initial classification as a continuing truant, the school attendance officer or other designated school official shall notify the child's parent or legal guardian, by first-class mail or other reasonable means, of the following:

- (1) that the child is truant;
- (2) that the parent or guardian should notify the school if there is a valid excuse for the child's absences;
- (3) that the parent or guardian is obligated to compel the attendance of the child at school pursuant to section 120A.22 and parents or guardians who fail to meet this obligation may be subject to prosecution under section 120A.34;
- (4) that this notification serves as the notification required by section 120A.34;
- (5) that alternative educational programs and services may be available in the district;
- (6) that the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the child's truancy;
- (7) that the school, after obtaining the informed consent of the child's parent or guardian to release the data to the Department of Public Safety, must notify the department to cancel the child's license or permit under section 171.056 when the child is truant under section 260C.007, subdivision 19, unless the school waived the attendance requirement under section 120A.23;
- (8) that if the child continues to be truant, the parent and child may be subject to juvenile court proceedings under chapter 260C;
- ~~(8)~~ (9) that if the child is subject to juvenile court proceedings, the child may be subject to suspension, restriction, or delay of the child's driving privilege pursuant to section 260C.201; and
- ~~(9)~~ (10) that it is recommended that the parent or guardian accompany the child to school and attend classes with the child for one day.

[EFFECTIVE DATE.] This section is effective September 1, 2004.

Sec. 49. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 5, is amended to read:

Subd. 5. [INTEGRATION AID.] For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$56,869,000 <u>\$55,911,000</u>	.....	2004
\$56,092,000 <u>\$55,899,000</u>	.....	2005

The 2004 appropriation includes \$8,428,000 for 2003 and ~~\$48,441,000~~ \$47,483,000 for 2004.

The 2005 appropriation includes ~~\$12,110,000~~ \$11,870,000 for 2004 and ~~\$43,982,000~~ \$44,029,000 for 2005.

Sec. 50. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 15, is amended to read:

Subd. 15. [BEST PRACTICES SEMINARS.] For best practices seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$1,000,000	.....	2004
\$1,000,000 <u>\$250,000</u>	.....	2005

\$250,000 per year is for a grant to A Chance to Grow/New Visions for the Minnesota learning resource center's comprehensive training program for education professionals charged with helping children acquire basic reading and math skills.

The base budget for this program is \$200,000 for fiscal year 2006 and \$100,000 for fiscal year 2007.

Sec. 51. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 16, is amended to read:

Subd. 16. [ALTERNATIVE TEACHER COMPENSATION.] For alternative teacher compensation established under Minnesota Statutes, sections 122A.413 to 122A.415:

\$3,700,000	.....	2004
\$3,700,000	.....	2005

If the appropriations under this subdivision are insufficient to fund all program participants, a participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section 122A.415, subdivision 1. A qualifying district or site receiving alternative teacher compensation funding under this subdivision may use the funding it receives to leverage additional funds from a national program for enhancing teacher professionalism.

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

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

Sec. 52. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 17, is amended to read:

Subd. 17. [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:

\$778,000	.....	2004
\$778,000	.....	2005

(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 IBMN, 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, \$375,000 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.

[EFFECTIVE DATE.] This section is effective the day following final enactment for revenue for fiscal year 2004.

Sec. 53. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 19, is amended to read:

Subd. 19. [YOUTH WORKS PROGRAM.] For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$900,000	.....	2004
\$900,000	.....	2005

(a) \$150,000 per year is for training in evaluating early literacy skills and teaching reading to preschool children under Minnesota Statutes, section 124D.42, subdivision 6, paragraph (a), clause (3).

(b) A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available. 2004 or fiscal year 2005 shall be no less than its fiscal year 2003 allocation.

(c) The budget base for this program is \$900,000 in fiscal year 2006 and \$500,000 in fiscal year 2007.

Sec. 54. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 21, as amended by Laws 2003, First Special Session chapter 23, section 16, is amended to read:

Subd. 21. [ON-LINE LEARNING.] For on-line learning aid under Minnesota Statutes, section 124D.095:

\$1,000,000	.....	2004
\$1,250,000 <u>\$2,750,000</u>	.....	2005

Sec. 55. [RULEMAKING AUTHORITY.]

Subdivision 1. [SUPPLEMENTAL EDUCATION SERVICE PROVIDERS.] The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, making permanent the supplemental education service provider exempt rules authorized under Laws 2003, chapter 129, article 2, section 3.

Subd. 2. [STATEWIDE TESTING.] The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of statewide accountability tests under Minnesota Statutes, section 120B.30, to ensure security and integrity of the tests and test results.

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

Sec. 56. [SCHOOL INNOVATION AND COOPERATIVE PLANNING GRANTS.]

Subdivision 1. [GRANT PROGRAMS.] The commissioner of education shall award planning grants to service cooperatives, two or more school districts cooperating for a particular purpose, or cooperating charter schools that work together to improve the delivery and cost-effectiveness of instructional and noninstructional programs and services and increase funds available for instruction-related expenditures. Service cooperatives, cooperating districts, or cooperating charter schools may coordinate or merge any noninstructional program or service of a participating district or charter school. The service cooperatives, cooperating districts, or cooperating charter schools may use the grant to determine:

(1) the district or charter school that is the primary service provider;

(2) the districts or charter schools that provide supplemental support;

(3) collaborative purchasing arrangements for goods and services; and

(4) how the districts or charter schools may coordinate or merge school functions such as payroll, human resources, food services, facility maintenance, community education programming, and student transportation.

Service cooperatives, cooperating districts, or cooperating charter schools must apply for a grant in a form and manner determined by the commissioner.

Subd. 2. [REPORT.] The service cooperatives, cooperating districts, and charter schools must report by August 1 to the commissioner on coordinating noninstructional programs and services and any estimates of cost savings realized by providing coordinated or merged programs and services during the preceding school year.

Sec. 57. [PILOT PROJECT RECOGNIZING TEACHERS' CRITICAL ROLE IN IMPROVING STUDENT ACHIEVEMENT AND SCHOOL PERFORMANCE.]

Subdivision 1. [PROJECT GOAL DEFINED; APPLICATION PROCESS ESTABLISHED; RECOGNITION CONFERRED.] (a) A five-year pilot project beginning in the 2005-2006 school year is established to recognize teachers' critical role in improving student achievement and school performance in those district elementary schools and charter elementary schools that have consistently failed to demonstrate adequate yearly progress under Minnesota Statutes, section 120B.35, and where at least 28 percent of the student population is eligible to receive a free or reduced-price meal in the school year in which an application under this section is submitted to the education commissioner. In order to measure teachers' critical role in improving student achievement and school performance, elementary schools that participate in the project, among other measures, must use assessments of students' academic achievement, to the extent available, to make longitudinal comparisons of each student's academic growth over time. Districts, on behalf of a district elementary school, and charter elementary schools may apply to the

commissioner to participate in the project in the form and manner the commissioner prescribes. A plan described under paragraph (c) must accompany the district or charter elementary school application. The commissioner must consider selecting project participants from urban, suburban, and rural areas throughout the state and must select no more than three elementary schools to participate.

(b) "Principal" for purposes of this section means the school principal or other person having administrative control of the school. The principal may receive compensation under this subdivision in addition to the principal's current salary, consistent with the plan submitted to the commissioner under paragraph (c).

(c) To participate in the project, an elementary school, in consultation with the district where applicable, and subject to the commissioner's approval, must develop a plan consistent with subdivision 2 or 3, as appropriate, that:

(1) delegates specific powers and duties, allows the principal to decide how to allocate financial and personnel resources and from whom to purchase goods and services, and allocates revenue to the school, where applicable;

(2) includes a design for implementing a value-added assessment model that reliably estimates teacher and school effects on students' academic achievement over time for different classroom settings, for team teaching arrangements, and for other teaching circumstances; and

(3) records student attendance.

The plan the elementary school implements must accommodate diverse data from various test sources and must use each student's test data across grades and subjects even when the data are incomplete. The data on teachers generated under the value-added assessment model are private data under Minnesota Statutes, section 13.02, subdivision 12.

(d) The principal, using the data acquired under paragraph (c), clause (2), to measure improvements in student achievement and school performance, must identify and recognize those classroom teachers who have successfully fostered educational improvement and are therefore eligible to receive compensation under this subdivision in addition to their current salary. The principal must determine the amount of added compensation each eligible teacher receives and the payment schedule, consistent with the plan submitted to the commissioner under paragraph (c). A teacher's total annual salary under this section must not exceed \$100,000.

Subd. 2. [PARTICIPATING CHARTER ELEMENTARY SCHOOLS.] All provisions of Minnesota Statutes, sections 124D.10 and 124D.11, apply to a charter elementary school participating in the project under this section, consistent with the plan developed and approved under subdivision 1, paragraph (c), except that, for purposes of this section:

(1) a charter elementary school contract must be entered into or extended for a five-year term beginning in the first school year of participation unless the school board or the commissioner terminates the school's participation; and

(2) a charter elementary school must report information required by the commissioner under this section and consistent with Minnesota Statutes, chapter 13.

The charter school sponsor or the commissioner may terminate the school's participation during the project term for any ground listed in Minnesota Statutes, section 124D.10, subdivision 23, paragraph (b).

Subd. 3. [PARTICIPATING DISTRICT ELEMENTARY SCHOOLS.] (a) The provisions of Minnesota Statutes, section 124D.10, governing charter elementary schools apply to a participating district elementary school during the term of the pilot project to the extent described in this subdivision, and consistent with the plan developed

and approved under subdivision 1, paragraph (c). The words "participating school" must be substituted for "charter school," the words "school district" must be substituted for "sponsor," and the word "plan" must be substituted for "contract" under Minnesota Statutes, section 124D.10.

(b) Minnesota Statutes, section 124D.10, subdivisions 1, 2, 2a, 3, 4 except as provided in paragraph (c), 6a, 9, 10, 15, 16 except as provided in paragraph (i), 17, 18, 19, 21, 23a, and 24, do not apply to a participating school under this section.

(c) Under Minnesota Statutes, section 124D.10, subdivision 4, governing the formation of a school, a participating school must select a board of directors composed of at least five members, one of whom must be the principal.

(d) Under Minnesota Statutes, section 124D.10, subdivision 5, governing the conversion of existing schools, a participating school must initiate its participation in the project at the beginning of a school year and must agree to continue participating for five school years unless the school board or the commissioner terminates the school's participation under paragraph (k).

(e) Under Minnesota Statutes, section 124D.10, subdivisions 6 and 8, governing contracts and state and local requirements, the plan of a participating school developed and approved under subdivision 1, paragraph (c), must establish how the school will be managed and administered and how it will comply with:

(1) state human rights laws under Minnesota Statutes, chapter 363;

(2) requirements for gender equity in athletic programs under Minnesota Statutes, section 121A.04;

(3) the Pupil Fair Dismissal Act under Minnesota Statutes, sections 121A.40 to 121A.56;

(4) the public school fee law under Minnesota Statutes, sections 123B.34 to 123B.39;

(5) audit-related requirements and procedures under Minnesota Statutes, section 124D.10, subdivision 8, paragraph (i);

(6) data practices laws governing access to student records under Minnesota Statutes, section 124D.10, subdivision 8, paragraph (k);

(7) the requirement to recite the pledge of allegiance under Minnesota Statutes, section 124D.10, subdivision 8, paragraph (l);

(8) academic standards, assessments, and accountability measures under Minnesota Statutes, sections 120B.02 to 120B.04 and 120B.30 to 120B.36; and

(9) the length of the school year.

(f) Under Minnesota Statutes, section 124D.10, subdivision 7, governing a school's public status, a participating school is a public school and is part of the district in which it is located. Except as provided in this section, a participating school, after consulting with the district superintendent, may elect to be exempt from any statute or rule applicable to a school, a school board, or a school district.

(g) Under Minnesota Statutes, section 124D.10, subdivision 11, governing employment and other operating matters, the plan of a participating school developed and approved under subdivision 1, paragraph (c), must enable the principal to determine who is hired into licensed and nonlicensed positions in the school.

(h) Under Minnesota Statutes, section 124D.10, subdivision 14, governing annual public reports, a participating school must report at least annually to the school board of the district the information required by the district, and the district's school board must report at least annually to the commissioner the information required by the commissioner. The reports are public data, consistent with Minnesota Statutes, chapter 13.

(i) Under Minnesota Statutes, section 124D.10, subdivision 16, governing transportation, the school district in which the participating school is located must provide transportation within the district to the students enrolled in the participating school.

(j) Minnesota Statutes, section 124D.10, subdivision 20, governing leave to teach in a charter elementary school, applies to a participating school except the provision allowing a school board to extend a leave of absence does not apply.

