

NINETY-SIXTH DAY

St. Paul, Minnesota, Monday, March 31, 2008

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Grant Stevensen.

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

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

Anderson	Erickson Ropes	Langseth	Pappas	Sieben
Berglin	Fischbach	Larson	Pariseau	Skogen
Betzold	Foley	Latz	Pogemiller	Sparks
Bonoff	Frederickson	Limmer	Prettner Solon	Stumpf
Carlson	Gerlach	Lourey	Rest	Tomassoni
Chaudhary	Gimse	Lynch	Robling	Torres Ray
Clark	Hann	Marty	Rosen	Vandever
Cohen	Higgins	Metzen	Rummel	Vickerman
Dahle	Ingebrigtsen	Michel	Saltzman	Wergin
Day	Johnson	Moua	Saxhaug	Wiger
Dibble	Koch	Olseen	Scheid	
Dille	Koering	Olson, G.	Senjem	
Doll	Kubly	Olson, M.	Sheran	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 27, 2008

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

I have vetoed and am returning Senate File 457, Chapter 163. This bill mandates single-member school board election districts for the election of school board members for Bloomington Independent School District No. 271. This bill overrides current law which allows these decisions to be made at the local level.

This bill provides a legislative solution that was not requested by the Bloomington community or school board. It is also unnecessary because a petition process already exists in state law for community members to seek division of a school district into election districts. The existing petition process is not overly burdensome and provides a relatively simple means for local community members to pursue this option if this is how the community wants to elect school board members. This bill removes local control and authority from the hands of the Bloomington school district voters. I am also concerned that this bill is directed only at Bloomington and invites a piecemeal approach to legislation addressing school district elections.

This bill is opposed by a majority of the Bloomington school board. There is also little evidence that the changes imposed by this bill reflect the desires of the Bloomington voters. In fact, a public opinion poll conducted before the November 2007 school board election indicated strong support for the Bloomington school district and its school board.

While I signed similar legislation for the Minneapolis Public Schools, this situation is different. Although two members of the Minneapolis Board of Education opposed the legislation, a majority of the Board did not take a position on the bill. The Minneapolis bill was also supported by the entire Minneapolis legislative delegation. In this case, some members of the Bloomington legislative delegation and a majority of the Bloomington school board members oppose this legislation.

This bill may also create unanticipated costs for the Bloomington school district. If a special election were to be required to fill board vacancies, as is possible under this bill, no additional funds are provided to the school district for this purpose. The Bloomington school district would be required to fund the costs of a special election from their existing general fund revenues.

Current law provides a process for Bloomington voters to choose to elect school board members from designated election districts. A state usurpation of this type of local decision is not warranted.

Sincerely,
Tim Pawlenty, Governor

Senator Pogemiller moved that S.F. No. 457 and the veto message thereon be laid on the table. The motion prevailed.

March 28, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2008 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of

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the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2008	Date Filed 2008
	2816	160	4:45 p.m. March 27	March 27
	2907	161	4:46 p.m. March 27	March 27
	3368	162	9:50 a.m. March 27	March 27
	2582	164	3:26 p.m. March 27	March 27

Sincerely,
Mark Ritchie
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 2830.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 27, 2008

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2822: A bill for an act relating to insurance; providing for penalties and attorney fees for certain insurance claims practices; proposing coding for new law in Minnesota Statutes, chapter 604.

Senate File No. 2822 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 27, 2008

Senator Clark moved that the Senate do not concur in the amendments by the House to S.F. No. 2822, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 3708.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 27, 2008

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 3708: A bill for an act relating to health; changing licensing requirements for certain health professions; changing provisions for unlicensed complementary and alternative health care practitioners; amending Minnesota Statutes 2006, sections 147.03, subdivision 1; 148.512, subdivision 20; 148.5161, subdivisions 2, 3; 148.5175; 148.519, subdivision 3; 148.5194, subdivisions 7, 8; 148.5195, subdivision 3; 148.6425; 148.6428; 148.6440; 148.6443, subdivisions 1, 3; 148.6445, subdivision 11; 151.01, subdivision 27; 153A.14, subdivisions 2i, 4a, 11; 153A.175; Minnesota Statutes 2007 Supplement, sections 146A.08, subdivision 1; 146A.11, subdivision 1; 147.037, subdivision 1; 148.515, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3427, now on General Orders.