(k) Under Minnesota Statutes, section 124D.10, subdivision 23, governing causes for nonrenewal or termination of a charter elementary school contract, the plan developed and approved under subdivision 1, paragraph (c), must be for a five-year term. A school district may unilaterally terminate a school's participation during the project term for any ground listed in Minnesota Statutes, section 124D.10, subdivision 23, paragraph (b); provisions governing the nonrenewal of a charter elementary school contract do not apply to a participating school. If a district terminates the participation of a school, the school reverts to the status it held immediately preceding its participation in this project. The commissioner may terminate the participation of a participating school if the school or the school district in which the school is located has a history of financial mismanagement, repeated violations of law, or for other good cause.

(l) Under Minnesota Statutes, section 124D.10, subdivision 25, governing the extent of specific legal authority, the school district in which the school is located, and not the school, must obtain the requisite insurance on the school's behalf.

Subd. 4. [ADDITIONAL PARTICIPATING SCHOOLS.] The commissioner may seek and select another applicant to participate in this project, consistent with this section, if a participating school is terminated in the 2005-2006 or 2006-2007 school year.

Subd. 5. [REPORTS.] The commissioner, by each March 1 during the term of the pilot project, must submit progress reports to the legislative committees having jurisdiction over education policy and finance and must prepare a final written report to submit to the legislature by January 1, 2011. The reports, among other things, must use data acquired from a value-added assessment model to analyze teachers' critical role in improving student achievement and school performance and reliably estimate teacher and school effects on students' academic achievement over time.

Subd. 6. [COMMISSIONER'S ROLE.] The commissioner, in consultation with a school district or charter school sponsor, and at the request of a participating school, must provide technical support to the participating school.

Subd. 7. [APPROPRIATIONS BASE.] The base appropriation for this program is \$500,000 for fiscal years 2006 and 2007.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to the 2005-2006 through 2009-2010 school years.

Sec. 58. [MODEL POLICY.]

The education commissioner, in consultation with representatives of local school boards, school administrators, teachers, parents, students, and other individuals and organizations the commissioner determines are appropriate, must develop and transmit to school boards a model bullying policy, consistent with Minnesota Statutes, section 121A.032. The policy must encourage school boards to provide information, training, programs, and other initiatives consistent with the model policy.

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

Sec. 59. [REVISOR'S INSTRUCTIONS.]

(a) In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall change the terms and phrases "pupil of limited English proficiency," "limited English proficiency," "individual students whose first language is not English," "the limited English speaking children," "those for whom English is a second language," "persons for whom English is a second language," "of pupils known to speak English as a second language," and similar terms and phrases to "English language learners" where appropriate.

(b) In the next edition of Minnesota Statutes, the revisor of statutes shall change the headnote of Minnesota Statutes, section 122A.18, subdivision 2b, from "READING SPECIALIST." to "TEACHER OF READING LICENSURE ENDORSEMENT."

Sec. 60. [APPROPRIATION.]

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. [VALUE-ADDED ASSESSMENT PROGRAM.] For value-added assessment under Minnesota Statutes, section 120B.362.

\$250,000	*****	2005
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The base budget for this program is \$1,600,000 for fiscal year 2006 and fiscal year 2007.

Subd. 3. [SCHOOL INNOVATION AND COOPERATIVE PLANNING GRANTS.] For planning grants to service cooperatives, cooperating districts, or cooperating charter schools to improve the delivery and cost-effectiveness of instructional and noninstructional programs and services:

\$500,000	*****	2005
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This is a onetime appropriation.

Subd. 4. [SCHOLARS OF DISTINCTION.] For the scholars of distinction program:

\$210,000	*****	2005
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This is a onetime appropriation.

[EFFECTIVE DATE.] Subdivision 4 is effective June 30, 2005.

Sec. 61. [SUNSET.]

The amendments to Minnesota Statutes, section 122A.16, paragraphs (b), (c), and (d), are repealed effective June 30, 2007.

Sec. 62. [REPEALER.]

(a) Minnesota Statutes 2002, sections 124D.41; 124D.42, subdivisions 1, 2, 4, 5, and 7; and 124D.43, are repealed.

(b) Minnesota Statutes 2003 Supplement, section 124D.42, subdivision 3, is repealed.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 4, is amended to read:

Subd. 4. [ON-LINE LEARNING PARAMETERS.] (a) An on-line learning student must receive academic credit for completing the requirements of an on-line learning course or program. Secondary credits granted to an on-line learning student must be counted toward the graduation and credit requirements of the enrolling district. The enrolling district must apply the same graduation requirements to all students, including on-line learning students, and must continue to provide nonacademic services to on-line learning students. If a student completes an on-line learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting on-line learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the teacher contact time of an on-line learning student in proportion to the number of on-line learning courses the student takes from an on-line learning provider that is not the enrolling district.

(b) An on-line learning student may:

(1) enroll during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an on-line learning provider or the enrolling district;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the on-line learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) A student with a disability may enroll in an on-line learning course or program ~~if the student's IEP team determines that on-line learning is appropriate education for the student.~~ The student's IEP must then be adapted to reflect the on-line learning option.

(d) An on-line learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An on-line learning provider must assist an on-line learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for on-line learning purposes.

(e) An enrolling district may offer on-line learning to its enrolled students. Such on-line learning does not generate on-line learning funds under this section. An enrolling district that offers on-line learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with

a Minnesota license must assemble and deliver instruction to enrolled students receiving on-line learning from an enrolling district. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(f) An on-line learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to on-line learning students. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing on-line learning instruction must not instruct more than 40 students in any one on-line learning course or program.

Sec. 2. Minnesota Statutes 2002, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

- (1) a health plan under section 62Q.01, subdivision 3;
- (2) a county-based purchasing plan under section 256B.692;
- (3) a self-insured health plan established by a local government under section 471.617; or
- (4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages ~~three to~~ birth through 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, ~~United States Code, title 42, sections 701 to 709;~~

(ii) the Minnesota Children with Special Health Needs program under sections 144.05 and 144.07;

(iii) ~~the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420, Part B, section 619, and Part C as amended;~~

~~(iii) (iv) medical assistance under title 42, chapter 7, of the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;~~

~~(iv) (v) the developmental disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B services under chapter 256B;~~

~~(v) (vi) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852 under title 42, chapter 105, of the Social Security Act;~~

~~(vi)~~ (vii) vocational rehabilitation services provided under ~~chapter~~ chapters 248 and 268A and the Rehabilitation Act of 1973;

~~(vii)~~ (viii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

~~(viii) the children's mental health collaboratives under section 245.493;~~

~~(ix) the family service collaboratives under section 124D.23;~~

~~(x) the family community support plan under section 245.4881, subdivision 4;~~

~~(xi) the MinnesotaCare program under chapter 256L;~~

~~(xii)~~ (ix) Minnesota Comprehensive Children's Mental Health Act under section 245.487;

~~(x)~~ the community health services grants under ~~chapter 145~~ sections 145.88 to 145.9266;

~~(xiii) the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and~~

~~(xiv) the community transition interagency committees under section 125A.22;~~

~~(xi) the Local Public Health Act under chapter 145A; and~~

~~(xii) the Children and Community Services Act, sections 256M.60 to 256M.80;~~

(2) service provision and funding that can be coordinated through:

(i) the children's mental health collaborative under section 245.493;

(ii) the family services collaborative under section 124D.23;

(iii) the community transition interagency committees under section 125A.22; and

(iv) the interagency early intervention committees under section 125A.259;

(3) financial and other funding programs to be coordinated including medical assistance under title 42, chapter 7, of the Social Security Act, the MinnesotaCare program under chapter 256L, Supplemental Social Security Income, Developmental Disabilities Assistance, and any other employment-related activities associated with the Social Security Administration; and services provided under a health plan in conformity with an individual family service plan or an individual education plan or an individual interagency intervention plan; and

~~(3)~~ (4) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 3. Minnesota Statutes 2003 Supplement, section 125A.023, subdivision 4, is amended to read:

Subd. 4. [STATE INTERAGENCY COMMITTEE.] (a) The governor shall convene ~~a 19 member~~ an interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages ~~three to birth through~~ 21 with disabilities. The commissioners of ~~commerce, education, health, human rights, human services, economic security, and corrections~~ employment and economic development shall each appoint two committee members from their departments; the commissioners of corrections, human rights, and commerce shall each appoint one member from their departments; the Association of Minnesota Counties shall appoint two county representatives, one of whom must be an elected official, as committee members; and the Minnesota School Boards Association, the Minnesota Administrators of Special Education, and the School Nurse Association of Minnesota shall each appoint one committee member; the governor shall appoint two parent representatives of a child who is eligible for special education. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 21;

(4) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

(5) identify how current systems for dispute resolution can be coordinated and develop guidelines for that coordination;

(6) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 21;

(7) develop guidelines to assist the governing boards of the interagency early intervention committees in carrying out the duties assigned in section 125A.027, subdivision 1, paragraph (b); and

(8) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an ongoing basis with the state Education Advisory Committee for Special Education and the governor's Interagency Coordinating Council in carrying out its duties under this section, including assisting the governing boards of the interagency early intervention committees.

Sec. 4. Minnesota Statutes 2002, section 125A.03, is amended to read:

125A.03 [SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.]

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under the Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state education code means a free and appropriate public education provided to an eligible child with disabilities and includes special education and related services defined in the Individuals with Disabilities Education Act, subpart A, section 300.24.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

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

Sec. 5. Minnesota Statutes 2003 Supplement, 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, and equipment 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" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "General revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total 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 2003, and 1.0 for fiscal year 2004 and later.

Sec. 6. Minnesota Statutes 2002, section 125A.79, subdivision 5, is amended to read:

Subd. 5. [INITIAL EXCESS COST AID; FISCAL YEARS 2003 AND 2004.] For fiscal years ~~2002~~ 2003 and ~~later~~ 2004, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 7. Minnesota Statutes 2002, section 125A.79, is amended by adding a subdivision to read:

Subd. 5a. [INITIAL EXCESS COST AID.] For fiscal years 2005 and later, a district's initial excess cost aid equals the greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost for the previous fiscal year, and (ii) the sum of 4.36 percent of the district's general revenue for the previous fiscal year and the district's supplemental excess cost aid for the previous fiscal year; or

(2) zero.

Sec. 8. Minnesota Statutes 2002, section 125A.79, is amended by adding a subdivision to read:

Subd. 5b. [SUPPLEMENTAL EXCESS COST AID.] (a) For fiscal years 2005 and later, a district's supplemental excess cost aid equals the greater of:

(1) 75 percent of the difference between (i) the increase in the district's unreimbursed special education excess cost between the previous fiscal year and the current fiscal year, and (ii) \$80 times the district's adjusted marginal cost pupil units for the current fiscal year; or

(2) zero.

(b) The state total supplemental excess cost aid for any fiscal year must not exceed \$2,000,000. If the state total supplemental excess cost aid according to paragraph (a) exceeds \$2,000,000, the supplemental excess cost aid for each district shall be reduced proportionately so that the state total equals \$2,000,000.

Sec. 9. Minnesota Statutes 2002, section 125A.79, subdivision 7, is amended to read:

Subd. 7. [DISTRICT SPECIAL EDUCATION EXCESS COST AID.] (a) A district's special education excess cost aid for fiscal year ~~2002~~ 2003 and ~~later~~ 2004 equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid.

(b) A district's special education excess cost aid for fiscal year 2005 and later equals the sum of:

(i) the product of the difference between the state total special education excess cost aid and the state total supplemental excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid; and

(ii) the district's supplemental excess cost aid according to subdivision 5b.

Sec. 10. Laws 2003, First Special Session chapter 9, article 3, section 19, is amended to read:

Sec. 19. [DEPARTMENT RESPONSIBILITY.]

By ~~January 1~~ June 1, 2004, the commissioner of education must adopt rules that:

(1) establish criteria for selecting hearing officers, the standards of conduct to which a hearing officer must adhere, and a process to evaluate the hearing system;

(2) ensure that appropriately trained and knowledgeable persons conduct due process hearings in compliance with federal law; and

(3) create standards for expedited due process hearings under federal law.

By March 1, 2004, the commissioner of education must develop and make available a notice for participants in state-provided dispute resolution processes that informs participants of their rights concerning dispute resolution.

[EFFECTIVE DATE.] This section is effective retroactive to July 1, 2003.

ARTICLE 4

FACILITIES

Section 1. [123B.515] [CHROMATED COPPER ARSENATE TREATED LUMBER PROHIBITED.]

As of the effective date of this section, a school district and a charter school are prohibited from purchasing chromated copper arsenate treated lumber, or products made of chromated copper arsenate treated lumber, for use as playground equipment, benches, picnic tables, walkways, fences, or landscape timbers.

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

Sec. 2. Minnesota Statutes 2002, section 123B.53, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID.] (a) A district's debt service equalization aid is the sum of the district's first tier debt service equalization aid and the district's second tier debt service equalization aid.

(b) A district's first tier debt service equalization aid equals the difference between the district's first tier debt service equalization revenue and the district's first tier equalized debt service levy.

(c) A district's second tier debt service equalization aid equals the difference between the district's second tier debt service equalization revenue and the district's second tier equalized debt service levy.

Sec. 3. Minnesota Statutes 2003 Supplement, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$25,987,000 in fiscal year 2002, \$29,941,000 in fiscal year 2003, \$40,075,000~~ \$35,598,000 in fiscal year 2004, ~~and \$39,774,000~~ \$31,220,000 in fiscal years year 2005, \$27,830,000 in fiscal year 2006, and \$24,872,000 in fiscal year 2007 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 the day following final enactment.

Sec. 4. Minnesota Statutes 2002, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **[INFORMATION REQUIRED.]** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a specification of how the project will increase community use of the facility and whether and how the project will increase collaboration with other governmental or nonprofit entities;

(6) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

(7) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

(8) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

(9) a description of the consultation with local or state road and transportation officials on school site access and safety issues, and the ways that the project will address those issues;

(10) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

(11) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

(12) a specification of any desegregation requirements that cannot be met by any other reasonable means; ~~and~~

(13) a specification, if applicable, of how the facility will utilize environmentally sustainable school facility design concepts; and

(14) a description, if applicable, of how the facility will address classroom acoustics, and whether the facility will meet the American National Standard Institute's guidelines for classroom acoustics.

[EFFECTIVE DATE.] This section is effective for proposals submitted on or after July 1, 2004.

Sec. 5. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.]

Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or charter school shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase and/or installation of Internet filtering; and

(7) costs associated with digital content, including on-line learning or distance learning programming, and information databases.

Subd. 2. [E-RATES.] To be eligible for aid under this section, a district or charter school is required to file an e-rate application either separately or through its telecommunications access cluster and to have a current technology plan on file with the Department of Education. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall develop criteria for approving costs submitted by school districts and charter schools under subdivision 1.

Subd. 4. [DISTRICT AID.] For fiscal year 2005 and later, a district or charter school's Internet access equity aid equals 90 percent of the district or charter school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$15 times the district's adjusted marginal cost pupil units for the previous fiscal year.

Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per adjusted marginal cost pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighing factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services. However, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. [SEVERABILITY.] If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 6. Minnesota Statutes 2003 Supplement, 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 ~~90 percent~~ of 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 ~~\$90~~ \$100 times the resident 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 ~~90 percent of~~ the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$22.50~~ \$25 times the adjusted marginal cost 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), 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 purchase agreement for a building 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).

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 7. Minnesota Statutes 2003 Supplement, section 126C.63, subdivision 8, is amended to read:

Subd. 8. **[MAXIMUM EFFORT DEBT SERVICE LEVY.]** (a) "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(i) in any district receiving a debt service loan for a debt service levy payable in 2002 and thereafter, or granted a capital loan after January 1, 2002, a levy in total dollar amount computed at a rate of 40 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(ii) in any district receiving a debt service loan for a debt service levy payable in 2001 or earlier, or granted a capital loan before January 2, 2001, a levy in a total dollar amount computed at a rate of ~~32~~ 28 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

(b) The board in any district affected by the provisions of paragraph (a), clause (2), may elect instead to determine the amount of its levy according to the provisions of paragraph (a), clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of paragraph (a), clause (2), the liability of the district for the amount of the difference between the amount it levied under paragraph (a), clause (2), and the amount it would have levied under paragraph (a), clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 8. Minnesota Statutes 2002, section 127A.45, subdivision 11, is amended to read:

Subd. 11. **[PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.]** One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity aid according to section 125B.26, special education special pupil aid according to section 125A.75,

subdivision 3, aid for litigation costs according to section 125A.75, subdivision 8, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8.

Sec. 9. Minnesota Statutes 2003 Supplement, section 475.61, subdivision 4, is amended to read:

Subd. 4. [SURPLUS FUNDS.] (a) All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the general fund levy authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C and the state aids authorized pursuant to chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

(b) If the district qualified for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's second tier debt service equalization aid to the district's second tier debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(c) If the district did not qualify for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's debt service equalization aid to the district's debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(e) (d) The reduction to the general fund levy equals the total amount of the surplus minus the reduction to state aids.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 10. Laws 2003, First Special Session chapter 9, article 4, section 29, is amended to read:

Sec. 29. [GARAGE LEASE LEVY; SARTELL.]

For taxes payable in 2004, 2005, ~~and~~ 2006, and 2007, independent school district No. ~~740~~ 748, Sartell, may levy up to \$107,000 each year for the purpose of leasing a school bus storage facility. The department of education shall include this levy in the calculation of eligible building lease levy under Minnesota Statutes, section 126C.40, subdivision 1. This levy shall not allow the district to exceed the \$100 per resident marginal cost pupil unit cap in that section. The district is eligible to make this levy only if it sells its current school bus storage site to the city of Sartell and the district may not use this levy as part of a lease purchase agreement to replace its current school bus storage facility.

Sec. 11. [LEASE LEVY; MOUNDS VIEW SCHOOL DISTRICT.]

Notwithstanding the lease levy restrictions in Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 621, Mounds View, may levy up to \$200,000 per year for ten years for the purpose of making its payments to Ramsey County for the school district's portion of the Ramsey County maintenance facility located in Arden Hills.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 12. [LEVY; GLENCOE-SILVER LAKE.]

For taxes payable in 2005 only, Independent School District No. 2859, Glencoe-Silver Lake, may levy an amount up to \$64,000 for recovering the cost of replacing a gymnasium floor at Lakeside Elementary School resulting from storm damage.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 13. [DISABLED ACCESS LEVY AUTHORITY; EAST GRAND FORKS.]

Notwithstanding the time limits established in Minnesota Statutes, section 123B.58, subdivision 3, Independent School District No. 595, East Grand Forks, may levy up to \$150,000 of its remaining disabled access levy authority over five or fewer years.

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

Sec. 14. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. [TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.] For telecommunications/Internet access cost equity aid under Minnesota Statutes, section 125B.26:

\$4,500,000	: : : : :	<u>2005</u>
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If the appropriation for fiscal year 2005 is insufficient, the aid for that year shall be prorated among participating schools and districts so as not to exceed the total authorized appropriation for that year. The budget base for this program for fiscal year 2006 and later is \$4,700,000.

ARTICLE 5

NUTRITION AND ACCOUNTING; OTHER PROGRAMS

Section 1. Minnesota Statutes 2003 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

- (1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000; ~~and~~
- (2) the budget reserve account established in subdivision 1a until that account reaches \$653,000,000;
- (3) the amount necessary to eliminate all or a portion of the property tax revenue recognition shift in section 123B.75, subdivision 5; and
- (4) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 from 80 percent to not more than 90 percent.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before any transfer is made under section 16A.1522.

(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

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

Sec. 2. Minnesota Statutes 2002, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to the sum of (1) 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, calculated without basic skills revenue, and transportation sparsity revenue, ~~and the transportation portion of the transition revenue adjustment,~~ times the number of pupil units attending an area learning center program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

Sec. 3. Minnesota Statutes 2002, section 123B.75, is amended by adding a subdivision to read:

Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in a calendar year by a school district under section 298.28, subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d), is fully recognized in the fiscal year in which the February payment falls.

[EFFECTIVE DATE.] This section is effective retroactive from July 1, 2003, for school district revenue for fiscal year 2004.

Sec. 4. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 7, is amended to read:

Subd. 7. [DEPARTMENT OF EDUCATION.] (a) The department must review and certify on-line learning providers. The on-line learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. On-line learning providers must affirm to the commissioner that on-line learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The on-line learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an on-line learning provider is approved under this paragraph, all of its on-line learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an on-line learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an on-line learning course offered by an on-line learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying on-line learning providers or \$50 per course for reviewing a challenge by an enrolling district. The fee must be deposited in the state general fund.

(d) The department must develop, publish, and maintain a list of approved on-line learning providers and on-line learning courses and programs that it has reviewed and certified.

[EFFECTIVE DATE.] This section is effective retroactive from July 1, 2003.

Sec. 5. Minnesota Statutes 2003 Supplement, 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 .0485, calculated without basic skills revenue, extended time revenue, transition revenue, and transportation sparsity revenue, plus basic skills 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.

(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.

Sec. 6. Minnesota Statutes 2003 Supplement, 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 (1) general education aid for each adjusted marginal cost pupil unit equal to the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the school district in which the charter school is located and (2) general education aid for each extended time marginal cost pupil unit equal to the product of \$223 times the school's extended time marginal cost pupil units.

Sec. 7. Minnesota Statutes 2002, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the contracting district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue, excluding compensatory revenue, shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the contracting district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. The basic skills revenue ~~shall be paid~~ generated by pupils attending the eligible program according to section 126C.10, subdivision 4, shall be paid to the eligible program.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

Sec. 8. Minnesota Statutes 2002, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to the sum of (1) at least 95 percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program and (2) the amount of basic skills revenue shall be paid generated by pupils attending the program according to section 126C.10, subdivision 4. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ For a pupil attending the program part time, the revenue paid to the program, excluding compensatory revenue, must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9.

Sec. 9. Minnesota Statutes 2002, section 126C.21, subdivision 4, is amended to read:

Subd. 4. [TACONITE DEDUCTIONS.] ~~(1) Notwithstanding any provisions of any other law to the contrary, the adjusted net tax capacity used in calculating general education aid may include only that property that is currently taxable in the district.~~

~~(2) For districts that received payments have revenue under sections 298.018; 298.225; 298.24 to 298.28, excluding 298.26, and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39; 298.391 to 298.396; and 298.405; 477A.15; or any law imposing a tax upon severed mineral values; or recognized revenue under section 477A.15; the general education aid must be reduced in the final adjustment payment by (i) the difference between the dollar amount of the payments received revenue recognized pursuant to those sections, or revenue recognized under section 477A.15 in for the fiscal year to which the final adjustment is attributable and, less (ii) the amount that was calculated, pursuant to section 126C.48, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable. If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this clause subdivision, the next fiscal year's general education aid to that district must be reduced by this negative amount in the following manner: there must be withheld from each scheduled general education aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from general education aid pursuant to this clause subdivision must be recognized as reduce revenue in the fiscal year to which the final adjustment payment is attributable.~~

[EFFECTIVE DATE.] This section is effective retroactive from July 1, 2003, for school district revenue for fiscal year 2004.

Sec. 10. Minnesota Statutes 2002, section 126C.48, subdivision 8, is amended to read:

Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1) Reductions in levies pursuant to sections 126C.48, subdivision 1, and 273.138, must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts ~~which received payments that have revenue pursuant to sections 298.018; 298.225; and 298.24 to 298.28, except an amount distributed under section sections 298.26; 298.28, subdivision 4, paragraph (c), clause (ii), and paragraph (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values, or recognized revenue under section 477A.15~~ must not include a portion of these aids in their permissible levies pursuant to those sections, but instead must reduce the permissible levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by the greater of the following: 95 percent of the previous year's revenue specified under this clause.

~~(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year; or~~

~~(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times five percent.~~

~~For levy year 2002 only, 77 percent of the amounts distributed under section 298.225 and 298.28, and 100 percent of the amounts distributed under sections 298.018; 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue under section 477A.15, shall be used for purposes of the calculations under this paragraph. For levy year 2003 only, the levy reductions under this subdivision must be calculated as if section 298.28, subdivision 4, paragraph (f), did not apply for the 2003 distribution.~~

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 11. Minnesota Statutes 2003 Supplement, section 127A.47, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 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 referendum equalization aid attributable to the pupil in the nonresident district.

(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) The district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e), 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 debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education revenue and special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services.

(e) 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), 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, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of ~~compensatory~~ basic skills revenue generated by pupils attending the area learning center.

Sec. 12. Minnesota Statutes 2003 Supplement, 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: ~~(1)~~ (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district; times ~~(2)~~ (ii) the adjusted marginal cost pupil units attributable to the pupil, plus

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

Sec. 13. [FUND TRANSFER.]

Subdivision 1. [FOLEY.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2004, Independent School District No. 51, Foley, may permanently transfer up to \$190,000 from its reserved operating capital account in its general fund to the undesignated general fund balance.

Subd. 2. [CHOKIO-ALBERTA.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2004, Independent School District No. 771, Chokio-Alberta, may permanently transfer up to \$150,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 3. [KIMBALL.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2004, Independent School District No. 739, Kimball, may permanently transfer up to \$150,000 from its reserved bus purchase account, or any successor account, to its undesignated general fund balance.

Subd. 4. [MCLEOD WEST.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2004, Independent School District No. 2887, McLeod West, may permanently transfer up to \$200,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 5. [NORTHEAST METRO.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on June 30, 2004, Intermediate School District No. 916, Northeast Metro, may permanently transfer up to \$240,000 from its debt redemption fund to its capital account in its general fund without making a levy reduction.