REPORTS OF COMMITTEES

Senator Pogemiller moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Pogemiller from the Committee on Rules and Administration, to which was re-referred

S.F. No. 3540: A bill for an act relating to economic development; creating a task force to analyze and plan for an economy that advances the environmental and energy policies of the state; appropriating money.

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

Page 1, delete lines 13 to 15 and insert:

"(2) three members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority;"

Page 1, line 22, delete "members from the private sector" and insert "public members"

Page 2, after line 13, insert:

"(d) Public members of the task force must be compensated as provided in Minnesota Statutes,

section 15.059, subdivision 3."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Pogemiller from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2811: A bill for an act relating to education; managing school trust fund lands; improving the returns for school trust fund lands; redefining the mission of the Permanent School Fund Advisory Committee; providing a report; amending Minnesota Statutes 2006, sections 84.027, by adding a subdivision; 127A.30.

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

Page 2, lines 8 and 9, delete the new language

Page 2, line 14, before the period, insert ", with the advice of and after consultation with the chairs of the legislative committees with jurisdiction over K-12 education policy and budget"

Page 2, line 16, before the period, insert ", with the advice of and after consultation with the chairs of the legislative committees with jurisdiction over the environment and natural resources"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

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

S.F. No. 3631: A bill for an act relating to education; providing for prekindergarten through grade 12 education, including general education, education excellence, and state agencies; appropriating money; amending Minnesota Statutes 2006, sections 122A.40, subdivision 8; 122A.72, by adding a subdivision; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 127A.45, subdivision 16; Laws 2007, chapter 146, article 7, section 4; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; repealing Minnesota Statutes 2006, section 127A.45, subdivision 7a; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2007 Supplement, 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) superintend school grading practices and examinations for promotions;
- (4) make reports required by the commissioner;
- (5) by ~~January~~ August 10, 2009, and each year thereafter, 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 MCA-IIs taken in the eighth grade,~~ identifying the highest student passage rate the district expects it will be able to attain on the MCA-IIs GRAD by grade 12, and the amount of expenditures that the district requires to attain the targeted student passage rate; and
- (6) perform other duties prescribed by the board.

Sec. 2. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the commissioner must agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota district. The rates must be at least equal to the tuition specified in section 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district

in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

(b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9 shall not apply.

Sec. 3. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. This section is effective with respect to any other~~ bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 4. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 8, then the student's parent or guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

Sec. 5. [124D.041] RECIPROCITY WITH ADJOINING STATES.

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota

and the adjoining state may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A. Any additional terms must apply equally to both states.

Subd. 2. Pupil accounting. (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

Subd. 3. Procedures. (a) The Department of Education must establish procedures relating to the application process, the collection or payment of funds under the provisions of any agreement established pursuant to this section, and the collection of data necessary to implement any agreement established pursuant to this section.

(b) Notwithstanding sections 124D.04 and 124D.05, if an agreement is established between Minnesota and an adjoining state pursuant to this section, the provisions of this section and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary, including provisions relating to tuition payments, shall not apply.

(c) Notwithstanding paragraph (a), any payments to adjoining states under this section shall be made according to section 127A.45, subdivision 16.

(d) Notwithstanding paragraph (b), sections 124D.04, subdivision 6, paragraph (b), and 124D.05, subdivision 2a, the provisions of this section and the agreement shall not apply to enrollment transfers between Minnesota and a school district in an adjoining state enrolling fewer than 150 pupils that is exempted from participation in the program under the laws of the adjoining state.

Sec. 6. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision to read:

Subd. 2a. Exception. Notwithstanding subdivisions 1 and 2, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary, including provisions relating to tuition payments, shall not apply.

Sec. 7. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 4a. Adjustments for tuition reciprocity with adjoining states. (a) If an agreement is

reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment.

(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.

(c) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

Sec. 8. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal year ~~2006 and later~~ years 2008 and 2009, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue under section 122A.415, and transition revenue.

(b) For fiscal year 2010 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, and transition revenue.

Sec. 9. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance 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.

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

(c) A district's transition revenue for fiscal year 2010 and later equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the

district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.

(d) Notwithstanding paragraph (b), for fiscal year 2010 and later, the transition revenue for Independent School District No. 356, Lancaster, equals the sum of the product of the district's transition allowance plus \$361 times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.