Subd. 6. [BUTTERFIELD.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, for calendar years 2004 through 2006, on June 30 of each year, Independent School District No. 836, Butterfield, may permanently transfer up to \$50,000 from its reserved operating capital account in its general fund to its undesignated general fund balance and \$60,000 from its reserved bus purchase account in its general fund to its undesignated general fund balance. The total amount transferred for the three-year period must not total more than \$50,000 from the reserved operating capital account and \$60,000 from the reserved bus purchase account.

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

Sec. 14. [FORECASTING THE BASE BUDGET FOR EDUCATION.]

Notwithstanding Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), the appropriation base for fiscal years 2006 and 2007 for each forecast program with an appropriation in this act or in Laws 2003, First Special Session chapter 9, is the forecast appropriation level needed to fully fund that program.

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

ARTICLE 6

LIBRARIES

Section 1. Minnesota Statutes 2002, section 125B.15, is amended to read:

125B.15 [INTERNET ACCESS FOR STUDENTS.]

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of

~~available with~~ software filtering ~~or blocking~~ technology ~~or other effective methods~~, ~~all designed to restrict~~ student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) ~~A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.~~

(~~e~~) A school district receiving technology revenue under section 125B.25 must prohibit, ~~including~~ through use of ~~available~~ software filtering ~~or blocking~~ technology ~~or other effective methods~~, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography. At the request of an adult, the district may unblock filtered sites for bona fide research or other lawful purpose.

(~~d~~) (c) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(~~e~~) (d) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

(e) All state funds available to a school site for its school library, school computer lab, and school media center shall be withheld from the school site until all computers with Internet access available for student use at the school site are equipped with software filtering or blocking technology designed to restrict students' access to material that is reasonably believed to be obscene, child pornography, or material harmful to minors under state or federal law. A school district must formally adopt an Internet safety policy consistent with this section and other applicable law.

(f) To ensure that state funds are not withheld under paragraph (e), a school district must send an electronic notice to the department indicating those school sites within the district that have equipped their computers with software filtering or blocking technology, consistent with this section. A district must immediately transmit to the department any additional information related to school sites' compliance with this section.

[EFFECTIVE DATE.] This section is effective January 1, 2005.

Sec. 2. Minnesota Statutes 2002, section 134.31, is amended by adding a subdivision to read:

Subd. 6. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota Library for the Blind and Physically Handicapped on long-range planning and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee expires June 30, 2007.

[EFFECTIVE DATE.] This section is effective June 30, 2004.

Sec. 3. Minnesota Statutes 2002, section 134.50, is amended to read:

134.50 [INTERNET ACCESS; LIBRARIES.]

(a) Recognizing the difference between public libraries, which are designed for public inquiry, and school libraries, school computer labs, and school media centers, which serve unique educational purposes, all public library computers with access to the Internet available for use by children under the age of ~~17~~ 18 must be equipped ~~to restrict, including by use of available with~~ software filtering ~~or blocking~~ technology ~~or other effective methods~~, ~~all designed to restrict~~ access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) ~~A public library is not required to purchase filtering technology if the public library would incur more than incidental expense in making the purchase.~~

(e) A public library that receives state money must prohibit, ~~including~~ through the use of ~~available~~ software filtering or blocking technology ~~or other effective methods~~, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography. At the request of an adult conducting bona fide research or pursuing another lawful purpose, a public library must unblock filtered sites without significant delay and without requiring the adult to explain the request. A public library may remove a person from the library if the person gains access or attempts to gain access to materials prohibited under this section ~~by intentionally bypassing the filtering technology or other method used by the library.~~

~~(d)~~ (c) A public library, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) ~~(d)~~ This section does not apply to the libraries of postsecondary institutions.

(e) All state funds available to a public library shall be withheld from the public library until all computers with Internet access available for use by children under age 18 are equipped with software filtering or blocking technology designed to restrict children's access to material that is reasonably believed to be obscene, child pornography, or material harmful to minors under federal or state law. A public library must formally adopt an Internet safety policy consistent with this section and other applicable law.

(f) To ensure that state funds are not withheld under paragraph (e), a public library system must send an electronic notice to the education department indicating that the public libraries within the system have equipped their computers with software filtering or blocking technology, consistent with this section. A public library system must immediately transmit to the department any additional information related to public libraries' compliance with this section.

[EFFECTIVE DATE.] This section is effective January 1, 2005.

Sec. 4. Laws 2003, First Special Session chapter 9, article 6, section 4, is amended to read:

Sec. 4. [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. [BASIC SYSTEM SUPPORT.] For basic system support grants under Minnesota Statutes, section 134.355:

\$8,072,000 <u>\$8,312,000</u>	. . . . .	2004
<u>\$8,570,000</u>	. . . . .	2005

The 2004 appropriation includes \$1,456,000 for 2003 and ~~\$6,616,000~~ \$6,856,000 for 2004.

The 2005 appropriation includes ~~\$1,654,000~~ \$1,714,000 for 2004 and ~~\$6,916,000~~ \$6,856,000 for 2005.

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$1,200,000	<u>\$960,000</u>	.....	2004
	\$1,200,000	.....	2005

The 2004 appropriation includes \$960,000 for 2004.

The 2005 appropriation includes \$240,000 for 2004 and \$960,000 for 2005.

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

ARTICLE 7

EARLY CHILDHOOD PROGRAMS

Section 1. Minnesota Statutes 2002, section 124D.15, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A district or a group of districts may establish a school readiness program for ~~eligible~~ children ages 3-1/2 years old to kindergarten entrance. The purpose of a school readiness program is to ~~provide all eligible children adequate opportunities to participate in child development programs that enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish~~ prepare children to enter kindergarten.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 2. Minnesota Statutes 2002, section 124D.15, subdivision 3, is amended to read:

Subd. 3. [PROGRAM ~~ELIGIBILITY~~ REQUIREMENTS.] A school readiness program must ~~include the following~~:

(1) ~~a comprehensive plan to anticipate and meet the needs of participating families by coordinating existing social services programs and by fostering collaboration among agencies or other community based organizations and programs that provide a full range of flexible, family focused services to families with young children~~ conduct a child development assessment on each child to guide curriculum planning and promote school readiness. This assessment must be conducted on each child at entrance into the program and once prior to exit of the program;

(2) ~~a development and learning component to help children develop appropriate social, cognitive, and physical skills, and emotional well-being;~~

(3) ~~health referral services to address children's medical, dental, mental health, and nutritional needs~~ involve parents in program planning and decision making;

(4) ~~(3) a nutrition component to meet children's daily nutritional needs~~ coordinate with relevant community-based services;

(5) ~~(4) parents' involvement in meeting children's educational, health, social service, and other needs~~ arrange for early childhood screening and appropriate referral; and

~~(6) (5) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community;~~

~~(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program; and~~

~~(8) a literacy component to ensure that the literacy needs of parents are addressed through referral to and cooperation with adult basic education programs and other adult literacy programs demonstrate use of evidence-based curriculum.~~

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year.

Sec. 3. Minnesota Statutes 2002, section 124D.15, is amended by adding a subdivision to read:

Subd. 3a. [APPLICATION AND REPORTING REQUIREMENTS.] (a) A school readiness program must submit an annual plan to the commissioner for approval. The plan must include evidence that the program will meet the program requirements according to subdivision 3.

(b) Programs receiving school readiness funds must submit an annual report to the department before August 15 of the following fiscal year as required by the department.

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

Sec. 4. Minnesota Statutes 2002, section 124D.15, subdivision 5, is amended to read:

Subd. 5. [SERVICES WITH NEW OR EXISTING PROVIDERS.] A district is encouraged to contract with a public or nonprofit organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents. A copy of each contract must be submitted to the commissioner with the annual plan.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 5. Minnesota Statutes 2002, section 124D.15, subdivision 10, is amended to read:

Subd. 10. [SUPERVISION.] A program provided by a board must be supervised by a licensed early childhood teacher, a certified early childhood educator, or a licensed parent educator. ~~A program provided according to a contract between a district and a nonprofit organization or another private organization must be supervised and staffed according to the terms of the contract.~~

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 6. Minnesota Statutes 2002, section 124D.15, subdivision 12, is amended to read:

Subd. 12. [PROGRAM FEES.] A district ~~may~~ must adopt a sliding fee schedule based on a family's income but must waive a fee for a participant unable to pay. ~~The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.~~

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 7. Minnesota Statutes 2002, section 124D.16, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to receive school readiness aid if the program plan required by ~~subdivision 1~~ section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) For fiscal year 2002 and thereafter, a district must receive school readiness aid equal to:

(1) the number of eligible four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of eligible four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2005.

Sec. 8. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 2, is amended to read:

Subd. 2. [SCHOOL READINESS.] For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$9,536,000	.....	2004
\$9,258,000 <u>\$10,298,000</u>	.....	2005

The 2004 appropriation includes \$1,605,000 for 2003 and \$7,931,000 for 2004.

The 2005 appropriation includes \$1,982,000 for 2004 and ~~\$7,276,000~~ \$8,316,000 for 2005.

The base budget entitlement for this program is \$9,095,000 for fiscal years 2006 and later.

Sec. 9. [REPEALER.]

Minnesota Statutes 2002, sections 124D.15, subdivisions 2, 4, 6, 8, 9, 11, and 13; and 124D.16, subdivisions 1 and 4; and Minnesota Statutes 2003 Supplement, section 124D.15, subdivision 7, are repealed.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

ARTICLE 8

PREVENTION

Section 1. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 6a. [COMMUNITY EDUCATION FORMULA RESTORATION LEVY.] In addition to the levy authorized under subdivision 5, a school district may annually levy an amount equal to \$.72 times the greater of 1,335 or the population of the district.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005.

Sec. 2. [EARLY RECOGNITION.]

For taxes payable in 2005 only, a school district must recognize 50 percent of the revenue received under section 1 in fiscal year 2005 and 50 percent of the revenue received under section 1 in fiscal year 2006.

ARTICLE 9

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2003 Supplement, section 119A.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in section 144.9501 and in this subdivision apply to this section.

(b) "Eligible organization" means a lead contractor, city, board of health, community health department, community action agency as defined in section 119A.374, or community development corporation.

(c) "Commissioner" means the commissioner of ~~education~~ health, or the commissioner of the Minnesota Housing Finance Agency as authorized by section 462A.05, subdivision 15c.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 2. Minnesota Statutes 2002, section 119A.46, subdivision 2, is amended to read:

Subd. 2. [GRANTS; ADMINISTRATION.] Within the limits of the available appropriation, the commissioner must develop a swab team services program which may make demonstration and training grants to eligible organizations to train workers to provide swab team services and swab team services for residential property. Grants may be awarded to nonprofit organizations to provide technical assistance and training to ensure quality and consistency within the statewide program. Grants must be awarded to help ensure full-time employment to workers providing swab team services and must be awarded for a two-year period.

Grants awarded under this section must be made in consultation with the ~~commissioners~~ commissioner of the ~~Department of~~ health and the Housing Finance Agency, and representatives of neighborhood groups from areas at high risk for toxic lead exposure, a labor organization, the lead coalition, community action agencies, and the legal aid society. The consulting team must review grant applications and recommend awards to eligible organizations that meet requirements for receiving a grant under this section.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 3. Minnesota Statutes 2002, section 119A.46, subdivision 3, is amended to read:

Subd. 3. [APPLICANTS.] (a) Interested eligible organizations may apply to the commissioner for grants under this section. Two or more eligible organizations may jointly apply for a grant. Priority shall be given to community action agencies in greater Minnesota and to either community action agencies or neighborhood based nonprofit organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may be used for administrative purposes. The commissioner may deviate from this percentage if a grantee can justify the need for a larger administrative allowance. Of this amount, up to five percent may be used by the commissioner for state administrative purposes. Applications must provide information requested by the commissioner, including at least the information required to assess the factors listed in paragraph (d).

(b) The commissioner must ~~coordinate with the commissioner of health who must~~ consult with boards of health to provide swab team services for purposes of secondary prevention. The priority for swab teams created by grants to eligible organizations under this section must be work assigned by the commissioner of health, or by a board of health if so designated by the commissioner of health, to provide secondary prevention swab team services to fulfill the requirements of section 144.9504, subdivision 6, in response to a lead order. Swab teams assigned work under this section by the commissioner, that are not engaged daily in fulfilling the requirements of section 144.9504, subdivision 6, must deliver swab team services in response to elevated blood lead levels as defined in section 144.9501, subdivision 9, where lead orders were not issued, and for purposes of primary prevention in census tracts known to be in areas at high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

(c) Any additional money must be used for grants to establish swab teams for primary prevention under section 144.9503, in census tracts in areas at high risk for toxic lead exposure as determined under section 144.9503, subdivision 2.