Sec. 10. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the difference between the sum of the general education revenue and net tuition revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

Sec. 11. Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years ~~2007 and later~~ 2008 and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals ~~65~~ 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(b) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$75,636,000~~ \$48,060,000 for fiscal year ~~2007~~ 2008, and ~~later~~ \$52,407,000 for fiscal year 2009. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 12. Minnesota Statutes 2006, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** For fiscal year ~~2007 and later~~ years 2008 and 2009, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,913.

Sec. 13. Minnesota Statutes 2006, section 126C.10, subdivision 36, is amended to read:

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year ~~2007 and later~~ years 2008 and 2009, a district's alternative teacher compensation equalization aid equals the district's

alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

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

Sec. 14. Minnesota Statutes 2006, section 126C.40, subdivision 1, is amended to read:

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

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

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

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$100~~ \$150 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 the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$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).

Sec. 15. Minnesota Statutes 2006, section 126C.51, is amended to read:

126C.51 APPLICATION OF LIMITING TAX LEGISLATION.

Notwithstanding the provisions of section 471.69 or 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a district to incur any debt or to issue any warrant or order, a school district or intermediate school district has the powers in sections 126C.50 to 126C.56 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 126C.50 to 126C.56.

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

Sec. 16. Minnesota Statutes 2006, section 126C.52, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The board of any school district may also borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school fiscal year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

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

Sec. 17. Minnesota Statutes 2006, section 126C.52, is amended by adding a subdivision to read:

Subd. 3. **Intermediate school districts.** (a) The board of an intermediate school district may borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of the receipt of:

- (1) state aids for schools as defined in Minnesota Statutes;
- (2) federal school aids to be distributed by or through the department; and
- (3) membership fees and tuition payments from its member school districts.

The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids, fees, and tuition payments which are receivable by the intermediate school district in the fiscal year in which the money is borrowed, as estimated and certified by the commissioner.

(b) The board of an intermediate school district may, upon receipt of a written resolution by each of its member school districts, pledge the member district's full faith and credit and unlimited taxing powers to repay each member district's pro rata share of any certificates issued or the amount paid by the state under section 126C.55, subdivision 2, plus interest, if the revenues specified in paragraph (a) and any other revenues of the intermediate school district are insufficient to do so.

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

Sec. 18. Minnesota Statutes 2006, section 126C.53, is amended to read:

126C.53 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.

The board of a school district or intermediate school district may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary. The resolution must be adopted by a vote of at least two-thirds of its members. The board must fix the amount, date, maturity, form, denomination, and other details of the certificates of indebtedness, not inconsistent with this chapter. The board must fix the date and place for receipt of bids for the purchase of the certificates when bids are required and direct the clerk to give notice of the date and place for bidding.

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

Sec. 19. Minnesota Statutes 2006, section 126C.55, is amended to read:

126C.55 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means:

- (1) a ~~tax or aid anticipation~~ certificate of indebtedness issued under section 126C.52;
- (2) a certificate of participation issued under section 126C.40, subdivision 6; or
- (3) a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding

debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Finance must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. **School district bound; interest rate on state paid amount.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the school district or intermediate school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate school district to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 4a. **Aid reduction for repayment.** (a) Except as provided in this subdivision, the state must reduce the state aid payable to the school district or intermediate school district under this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 273 by the amount paid by the state under this section on behalf of the district, plus the interest due on it, and the amount reduced must revert from the appropriate account to the state general fund. Payments from the school district

endowment fund or any federal aid payments shall not be reduced.

(b) For an intermediate school district, the state aid payable to the intermediate school district must first be reduced, before any reduction is made to the state aids payable to the member districts. If the state aid payable to the intermediate school district is not sufficient to repay the state, state aid payable to member districts may be reduced proportionately based on the ratio of each member district's adjusted net tax capacity to the total adjusted net tax capacity of all member districts.

(c) If, after review of the financial situation of the school district or intermediate school district, the commissioner advises the commissioner of finance that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the district, the commissioner, with the approval of the commissioner of finance, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the district from other revenue sources.