(d) In evaluating grant applications, the commissioner must consider the following criteria:

- (1) the use of lead contractors and lead workers for residential swab team services;
- (2) the participation of neighborhood groups and individuals, as swab team workers, in areas at high risk for toxic lead exposure;
- (3) plans for the provision of swab team services for primary and secondary prevention as required under subdivision 4;
- (4) plans for supervision, training, career development, and postprogram placement of swab team members;
- (5) plans for resident and property owner education on lead safety;
- (6) plans for distributing cleaning supplies to area residents and educating residents and property owners on cleaning techniques;
- (7) sources of other funding and cost estimates for training, lead inspections, swab team services, equipment, monitoring, testing, and administration;
- (8) measures of program effectiveness;
- (9) coordination of program activities with other federal, state, and local public health, job training, apprenticeship, and housing renovation programs including programs under sections 268.86 to 268.881; and
- (10) prior experience in providing swab team services.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 4. Minnesota Statutes 2002, section 119A.46, subdivision 8, is amended to read:

Subd. 8. [TESTING AND EVALUATION.] (a) Testing of the environment is not necessary by swab teams whose work is assigned by the commissioner of health or a designated board of health under section 144.9504. The commissioner of health or designated board of health must share the analytical testing data collected on each residence for purposes of secondary prevention under section 144.9504 with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(b) For purposes of primary prevention evaluation, the following samples must be collected: pretesting and posttesting of one noncarpeted floor dust lead sample and a notation of the extent and location of bare soil and of deteriorated lead-based paint. The analytical testing data collected on each residence for purposes of primary prevention under section 144.9503 must be shared with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(c) The commissioner of health must establish a program ~~in cooperation with the commissioner~~ to collect appropriate data as required under paragraphs (a) and (b), in order to conduct an ongoing evaluation of swab team services for primary and secondary prevention. Within the limits of available appropriations, the commissioner of health must conduct ~~or contract with the commissioner~~, on up to 1,000 residences which have received primary or secondary prevention swab team services, a postremediation evaluation, on at least a quarterly basis for a period of at least two years for each residence. The evaluation must note the condition of the paint within the residence, the extent of bare soil on the grounds, and collect and analyze one noncarpeted floor dust lead sample. The data collected must be evaluated to determine the efficacy of providing swab team services as a method of reducing lead exposure in young children. In evaluating this data, the commissioner of health must consider city size, community location, historic traffic flow, soil lead level of the property by area or census tract, distance to industrial point sources that emit lead, season of the year, age of the housing, age and number of children living at the residence, the presence of pets that move in and out of the residence, and other relevant factors as the commissioner of health may determine. This evaluation of the swab team program may be paid from amounts appropriated to the Department of Economic Security for providing swab team services.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 5. Minnesota Statutes 2003 Supplement, 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 2004 equals \$34,388,000. The state total adult basic education aid for fiscal year 2005 and later is \$36,509,000 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. 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 the day following final enactment and applies for revenue distributions for fiscal year 2005.

Sec. 6. Minnesota Statutes 2003 Supplement, section 124D.531, subdivision 4, is amended to read:

Subd. 4. [ADULT BASIC EDUCATION PROGRAM AID LIMIT.] (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed \$21 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal year 2006 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or \$10,000.

(e) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

(f) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d) must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies for revenue distributions for fiscal year 2005.

Sec. 7. Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, is amended to read:

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid under Minnesota Statutes, section 124D.52, in fiscal year 2004 and Minnesota Statutes, section 124D.531, in fiscal year 2005:

\$33,153,000 <u>\$33,014,000</u>	.....	2004
\$35,823,000 <u>\$36,132,000</u>	.....	2005

The 2004 appropriation includes ~~\$5,905,000~~ \$5,827,000 for 2003 and ~~\$27,248,000~~ \$27,187,000 for 2004.

The 2005 appropriation includes ~~\$6,811,000~~ \$6,796,000 for 2004 and ~~\$29,012,000~~ \$29,336,000 for 2005.

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

Sec. 8. Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 5, is amended to read:

Subd. 5. [LEAD ABATEMENT.] For lead abatement according to Minnesota Statutes, section 119A.46:

\$100,000	.....	2004
\$100,000 <u>-0-</u>	.....	2005

Any balance in the first year does not cancel but is available in the second year. The first year's balance, if any, must be transferred to the Department of Health.

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

Sec. 9. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber section 119A.46 within chapter 144 and shall appropriately revise any statutory cross-references consistent with that renumbering.

ARTICLE 10
STATE AGENCIES

Section 1. [120B.115] [SCHOOL DISTRICT EFFICIENCY REVIEWS.]

(a) At the written request of a school superintendent or local school board, and to the extent state funds are appropriated for this purpose, the commissioner of education shall review a school district's central operations. The review at least must:

(1) examine noninstructional expenditures;

(2) examine overhead costs, procurement practices, facilities use and management, financial management, transportation policies, technology planning, and energy management; and

(3) identify opportunities for the district to improve operational efficiencies and reduce costs.

The commissioner, at the commissioner's discretion, may include additional areas for review. The review must not examine the effectiveness of the educational services a district is delivering. State and local entities must cooperate with and assist the commissioner with a review at the request of the commissioner.

(b) The commissioner must conduct the review within two years of the date on which the commissioner receives the review request and must determine the sequence, timing, and duration of the review. The commissioner is encouraged to annually review at least three districts in diverse locations throughout the state.

(c) When concluding a review, the commissioner must provide a written report of the findings, including exemplary practices that other school districts may wish to replicate and recommendations for improved services and greater efficiencies. All recommendations contained in the report are advisory only and a school district may adopt or reject the recommendations in whole or in part.

(d) The commissioner must make public all final reports, recommendations, related tables, and appendices. Records and other information about identifiable school board employees are private data on individuals and must not be disclosed.

(e) The commissioner must not seek reimbursement from a school district or other affected local unit of government for any costs associated with an efficiency review under this section.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 2. Laws 2003, First Special Session chapter 9, article 10, section 10, subdivision 2, is amended to read:

Subd. 2. [DEPARTMENT.] (a) For the department of education:

\$23,653,000	.....	2004
\$23,653,000 \$22,413,000	.....	2005

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) \$237,000 of the balance in the state education courseware development account in the state government special revenue fund as of July 1, 2004, is canceled to the general fund.

(e) \$160,000 of the balance in the state item bank revolving account in the state government special revenue fund as of July 1, 2004, is canceled to the general fund.

(f) ~~\$621,000 each year in fiscal year 2004~~ and \$597,000 in fiscal year 2005 is for the board of teaching.

(g) ~~\$165,000 each year in fiscal year 2004~~ and \$160,000 in fiscal year 2005 is for the board of school administrators.

(h) The commissioner is encouraged to give priority consideration to the Minnesota humanities commission when issuing grants for professional development of teachers or content development from best practices, Federal Title II, Part A, Federal Title V, Part A, or other appropriate grant resources that have a stated objective of improvement of teacher performance.

(i) An additional \$96,000 in fiscal year 2004 and \$96,000 in fiscal year 2005 are appropriated from the special revenue fund under Minnesota Statutes, section 517.08, subdivision 1c, for family visitation centers. Any balance in the first year does not cancel but is available for the second year.

(j) \$100,000 in fiscal year 2005 is for school district efficiency reviews under Minnesota Statutes, section 120B.115.

(k) The appropriation base for the Department of Education is \$22,727,000 for fiscal years 2006 and 2007.

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

Sec. 3. Laws 2003, First Special Session chapter 9, article 10, section 11, is amended to read:

Sec. 11. [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:

\$10,466,000	. . . . .	2004
\$10,466,000 <u>\$10,340,000</u>	. . . . .	2005

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

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

Sec. 4. Laws 2003, First Special Session chapter 9, article 10, section 12, is amended to read:

Sec. 12. [APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Perpich center for arts education for the fiscal years designated:

	\$6,864,000	.....	2004
	\$6,423,000 <u>\$6,244,000</u>	.....	2005

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

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

ARTICLE 11

DEFICIENCIES

Section 1. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 3, is amended to read:

Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

	\$7,841,000 <u>\$8,096,000</u>	.....	2004
	\$8,543,000 <u>\$8,596,000</u>	.....	2005

The 2004 appropriation includes \$1,419,000 for 2003 and ~~\$6,422,000~~ \$6,677,000 for 2004.

The 2005 appropriation includes ~~\$1,605,000~~ \$1,669,000 for 2004 and ~~\$6,938,000~~ \$6,927,000 for 2005.

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

Sec. 2. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 5, is amended to read:

Subd. 5. [ABATEMENT REVENUE.] For abatement aid under Minnesota Statutes, section 127A.49:

	\$2,680,000 <u>\$2,436,000</u>	.....	2004
	\$2,937,000 <u>\$1,559,000</u>	.....	2005

The 2004 appropriation includes \$472,000 for 2003 and ~~\$2,208,000~~ \$1,964,000 for 2004.

The 2005 appropriation includes ~~\$551,000~~ \$491,000 for 2004 and ~~\$2,386,000~~ \$1,068,000 for 2005.

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

Sec. 3. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 6, is amended to read:

Subd. 6. [CONSOLIDATION TRANSITION.] For districts consolidating under Minnesota Statutes, section 123A.485:

\$207,000 <u>\$35,000</u>	.....	2004
\$607,000 <u>\$145,000</u>	.....	2005

The 2004 appropriation includes \$35,000 for 2003 and ~~\$172,000~~ \$0 for 2004.

The 2005 appropriation includes ~~\$42,000~~ \$0 for 2004 and ~~\$565,000~~ \$145,000 for 2005.

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

Sec. 4. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$14,626,000 <u>\$14,411,000</u>	.....	2004
\$15,594,000 <u>\$15,072,000</u>	.....	2005

The 2004 appropriation includes \$2,715,000 for 2003 and ~~\$11,911,000~~ \$11,696,000 for 2004.

The 2005 appropriation includes ~~\$2,977,000~~ \$2,923,000 for 2004 and ~~\$12,617,000~~ \$12,149,000 for 2005.

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

Sec. 5. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 12, is amended to read:

Subd. 12. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,477,000 <u>\$20,471,000</u>	.....	2004
\$21,982,000 <u>\$21,421,000</u>	.....	2005

The 2004 appropriation includes \$3,990,000 for 2003 and ~~\$17,487,000~~ \$16,481,000 for 2004.

The 2005 appropriation includes ~~\$4,371,000~~ \$4,120,000 for 2004 and ~~\$17,611,000~~ \$17,301,000 for 2005.

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

Sec. 6. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 2, is amended to read:

Subd. 2. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$17,140,000 <u>\$16,753,000</u>	2004
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~~\$21,018,000~~ \$21,347,000 2005

The 2004 appropriation includes \$2,524,000 for 2003 and ~~\$14,616,000~~ \$14,229,000 for 2004.

The 2005 appropriation includes ~~\$3,654,000~~ \$3,557,000 for 2004 and ~~\$17,364,000~~ \$17,790,000 for 2005.

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

Sec. 7. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 3, is amended to read:

Subd. 3. [CHARTER SCHOOL STARTUP AID.] For charter school startup cost aid under Minnesota Statutes, section 124D.11:

~~\$824,000~~ \$844,000 2004

~~\$151,000~~ \$156,000 2005

The 2004 appropriation includes \$220,000 for 2003 and ~~\$604,000~~ \$624,000 for 2004.

The 2005 appropriation includes ~~\$151,000~~ \$156,000 for 2004 and \$0 for 2005.

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

Sec. 8. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 4, is amended to read:

Subd. 4. [CHARTER SCHOOL INTEGRATION GRANTS.] For grants to charter schools to promote integration and desegregation under Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

~~\$8,000~~ \$7,000 2004

This appropriation includes ~~\$8,000~~ \$7,000 for 2003 and \$0 for 2004.

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

Sec. 9. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 7, is amended to read:

Subd. 7. [MAGNET SCHOOL STARTUP AID.] For magnet school startup aid under Minnesota Statutes, section 124D.88:

\$37,000 2004

~~\$454,000~~ \$40,000 2005

The 2004 appropriation includes \$37,000 for 2003 and \$0 for 2004.

The 2005 appropriation includes \$0 for 2004 and ~~\$437,000~~ \$40,000 for 2005.

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

Sec. 10. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 9, is amended to read:

Subd. 9. [SUCCESS FOR THE FUTURE.] For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$2,073,000 <u>\$2,061,000</u>	.....	2004
\$2,137,000	.....	2005

The 2004 appropriation includes ~~\$363,000~~ \$351,000 for 2003 and \$1,710,000 for 2004.

The 2005 appropriation includes \$427,000 for 2004 and \$1,710,000 for 2005.

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

Sec. 11. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, is amended to read:

Subd. 12. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,135,000 <u>\$1,617,000</u>	.....	2004
\$2,336,000 <u>\$2,185,000</u>	.....	2005

The 2004 appropriation includes \$285,000 for 2003 and ~~\$1,850,000~~ \$1,332,000 for 2004.

The 2005 appropriation includes ~~\$462,000~~ \$333,000 for 2004 and ~~\$1,874,000~~ \$1,852,000 for 2005.

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

Sec. 12. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 4, is amended to read:

Subd. 4. [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:

\$2,177,000 <u>\$2,311,000</u>	.....	2004
\$2,244,000 <u>\$2,550,000</u>	.....	2005

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Sec. 13. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 5, is amended to read:

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$220,000 <u>\$173,000</u>	.....	2004
\$261,000 <u>\$178,000</u>	.....	2005

The 2004 appropriation includes \$34,000 for 2003 and ~~\$186,000~~ \$139,000 for 2004.

The 2005 appropriation includes ~~\$46,000~~ \$34,000 for 2004 and ~~\$215,000~~ \$144,000 for 2005.

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

Sec. 14. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, is amended to read:

Subd. 6. [SPECIAL EDUCATION; EXCESS COSTS.] For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$92,606,000 <u>\$92,605,000</u>	.....	2004
\$92,984,000 <u>\$92,799,000</u>	.....	2005

The 2004 appropriation includes \$41,754,000 for 2003 and ~~\$50,852,000~~ \$50,851,000 for 2004.

The 2005 appropriation includes ~~\$41,215,000~~ \$41,216,000 for 2004 and ~~\$51,769,000~~ \$51,583,000 for 2005.

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

Sec. 15. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 7, is amended to read:

Subd. 7. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$346,000 <u>\$201,000</u>	.....	2004
\$17,000 <u>\$150,000</u>	.....	2005

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

Sec. 16. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 8, is amended to read:

Subd. 8. [TRANSITION FOR DISABLED STUDENTS.] For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$8,625,000 <u>\$8,570,000</u>	.....	2004
\$8,867,000 <u>\$8,760,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and ~~\$7,109,000~~ \$7,054,000 for 2004.

The 2005 appropriation includes ~~\$1,777,000~~ \$1,763,000 for 2004 and ~~\$7,090,000~~ \$6,997,000 for 2005.

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

Sec. 17. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 9, is amended to read:

Subd. 9. [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:

\$152,000 <u>\$36,000</u>	.....	2004
\$160,000 <u>\$61,000</u>	.....	2005

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

Sec. 18. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY REVENUE.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$7,839,000 <u>\$5,356,000</u>	.....	2004
\$6,068,000 <u>\$1,920,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and ~~\$6,323,000~~ \$3,840,000 for 2004.

The 2005 appropriation includes ~~\$1,580,000~~ \$960,000 for 2004 and ~~\$4,488,000~~ \$960,000 for 2005.

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

Sec. 19. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE EQUALIZATION.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$34,500,000 <u>\$35,598,000</u>	.....	2004
\$37,575,000 <u>\$31,220,000</u>	.....	2005

The 2004 appropriation includes \$5,586,000 for 2003 and ~~\$28,914,000~~ \$30,012,000 for 2004.

The 2005 appropriation includes ~~\$7,228,000~~ \$7,503,000 for 2004 and ~~\$30,347,000~~ \$23,717,000 for 2005.

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

Sec. 20. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH.] (~~a~~) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$7,800,000 <u>\$7,650,000</u>	.....	2004
\$7,950,000 <u>\$7,760,000</u>	.....	2005

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

Sec. 21. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, is amended to read:

Subd. 3. [TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK.] For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$3,088,000 <u>\$4,382,000</u>	.....	2004
\$3,217,000 <u>\$4,460,000</u>	.....	2005

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

Sec. 22. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3, is amended to read:

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$19,675,000 <u>\$19,079,000</u>	.....	2004
\$15,129,000 <u>\$14,407,000</u>	.....	2005

The 2004 appropriation includes \$3,239,000 for 2003 and ~~\$16,436,000~~ \$15,840,000 for 2004.

The 2005 appropriation includes ~~\$4,109,000~~ \$3,959,000 for 2004 and ~~\$11,020,000~~ \$10,448,000 for 2005.

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

Sec. 23. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 2, is amended to read:

Subd. 2. [COMMUNITY EDUCATION AID.] For community education aid under Minnesota Statutes, section 124D.20:

\$5,495,000 <u>\$5,351,000</u>	.....	2004
\$3,406,000 <u>\$3,137,000</u>	.....	2005

The 2004 appropriation includes \$956,000 for 2003 and ~~\$4,539,000~~ \$4,395,000 for 2004.

The 2005 appropriation includes ~~\$1,134,000~~ \$1,098,000 for 2004 and ~~\$2,272,000~~ \$2,039,000 for 2005.

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

Sec. 24. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 5, is amended to read:

Subd. 5. [SCHOOL-AGE CARE REVENUE.] For extended day care aid under Minnesota Statutes, section 124D.22:

\$41,000 <u>\$40,000</u>	.....	2004
\$22,000 <u>\$24,000</u>	.....	2005

The 2004 appropriation includes \$14,000 for 2003 and ~~\$27,000~~ \$26,000 for 2004.

The 2005 appropriation includes \$6,000 for 2004 and ~~\$16,000~~ \$18,000 for 2005.

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

Sec. 25. [APPROPRIATIONS IN OTHER BILLS.]

The appropriations for forecast programs in this act prevail over any other appropriations enacted during the 2004 regular legislative session for the same programs, regardless of the date of enactment or effective date of this act and such other appropriations.

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

ARTICLE 12

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2002, section 120B.35, is amended by adding a subdivision to read:

Subd. 5. [IMPROVING GRADUATION RATES FOR STUDENTS WITH EMOTIONAL OR BEHAVIORAL DISORDERS.] (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4888 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

Sec. 2. Minnesota Statutes 2002, section 123A.55, is amended to read:

123A.55 [CLASSES, NUMBER.]

Districts shall be classified as common, independent, or special districts, each of which is a public corporation. Each district shall be known by its classification and assigned a number by the commissioner so that its title will be
..... School District ~~Number~~ No.

Sec. 3. Minnesota Statutes 2002, section 124D.19, subdivision 11, is amended to read:

Subd. 11. [SCHOOL-AGE CARE PROGRAMS.] (a) A school board may offer, as part of a community education program, a school-age care program for children from kindergarten through grade 6 for the purpose of expanding students' learning opportunities. If the school board chooses not to offer a school-age care program, it may allow an appropriate insured community group, for profit entity or nonprofit organization to use available school facilities for the purpose of offering a school-age care program.

(b) A school-age care program must include the following:

- (1) adult supervised programs while school is not in session;
- (2) parental involvement in program design and direction;
- (3) partnerships with the kindergarten through grade 12 system, and other public, private, or nonprofit entities;

(4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program; and

(5) access to available school facilities, including the gymnasium, sports equipment, computer labs, and media centers, when not otherwise in use as part of the operation of the school. The school district may establish reasonable rules relating to access to these facilities and may require that:

(i) the organization request access to the facilities and prepare and maintain a schedule of proposed use;

(ii) the organization provide evidence of adequate insurance to cover the activities to be conducted in the facilities; and

(iii) the organization prepare and maintain a plan demonstrating the adequacy and training of staff to supervise the use of the facilities.

(c) The district may charge a sliding fee based upon family income for school-age care programs. The district may receive money from other public or private sources for the school-age care program. The board of the district must develop standards for school-age child care programs. The ~~State Board~~ commissioner of education may not adopt rules for school-age care programs.

(d) The district shall maintain a separate account within the community services fund for all funds related to the school-age care program.

(e) A district is encouraged to coordinate the school-age care program with its special education, vocational education, adult basic education, early childhood family education programs, kindergarten through grade 12 instruction and curriculum services, youth development and youth service agencies, and with related services provided by other governmental agencies and nonprofit agencies.

Sec. 4. Minnesota Statutes 2002, section 124D.68, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2 may enroll in area learning centers under sections 123A.05 to 123A.08, ~~or according to section 122A.164.~~

(b) A pupil who is eligible according to subdivision 2 and who is between the ages of 16 and 21 may enroll in postsecondary courses under section 124D.09.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124D.52 and operated under the community education program contained in section 124D.19.

Sec. 5. Minnesota Statutes 2002, section 125A.07, is amended to read:

125A.07 [RULES OF COMMISSIONER.]

(a) As defined in this paragraph, the commissioner must adopt rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and other necessary rules for instruction of children with a disability. These rules must provide standards and procedures appropriate for the implementation of and within the limitations of sections 125A.08 and ~~125A.09~~ 125A.091. These rules must also provide standards for the discipline, control, management, and protection of children with a disability. The commissioner must not adopt rules for pupils served primarily in the regular classroom establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The commissioner, in consultation with the Departments of Health and Human Services, must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The commissioner must adopt rules to determine eligibility for special education services. The rules must include procedures and standards by which to grant variances for experimental eligibility criteria. The commissioner must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the commissioner must specify the program standards used to evaluate the request and the reasons for denying the request.

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

Sec. 6. Minnesota Statutes 2002, section 125A.46, is amended to read:

125A.46 [DUE PROCESS HEARINGS.]

The procedures for due process hearings and appeals must be the same as those in section ~~125A.09~~ 125A.091. The responsibility for payment of costs and conducting due process hearings and appeals shall be allocated to the appropriate agency in accordance with sections 125A.30, 125A.39, and 125A.42.

Sec. 7. Minnesota Statutes 2003 Supplement, section 125A.75, subdivision 8, is amended to read:

Subd. 8. [LITIGATION AND HEARING COSTS.] (a) For fiscal year 1999 and thereafter, the commissioner of education, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section ~~125A.09~~ 125A.091, subdivisions ~~6, 10, 12, 13,~~ and ~~14~~ 24, including hearing officer fees, court reporter fees, mileage costs, transcript costs, interpreter and transliterator fees, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner by August 1 an itemized list of unreimbursed actual costs for fees and other expenses under this paragraph incurred after June 30, 1998, for hearings completed during the previous fiscal year. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district.

(b) The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on preliminary reports submitted by the district during the current fiscal year.

Sec. 8. Minnesota Statutes 2003 Supplement, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the Department of Education for an education aid or grant authorized under section 124D.135, 124D.16, 124D.20, ~~124D.21,~~ 124D.22, 124D.52, 124D.531, ~~124D.54,~~ 124D.55, or 124D.56 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 9. Minnesota Statutes 2002, section 631.40, subdivision 4, is amended to read:

Subd. 4. [LICENSED TEACHERS.] When a person is convicted of child abuse, as defined in section 609.185, or sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, the court shall determine whether the person is licensed to teach under chapter 122A. If the offender is a licensed teacher, the court administrator shall send a certified copy of the conviction to the Board of Teaching ~~or the state Board of Education, whichever has jurisdiction over the teacher's license,~~ within ten days after the conviction.

Sec. 10. Laws 2003, chapter 130, section 12, is amended to read:

Sec. 12. [REVISOR INSTRUCTION.]

(a) In Minnesota Statutes, the revisor shall renumber section ~~119A.02~~ 119A.01, subdivision 2, as 120A.02, paragraph (a), and section 120A.02 as 120A.02, paragraph (b).

(b) In Minnesota Statutes and Minnesota Rules, the revisor shall change the term "children, families, and learning" to "education."

Sec. 11. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Rules, chapter 3530, the revisor shall change the term "Office of Public Libraries and Interlibrary Cooperation" to "Library Development and Services" and "OPLIC" to "LDS."

Sec. 12. [REPEALER; REVIVAL OF STATUTE.]

Minnesota Statutes 2002, section 134.47, subdivision 3, is repealed effective retroactive to June 30, 2003. Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes 2002, section 134.47, subdivisions 1 and 2, are revived effective retroactively from June 30, 2003.

ARTICLE 13

K-12 SCIENCE AND SOCIAL STUDIES STANDARDS

Section 1. Minnesota Statutes 2003 Supplement, section 120B.021, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING.] (a) The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, and the arts. After the rules authorized under this paragraph are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. ~~These~~ The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science must be implemented for all students beginning in the 2004-2005 school year and the academic standards for social studies must be implemented for all students beginning in the 2005-2006 school year.

(b) The rules authorized under this section are not subject to section 14.127.

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

Sec. 2. Minnesota Statutes 2003 Supplement, section 120B.021, is amended by adding a subdivision to read:

Subd. 4. [STATE MUST AFFIRM NO CHILD LEFT BEHIND ACT.] The commissioner of the Minnesota Department of Education by February 15, 2005, must nullify and revoke the consolidated state plan submitted to the federal Department of Education for implementing the federal No Child Left Behind Act of 2001 and must not renew any existing contract or agreement and must not enter into any new contract or agreement related to implementing the federal act if:

(1) the state does not enact legislation before that date specifically affirming Minnesota's intent to implement the federal act; and

(2) the federal government enacts a law that abolishes the federal Department of Education before that date.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to all contracts and agreements renewed or entered into after February 15, 2005.