Subd. 6. Tax levy for repayment. (a) With the approval of the commissioner, a district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner shall require the district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

(c) For an intermediate school district, a levy made by a member district under paragraph (a) or (b) to pay its pro rata share must be spread by the commissioner as a tax rate based on the total adjusted net tax capacity of the member school districts. The proceeds of the levy must be remitted by the member school district to the intermediate school district and must be used by the intermediate school district only to repay the state amounts owed. Any amount in excess of the amount owed to the state must be repaid to the member school districts and the commissioner shall adjust each member district's property tax levy in the next year.

Subd. 7. **Election as to mandatory application.** A school district or intermediate school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Subd. 8. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a school district or intermediate school district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department must provide technical assistance to the district in preparing its plan. If the commissioner determines that a district's plan is not adequate, the commissioner shall notify the district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. **State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Subd. 10. **Continuing disclosure agreements.** The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

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

Sec. 20. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amounts under section 123A.26, subdivision 3 and section 124D.041, shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 21. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

~~(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;~~

~~(F)~~ (E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

~~(G)~~ (F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

~~(H)~~ (G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

~~(I)~~ (H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

~~(J)~~ (I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

~~(K)~~ (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

~~(L)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 22. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

~~(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;~~

~~(F)~~ (E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

~~(G)~~ (F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

~~(H)~~ (G) section 126C.10, subdivision 32, if the district received transition aid according to

section 126C.10, subdivision 33, in the second preceding year;

~~(F)~~ (H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

~~(J)~~ (I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

~~(K)~~ (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

~~(L)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment; and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 23. Laws 2007, chapter 146, article 1, section 24, subdivision 2, is amended to read:

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

	<u>5,618,342,000</u>		
\$	<u>5,600,647,000</u>	.....	2008
	<u>5,618,342,000</u>		
\$	<u>5,650,587,000</u>	.....	2009

The 2008 appropriation includes ~~\$531,733,000~~ \$536,251,000 for 2007 and ~~\$5,073,250,000~~ \$5,064,396,000 for 2008.

The 2009 appropriation includes ~~\$546,314,000~~ \$543,752,000 for 2008 and ~~\$5,072,028,000~~ \$5,106,835,000 for 2009.

Sec. 24. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation**\$ **584,000** 148,000

The appropriations in this section are from the general fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 25. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. **Independent School District No. 239, Rushford-Peterson**(a) **Flood Enrollment Impact Aid**

89,000

The commissioner of education shall pay to the school district flood enrollment impact aid equal to \$5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood.

(b) ~~Disaster Relief Facilities Grant~~

250,000

~~For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.~~

~~(c)~~ **Pupil Transportation Aid**

40,000

For increased costs associated with transporting students as a result of the floods of August 2007.

Sec. 26. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 6, is amended to read:

Subd. 6. **Disaster Relief Facilities Grants to Other Districts**~~90,000~~ 14,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not

covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant. School districts not included in subdivisions 2 to 5 must be given priority in the allocation of this appropriation.

Sec. 27. ENROLLMENT AND TRANSPORTATION AID.

For fiscal year 2010 only, Independent School District No. 239, Rushford-Peterson, is eligible for school district flood enrollment aid and aid for increased transportation costs equal to \$158,000 as a result of the floods of August 2007. Of this amount, \$40,000 is for increased costs associated with transporting students.

Sec. 28. LIMITATION ON NEW ALTERNATIVE COMPENSATION SCHOOL DISTRICTS AND CHARTER SCHOOLS, FISCAL YEARS 2009 TO 2013.

Notwithstanding Minnesota Statutes, sections 122A.413; 122A.414; 122A.415; 122A.416; and 126C.10, subdivisions 34, 35, and 36, the Department of Education must limit the participation in the alternative teacher pay program to those district sites and charter schools that received alternative compensation revenue in fiscal year 2008 or those district sites and charter schools that have submitted an application, under Minnesota Statutes, section 122A.414, by February 28, 2008, for fiscal year 2009 alternative compensation participation. This limitation applies to fiscal year 2009 through fiscal year 2013. No additional district sites or charter schools may be approved until after June 30, 2013.

Sec. 29. SPARSITY, ADJUSTMENT AID, LANCASTER.

For fiscal year 2009 only, Independent School District No. 356, Lancaster, is eligible to receive sparsity adjustment aid equal to \$82,000.

Sec. 30. 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. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid and aid for increased costs of transporting students equal to \$7,152 times the number of pupils lost as a result of the floods of August 2007.

\$	158,000	2009
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The base appropriation for fiscal year 2010 is \$158,000. The base appropriation for later years is zero.

The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood.

Up to \$40,000 is for increased costs associated with transporting students as a result of the floods

of August 2007.

Subd. 3. **Independent School District No. 356, Lancaster.** For sparsity adjustment aid.

 \$ 82,000 2009

This is a onetime appropriation.

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2006, section 126C.21, subdivision 1, is repealed for revenue for fiscal year 2009 and later.

(b) Minnesota Statutes 2006, section 126C.10, subdivisions 35 and 36, are repealed for revenue for fiscal year 2010 and later.

(c) Minnesota Statutes 2006, section 127A.45, subdivision 7a, is repealed.

(d) Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34, is repealed for revenue for fiscal year 2010 and later.

(e) Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, and 4, are repealed.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. **[1.1499] STATE SPORT.**

Ice hockey is adopted as the official sport of the state of Minnesota.

Sec. 2. **[120B.17] MINNESOTA VIRTUAL EDUCATION PROGRAM.**

Subdivision 1. **Program.** A state of Minnesota virtual education program is established for teachers and students to improve and enhance teacher instruction and student learning through integration of technology and online learning. The commissioner of education shall establish the program and develop a selection of online courses for students and lesson plans for teachers. The online student courses shall be established for grades 6 through 12.

Subd. 2. **Scope and requirements.** (a) The student courses and teacher lesson plans shall be developed by department staff, content experts, licensed Minnesota teachers, licensed administrators, and business representatives. The courses must be aligned to the Minnesota academic standards established in Minnesota Rules, chapter 3501. The commissioner of education, in working with qualified individuals, must establish at least ten student courses and teacher lesson plans that will be available to students and teachers no later than the 2009-2010 school year. The commissioner must give priority in the development of courses and lesson plans to science, technology, engineering, mathematics, and advanced courses. The courses available to students must be monitored and delivered by licensed Minnesota teachers under section 122A.16.

(b) School districts and charter schools participating in the program must:

(1) submit a letter of intent to the commissioner of education;

- (2) allow students to participate in the program;
- (3) train teachers to monitor and deliver courses;
- (4) allow students to receive graduation credit, if appropriate, for successful completion of the courses;
- (5) issue grades to students enrolled in the online courses; and
- (6) report progress to the department on student participation and completion rates.

Subd. 3. **Report.** The commissioner of education must submit a report to the chairs of the house of representatives and senate education committees by October 1, 2010, assessing the progress and development of the program.

Sec. 3. **[120B.299] DEFINITIONS.**

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

Subd. 2. **Growth.** "Growth" compares the difference between a student's achievement score at two distinct points in time.

Subd. 3. **Value-added.** "Value-added" is the amount of achievement a student demonstrates above an established baseline.

Subd. 4. **Growth-based value-added.** "Growth-based value-added" is a value-added system of assessments that measures the difference between an established baseline of growth and a student's growth over time.

Subd. 5. **Adequate yearly progress.** Adequate yearly progress compares the average achievement of two different groups of students at two different points in time.

Subd. 6. **State growth norm.** "State growth norm" is an established statewide percentile, or standard applicable to all students in a particular grade benchmarked to an established school year. Beginning in the 2008-2009 school year, the state growth norm is benchmarked to 2006-2007 school year data until the commissioner next changes the vertically linked scale score. Each time the commissioner changes the vertically linked scale score, a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers under section 120B.299, subdivision 6, in collaboration with the Independent Office of Educational Accountability under section 120B.31, subdivision 3, must recommend a new state growth norm that the commissioner shall consider with the revised standards. For each newly established state growth norm, the commissioner also must establish criteria for identifying schools and school districts that demonstrate accelerated growth in order to advance educators' professional development and to replicate programs that succeed in meeting students' diverse learning needs.

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

Sec. 4. Minnesota Statutes 2007 Supplement, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards that districts

and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and a life sciences assessment in the grades 10 through 12 span for the 2007-2008 school year and later.