Sec. 3. [MINNESOTA'S HIGH ACADEMIC STANDARDS.]

(a) The standards for science and social studies adopted by the commissioner of education under Minnesota Statutes, section 120B.021, must be identical to:

(1) the K-12 standards for science contained in the document labeled "Minnesota Academic Standards, Science K-12, December 19, 2003, Minnesota Academic Standards Committee, Minnesota Department of Education"; and

(2) the K-12 standards for social studies contained in the document labeled "Minnesota Academic Standards, Social Studies K-12, February 17, 2004, Minnesota Academic Standards Committee, Minnesota Department of Education."

(b) The K-12 standards documents must be deposited with the Minnesota Revisor of Statutes, the Legislative Reference Library, and the Minnesota State Law Library, where the documents shall be maintained until the commissioner adopts rules for implementing statewide rigorous core academic standards in science and social studies under Minnesota Statutes, section 120B.021, subdivision 3. The revisor must determine that the rules are identical to the documents deposited with the revisor under this section before the revisor approves the form of the rules. In approving the form of the rules, the revisor may make any needed grammatical and form changes.

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

Sec. 4. [K-12 SOCIAL STUDIES STANDARDS RULES.]

(a) Beginning no later than July 1, 2004, the education commissioner shall adopt the K-12 academic social studies standards incorporated by reference under this act using the expedited process under Minnesota Statutes, section 14.389.

(b) In addition to technical changes, corrections, clarifications, and similarly needed revisions, the revisor shall modify the K-12 academic social studies standards as indicated:

Page 10, line 4, delete "place the 4-6 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 6." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band."

Page 13, line 4, delete "place the 4-6 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 6." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band."

Page 18, line 4, delete "place the 4-6 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 6." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band."

Page 19, Strand I, Sub-Strand C, delete "(1810-1860)" and insert "(1810-1890)."

Page 19, Strand I, Sub-Strand C, Standard, delete "early."

Page 19, Strand I, Sub-Strand C, Examples 1, delete "immigrants, influence of" and insert ", German and."

Page 20, Strand I, Sub-Strand E, Examples 3, delete "missionaries."

Page 26, line 4, delete "place the 7-8 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 8." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band."

Page 32, line 4, delete "place the 7-8 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 8." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band."

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

Sec. 5. [K-12 SCIENCE STANDARDS RULES.]

(a) Beginning no later than July 1, 2004, the education commissioner shall adopt the K-12 academic science standards incorporated by reference under this act using the expedited process under Minnesota Statutes, section 14.389.

(b) In addition to technical changes, corrections, clarifications, and similarly needed revisions, the revisor shall modify the K-12 academic science standards as indicated:

Page 1, below the word "Science" in the title, insert "The grade level designations in the Minnesota Academic Standards for Science are strongly recommended. However, school districts may place the (K-2, 3-5, 6-8) standards at grade levels that accommodate their particular curriculum. The standards should be mastered by the end of the highest grade in the band."

Page 17, Grade 9-12, Strand II, Sub-Strand A, after Benchmarks 9, insert:

"10. The student will be able to explain how scientific and technological innovations as well as new evidence can challenge portions of or entire accepted theories and models including, but not limited to, atomic theory."

Page 19, Grade 9-12, Strand III, Sub-Strand A, after Benchmarks 7, insert:

"The student will be able to explain how scientific and technological innovations as well as new evidence can challenge portions of or entire accepted theories and models including, but not limited to, plate tectonic theory and big bang theory."

Page 22, Grade 9-12, Strand IV, Sub-Strand E, Benchmarks 1, after the period, insert:

"The student will be able to explain how scientific and technological innovations as well as new evidence can challenge portions of or entire accepted theories and models including, but not limited to, cell theory, theory of evolution, and germ theory of disease."

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

Delete the title and insert:

"A bill for an act relating to education; providing for prekindergarten through grade 12 education and early childhood and family education including general education, special programs, academic excellence, facilities, nutrition, and accounting, other programs, libraries, early childhood programs, prevention, self-sufficiency and lifelong learning, state agencies, deficiencies, technical and conforming amendments, and academic standards; providing for rulemaking; appropriating money; amending Minnesota Statutes 2002, sections 13.321, subdivision 1, by adding subdivisions; 119A.46, subdivisions 2, 3, 8; 120A.05, by adding a subdivision; 120B.35, by adding a subdivision; 121A.22, subdivision 2; 121A.34, by adding subdivisions; 121A.45, subdivision 3; 121A.48; 122A.06,

subdivision 4; 122A.12, by adding a subdivision; 122A.16; 122A.18, subdivision 2a, by adding a subdivision; 122A.20, subdivision 2; 123A.05, subdivision 2; 123A.55; 123B.02, subdivision 14; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivision 6; 123B.71, subdivision 9; 123B.75, by adding a subdivision; 123B.76, by adding a subdivision; 123B.82; 123B.92, subdivision 5; 124D.15, subdivisions 1, 3, 5, 10, 12, by adding a subdivision; 124D.16, subdivision 2; 124D.19, subdivision 11; 124D.20, by adding a subdivision; 124D.59, as amended; 124D.61; 124D.68, subdivisions 3, 9; 124D.69, subdivision 1; 125A.023, subdivision 3; 125A.03; 125A.07; 125A.22; 125A.46; 125A.51; 125A.79, subdivisions 5, 7, by adding subdivisions; 125B.15; 126C.15, subdivision 2, by adding a subdivision; 126C.21, subdivision 4; 126C.48, subdivision 8; 127A.42, subdivisions 4, 6; 127A.45, subdivision 11; 127A.47, subdivision 3; 134.31, by adding a subdivision; 134.50; 169.451; 171.04, subdivision 1; 171.05, subdivisions 2, 2b, 3; 171.19; 260A.03; 631.40, subdivision 4; Minnesota Statutes 2003 Supplement, sections 16A.152, subdivision 2; 119A.46, subdivision 1; 120B.021, subdivision 3, by adding a subdivision; 120B.024; 120B.36; 122A.09, subdivision 4; 123B.54; 123B.77, subdivision 4; 123B.92, subdivision 1; 124D.095, subdivisions 4, 7, 8; 124D.10, subdivisions 3, 4, 8; 124D.11, subdivisions 1, 2, 9; 124D.385, subdivision 2; 124D.42, subdivision 6; 124D.454, subdivision 2; 124D.531, subdivisions 1, 4; 125A.023, subdivision 4; 125A.75, subdivision 8; 125A.79, subdivision 1; 126C.10, subdivisions 3, 31; 126C.15, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 1; 126C.43, subdivisions 2, 3; 126C.44; 126C.63, subdivision 8; 127A.41, subdivision 9; 127A.42, subdivision 2; 127A.47, subdivisions 7, 8; 128C.05, subdivision 1a; 275.065, subdivision 1; 475.61, subdivision 4; Laws 2003, chapter 130, section 12; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivisions 2, 3, 5, 6, 11, 12; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivisions 2, 3, 4, 5, 7, 9, 12, 15, 16, 17, 19, 21, as amended; Laws 2003, First Special Session chapter 9, article 3, section 19; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivisions 4, 5, 6, 7, 8, 9; Laws 2003, First Special Session chapter 9, article 4, section 29; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 6, section 4; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivisions 2, 5; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivisions 2, 5; Laws 2003, First Special Session chapter 9, article 10, section 10, subdivision 2; Laws 2003, First Special Session chapter 9, article 10, section 11; Laws 2003, First Special Session chapter 9, article 10, section 12; proposing coding for new law in Minnesota Statutes, chapters 120A; 120B; 121A; 122A; 123B; 125B; 127A; 171; repealing Minnesota Statutes 2002, sections 124D.15, subdivisions 2, 4, 6, 8, 9, 11, 13; 124D.16, subdivisions 1, 4; 124D.41; 124D.42, subdivisions 1, 2, 4, 5, 7; 124D.43; 126C.23; 134.47, subdivision 3; Minnesota Statutes 2003 Supplement, sections 124D.15, subdivision 7; 124D.42, subdivision 3."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2095, 2304 and 2649 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Krinkie; Vandev eer; Olson, M.; Wilkin; Adolphson; Lindner; Zellers and Anderson, B., introduced:

H. F. No. 3135, A bill for an act proposing an amendment to the Minnesota Constitution by adding an article XV; providing for limits on state and local spending and tax increases.

The bill was read for the first time and referred to the Committee on Taxes.

Thao introduced:

H. F. No. 3136, A bill for an act relating to economic development; providing additional standards for the appointment of members to the Council on Asian-Pacific Minnesotans; amending Minnesota Statutes 2002, section 3.9226, subdivision 1.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Kuisle, Holberg, Krinkie and Jacobson introduced:

H. F. No. 3137, A bill for an act relating to transportation; providing for an increase in the state general levy to fund transit services; creating a public transit fund; amending Minnesota Statutes 2003 Supplement, section 275.025, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapter 174.

The bill was read for the first time and referred to the Committee on Transportation Finance.

Huntley introduced:

H. F. No. 3138, A bill for an act relating to higher education; establishing low-income nursing student scholarship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

The bill was read for the first time and referred to the Committee on Higher Education Finance.

Westerberg, Beard, Buesgens and Davids introduced:

H. F. No. 3139, A bill for an act relating to the compulsive gambling statewide toll-free telephone number; requiring gambling establishments to acknowledge that the statewide toll-free compulsive gambling telephone number is paid for with state funds; amending Minnesota Statutes 2002, section 245.98, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Abeler and Bernardy introduced:

H. F. No. 3140, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for the Northstar Rail Corridor.

The bill was read for the first time and referred to the Committee on Transportation Finance.

Kuisle, for the Committee on Transportation Finance, introduced:

H. F. No. 3141, A bill for an act relating to transportation; reducing certain appropriations to the Department of Transportation, Department of Public Safety, and Metropolitan Council; limiting certain deposits of revenue from the motor vehicle sales tax; temporarily allowing money for certain activities to be spent for bus transit; amending Minnesota Statutes 2003 Supplement, section 297B.09, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2105, A bill for an act relating to Iron Range Resources and Rehabilitation; providing for the name of the agency; amending Minnesota Statutes 2002, section 298.22, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2878, A bill for an act relating to state observances; designating Dr. Norman E. Borlaug World Food Prize Day; proposing coding for new law in Minnesota Statutes, chapter 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2626.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2626, A bill for an act relating to veterans homes; extending certain leasing authority.

The bill was read for the first time.

McNamara moved that S. F. No. 2626 and H. F. No. 2688, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CALENDAR FOR THE DAY

H. F. No. 1071 was reported to the House.

Wagenius moved to amend H. F. No. 1071, the second engrossment, as follows:

Page 2, line 16, delete "and safe" and insert ", safe, and unlikely to raise the medical costs associated with motor vehicle crashes"

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

Wilkin; Nelson, P.; Gerlach; Wardlow; Vandever; Erhardt; Buesgens; Powell; DeLaForest; Kohls; Kuisle; Adolphson; Paulsen; Abeler; Gunther; Abrams and Bradley moved to amend H. F. No. 1071, the second engrossment, as amended, as follows:

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 2002, section 169.14, is amended by adding a subdivision to read:

Subd. 2a. [SPEED LIMIT ON INTERSTATE HIGHWAY 35E.] The commissioner shall designate the speed limit on marked interstate highway 35E from West Seventh Street to marked interstate highway 94 in St. Paul as 55 miles per hour, unless the commissioner designates a different speed limit on that highway after conducting an engineering and traffic investigation under subdivision 4 and determining that a different speed limit is reasonable and safe. Any speed in excess of a speed limit designated under this section is unlawful."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Paymar moved to amend the Wilkin et al amendment to H. F. No. 1071, the second engrossment, as amended, as follows:

Page 1, after line 14 of the Wilkin et al amendment, insert:

"Section 2. Minnesota Statutes 2002, section 169.14, is amended by adding a subdivision to read:

Subd. 5f. [TRUNK HIGHWAY 77.] The commissioner shall designate the maximum speed limit on marked trunk highway 77, from its intersection with marked trunk highway 38 in Apple Valley to its intersection with marked trunk highway 46, as 70 miles per hour. Any speed in excess of the speed designated in this subdivision is unlawful."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment to the amendment was not adopted.

Paymar moved to amend the Wilkin et al amendment to H. F. No. 1071, the second engrossment, as amended, as follows:

Page 1, after line 14 of the Wilkin et al amendment, insert:

"Section 2. Minnesota Statutes 2002, section 169.14, is amended by adding a subdivision to read:

Subd. 5f. [TRUNK HIGHWAY 30.] The commissioner shall designate the maximum speed limit on marked trunk highway 30, from its intersection with marked Interstate highway 35E in Eagan to its intersection with marked trunk highway 3, as 70 miles per hour. Any speed in excess of the speed designated in this subdivision is unlawful."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Wilkin et al amendment and the roll was called. There were 72 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	Gunther	Lindner	Peterson	Swenson
Abrams	Cox	Hackbarth	Magnus	Powell	Sykora
Adolphson	DeLaForest	Harder	McNamara	Pugh	Tingelstad
Anderson, I.	Demmer	Heidgerken	Nelson, C.	Rhodes	Urdahl
Anderson, J.	Dempsey	Holberg	Nelson, P.	Ruth	Vandever
Beard	Dorman	Howes	Newman	Samuelson	Walz
Blaine	Eastlund	Jacobson	Nornes	Seifert	Wardlow
Borrell	Erhardt	Johnson, J.	Olsen, S.	Severson	Westerberg
Boudreau	Erickson	Kohls	Olson, M.	Simpson	Westrom
Bradley	Finstad	Krinkie	Osterman	Smith	Wilkin
Brod	Fuller	Kuisle	Paulsen	Soderstrom	Zellers
Buesgens	Gerlach	Lindgren	Penas	Stang	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Davids	Entenza	Hilty	Juhnke	Lanning
Atkins	Davnie	Goodwin	Hoppe	Kahn	Latz
Bernardy	Dill	Greiling	Hornstein	Kelliher	Lenczewski
Biernat	Dorn	Haas	Huntley	Klinzing	Lesch
Carlson	Eken	Hausman	Jaros	Knoblach	Lieder
Clark	Ellison	Hilstrom	Johnson, S.	Koenen	Lipman

Mahoney	Nelson, M.	Ozment	Seagren	Solberg	Walker
Mariani	Opatz	Paymar	Sertich	Thao	Wasiluk
Marquart	Otremba	Pelowski	Sieben	Thissen	
Murphy	Otto	Rukavina	Slawik	Wagenius	

The motion prevailed and the amendment was adopted.

Rukavina; Magnus; Otremba; Mahoney; Anderson, I.; Holberg; Pelowski; Harder; Heidgerken; Lieder; Atkins; Fuller; Penas; Goodwin; Otto; Walz; Westrom and Howes moved to amend H. F. No. 1071, the second engrossment, as amended, as follows:

Page 1, line 19, delete "and"

Page 1, line 22, before the period, insert "; and

(3) an officer who issues a citation for a violation of section 169.14, subdivision 2, paragraph (a), clause (2), (4), or (5), must specify whether the speed was greater than ten miles per hour in excess of the lawful speed"

Page 2, delete line 3

Page 2, line 6, before the period, insert "; or

(3) a violation of section 169.14, subdivision 2, paragraph (a), clause (2), (4), or (5), unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed"

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Rukavina et al amendment and the roll was called. There were 119 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	Finstad	Jaros	Lindner	Osterman
Adolphson	Cox	Fuller	Johnson, J.	Lipman	Otremba
Anderson, B.	Davids	Gerlach	Johnson, S.	Magnus	Otto
Anderson, I.	Davnie	Goodwin	Juhnke	Mahoney	Ozment
Anderson, J.	DeLaForest	Gunther	Klinzing	Mariani	Paulsen
Atkins	Demmer	Haas	Knoblach	Marquart	Pelowski
Beard	Dempsey	Hackbarth	Koenen	McNamara	Penas
Bernardy	Dill	Harder	Kohls	Mullery	Peterson
Blaine	Dorman	Heidgerken	Krinkie	Murphy	Powell
Borrell	Dorn	Hilstrom	Kuisle	Nelson, C.	Pugh
Boudreau	Eastlund	Hilty	Lanning	Nelson, M.	Rhodes
Bradley	Eken	Holberg	Latz	Nelson, P.	Rukavina
Brod	Ellison	Hoppe	Lenczewski	Newman	Ruth
Buesgens	Entenza	Howes	Lesch	Nornes	Samuelson
Carlson	Erhardt	Huntley	Lieder	Olson, M.	Seagren
Clark	Erickson	Jacobson	Lindgren	Opatz	Seifert

Sertich	Smith	Swenson	Tingelstad	Walz	Wilkin
Severson	Soderstrom	Sykora	Urdahl	Wardlow	Zellers
Sieben	Solberg	Thao	Vandever	Wasiluk	Spk. Sviggum
Simpson	Stang	Thissen	Walker	Westrom	

Those who voted in the negative were:

Biernat	Hausman	Kahn	Olsen, S.	Slawik	Westerberg
Greiling	Hornstein	Kelliher	Paymar	Wagenius	

The motion prevailed and the amendment was adopted.

Opatz moved to amend H. F. No. 1071, the second engrossment, as amended, as follows:

Page 2, line 10, after "highways" insert "and Interstate freeways"

Page 2, line 12, before the period, insert "in the case of trunk highways and 70 miles per hour in the case of Interstate freeways"

Page 2, line 14, delete "the highway" and insert "trunk highways and 75 miles per hour on Interstate freeways"

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Opatz amendment and the roll was called. There were 110 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Heidgerken	Latz	Otremba	Stang
Abrams	DeLaForest	Hilstrom	Lesch	Ozment	Swenson
Adolphson	Demmer	Hilty	Lieder	Paulsen	Sykora
Anderson, B.	Dempsey	Holberg	Lindgren	Pelowski	Thao
Anderson, I.	Dill	Hoppe	Lindner	Penas	Thissen
Anderson, J.	Dorman	Howes	Lipman	Peterson	Tingelstad
Atkins	Dorn	Huntley	Magnus	Powell	Urdahl
Beard	Eastlund	Jacobson	Mahoney	Pugh	Vandever
Bernardy	Eken	Jaros	Mariani	Rhodes	Walz
Biernat	Entenza	Johnson, J.	Marquart	Rukavina	Wardlow
Blaine	Erickson	Johnson, S.	Murphy	Ruth	Wasiluk
Borrell	Finstad	Juhnke	Nelson, C.	Seagren	Westrom
Boudreau	Fuller	Klinzing	Nelson, M.	Seifert	Wilkin
Bradley	Gerlach	Knoblach	Newman	Sertich	Zellers
Buesgens	Goodwin	Koenen	Nornes	Severson	Spk. Sviggum
Carlson	Gunther	Kohls	Olsen, S.	Simpson	
Clark	Haas	Krinkie	Olson, M.	Smith	
Cornish	Hackbarth	Kuisle	Opatz	Soderstrom	
Dauids	Harder	Lanning	Osterman	Solberg	

Those who voted in the negative were:

Brod	Greiling	Kelliher	Otto	Slawik
Cox	Hausman	Lenczewski	Paymar	Wagenius
Ellison	Hornstein	McNamara	Samuelson	Walker
Erhardt	Kahn	Nelson, P.	Sieben	Westerberg

The motion prevailed and the amendment was adopted.

H. F. No. 1071, A bill for an act relating to traffic regulations; providing that violation of 60 miles per hour speed limit that does not exceed five miles per hour not be recorded on driving record; requiring the commissioner of transportation to conduct engineering and traffic investigations on certain trunk highways and adjust speed limits accordingly; amending Minnesota Statutes 2002, sections 169.14, by adding a subdivision; 169.99, subdivision 1b; 171.12, subdivision 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 109 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Howes	Magnus	Pelowski	Swenson
Abrams	Dill	Huntley	Mahoney	Penas	Sykora
Adolphson	Dorman	Jacobson	Marquart	Peterson	Thao
Anderson, B.	Dorn	Jaros	McNamara	Powell	Thissen
Anderson, I.	Eastlund	Johnson, J.	Mullery	Pugh	Tingelstad
Anderson, J.	Eken	Juhnke	Murphy	Rhodes	Urdahl
Atkins	Erickson	Klinzing	Nelson, C.	Rukavina	Vandever
Beard	Finstad	Knoblach	Nelson, M.	Ruth	Walz
Blaine	Fuller	Koenen	Nelson, P.	Samuelson	Wardlow
Borrell	Gerlach	Kohls	Newman	Seagren	Wasiluk
Boudreau	Gunther	Krinkie	Nornes	Seifert	Westrom
Bradley	Haas	Kuile	Olsen, S.	Sertich	Wilkin
Buesgens	Hackbarth	Lanning	Olson, M.	Severson	Zellers
Carlson	Harder	Latz	Opatz	Sieben	Spk. Sviggum
Cox	Heidgerken	Lesch	Osterman	Simpson	
Davids	Hilstrom	Lieder	Otremba	Smith	
Davnie	Hilty	Lindgren	Otto	Soderstrom	
DeLaForest	Holberg	Lindner	Ozment	Solberg	
Demmer	Hoppe	Lipman	Paulsen	Stang	

Those who voted in the negative were:

Bernardy	Cornish	Goodwin	Johnson, S.	Mariani	Walker
Biernat	Ellison	Greiling	Kahn	Paymar	Westerberg
Brod	Entenza	Hausman	Kelliher	Slawik	
Clark	Erhardt	Hornstein	Lenczewski	Wagenius	

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

The Speaker resumed the Chair.

S. F. No. 2063, A bill for an act relating to local government; clarifying certain collateralization requirements; amending Minnesota Statutes 2002, section 118A.03, subdivision 1; Minnesota Statutes 2003 Supplement, section 118A.03, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Heidgerken	Latz	Osterman	Smith
Abrams	Demmer	Hilstrom	Lenczewski	Otremba	Soderstrom
Adolphson	Dempsey	Hilty	Lesch	Otto	Solberg
Anderson, B.	Dill	Holberg	Lieder	Ozment	Stang
Anderson, I.	Dorman	Hoppe	Lindgren	Paulsen	Swenson
Anderson, J.	Dorn	Hornstein	Lindner	Paymar	Sykora
Atkins	Eastlund	Howes	Lipman	Pelowski	Thao
Beard	Eken	Huntley	Magnus	Penas	Thissen
Bernardy	Ellison	Jacobson	Mahoney	Peterson	Tingelstad
Biernat	Entenza	Jaros	Mariani	Powell	Urdahl
Blaine	Erhardt	Johnson, J.	Marquart	Pugh	Vandever
Borrell	Erickson	Johnson, S.	McNamara	Rhodes	Wagenius
Boudreau	Finstad	Juhnke	Mullery	Rukavina	Walker
Bradley	Fuller	Kahn	Murphy	Ruth	Walz
Brod	Gerlach	Kelliher	Nelson, C.	Samuelson	Wardlow
Buesgens	Goodwin	Klinzing	Nelson, M.	Seagren	Wasiluk
Carlson	Greiling	Knoblach	Nelson, P.	Seifert	Westerberg
Clark	Gunther	Koenen	Newman	Sertich	Westrom
Cornish	Haas	Kohls	Nornes	Severson	Wilkin
Cox	Hackbarth	Krinkie	Olsen, S.	Sieben	Zellers
Davids	Harder	Kuisle	Olson, M.	Simpson	Spk. Sviggum
Davnie	Hausman	Lanning	Opatz	Slawik	

The bill was passed and its title agreed to.

Paulsen moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Urdahl moved that the name of Boudreau be added as an author on H. F. No. 1667. The motion prevailed.

Urdahl moved that the name of Boudreau be added as an author on H. F. No. 1668. The motion prevailed.

Davids moved that the name of Dempsey be added as an author on H. F. No. 1765. The motion prevailed.

Bernardy moved that the name of Westerberg be added as an author on H. F. No. 2169. The motion prevailed.

Nelson, P., moved that his name be stricken as an author on H. F. No. 2368. The motion prevailed.

Samuelson moved that her name be stricken as an author on H. F. No. 2760. The motion prevailed.

Blaine moved that the name of Boudreau be added as an author on H. F. No. 2894. The motion prevailed.

Entenza moved that the name of Samuelson be added as an author on H. F. No. 2957. The motion prevailed.

Wilkin moved that the name of Paulsen be added as an author on H. F. No. 2967. The motion prevailed.

Hausman moved that the name of Sieben be added as an author on H. F. No. 3037. The motion prevailed.

Haas moved that the name of Rhodes be added as an author on H. F. No. 3064. The motion prevailed.

Kahn moved that the name of Kelliher be added as an author on H. F. No. 3132. The motion prevailed.

Seagren moved that H. F. No. 1793, now on the General Register, be re-referred to the Committee on Ways and Means. The motion prevailed.

Samuelson moved that H. F. No. 2246 be recalled from the Committee on Health and Human Services Finance and be re-referred to the Committee on Ways and Means. The motion prevailed.

Paulsen moved that H. F. No. 2386, now on the General Register, be re-referred to the Committee on Ways and Means. The motion prevailed.

Buesgens moved that H. F. No. 2649, now on the General Register, be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy. The motion prevailed.

Hornstein moved that H. F. No. 3124 be recalled from the Committee on Taxes and be re-referred to the Committee on Transportation Finance. The motion prevailed.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 12:00 noon, Friday, March 26, 2004. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Friday, March 26, 2004.

EDWARD A. BURDICK, Chief Clerk, House of Representatives