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

(c) Reporting of assessment results must:

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

(2) include, by no later than the 2008-2009 school year, a growth-based, value-added component that is in addition to a measure for student achievement growth over time indicator of student achievement under section 120B.35, subdivision 3, paragraph (b); and

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

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

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

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

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

Sec. 5. Minnesota Statutes 2006, section 120B.31, as amended by Laws 2007, chapter 146, article 2, section 10, is amended to read:

120B.31 SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.

Subdivision 1. **Educational accountability and public reporting.** Consistent with the ~~process~~ direction to adopt a ~~results-oriented graduation rule~~ statewide academic standards under section 120B.02, the department, in consultation with education and other system stakeholders, must ~~establish~~ maintain a coordinated and comprehensive system of educational accountability and public reporting that promotes ~~higher~~ greater academic achievement, preparation for higher academic education, preparation for the world of work, citizenship as outlined under sections 120B.021, subdivision 1, clause (4); and 120B.024, paragraph (a), clause (4), and the arts.

Subd. 2. **Statewide testing.** Each school year, all school districts shall give a uniform statewide test to students at specified grades to provide information on the status, needs and performance of Minnesota students.

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's ~~results-oriented~~ high school graduation rule. The office shall determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability ~~utilizes~~ uses multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system;

~~(2) the commissioner makes statistical adjustments when reporting student data over time, consistent with clause (4);~~

~~(3) the commissioner uses indicators of student achievement growth~~ a growth-based value-added indicator of student achievement over time and a value-added assessment model that estimates the effects of the school and school district on student achievement to measure school performance, consistent with section ~~120B.36, subdivision 1~~ 120B.35, subdivision 3, paragraph (b);

~~(4) (3) the commissioner makes data available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and~~

~~(5) (4) the commissioner fulfills the requirements under section 127A.095, subdivision 2.~~

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

Subd. 4. **Statistical adjustments; student performance data.** In ~~developing~~ managing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate student data over time to

report student performance and growth levels measured at the school, school district, regional, or and statewide level. When collecting and reporting the performance data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

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

Sec. 6. Minnesota Statutes 2006, section 120B.35, as amended by Laws 2007, chapter 147, article 8, section 38, is amended to read:

120B.35 STUDENT ACADEMIC ACHIEVEMENT AND PROGRESS-GROWTH.

Subdivision 1. ~~Adequate yearly progress of schools and students~~ **School and student indicators of growth and achievement.** The commissioner must develop and implement maintain a system for measuring and reporting academic achievement and individual student progress growth, consistent with the statewide educational accountability and reporting system. The system components of the system must measure the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational progress growth over time under subdivision 3. The system also must include statewide measures of student academic achievement growth that identify schools with high levels of achievement growth, and also schools with low levels of achievement growth that need improvement. When determining a school's effect, the data must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. ~~The commissioner by January 15, 2002, must submit a plan for integrating these components to the chairs of the legislative committees having policy and budgetary responsibilities for elementary and secondary education.~~

Subd. 2. **Expectations for federally mandated student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet ~~state and local~~ federally mandated expectations. If student achievement levels at a school site do not meet ~~state and local~~ federally mandated expectations and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet ~~state and local~~ federally mandated expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federally mandated expectations must develop continuous improvement plans in order to meet ~~state and local~~ federally mandated expectations for student academic achievement. The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) ~~provide assistance to~~ assist school sites and districts identified as not meeting federally mandated expectations; and

(2) provide technical assistance to schools that integrate student ~~progress~~ measures ~~under subdivision 3~~ in the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make data on every school and district available to parents, teachers, administrators, community members, and the general public.

Subd. 3. **Student ~~progress assessment~~ growth; other state measures.** (a) ~~The state's educational assessment system component measuring individual students' educational progress must be~~ growth is based, to the extent annual tests are administered, on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement ~~must be~~ are based on highly reliable statewide or districtwide assessments.

(b) ~~The commissioner must identify effective models for measuring individual student progress that enable a school district or school site to perform gains based analysis, including evaluating the effects of the teacher, school, and school district on student achievement over time. At least one model must be a "value added" assessment model that reliably estimates those effects for classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances. use a growth-based value-added system. The commissioner must apply the state growth norm to students in grades 4 through 8 beginning in the 2008-2009 school year, consistent with section 120B.299, subdivision 6, initially benchmarking the state growth norm to 2007-2008 school year data. The model must allow the user to:~~

(1) report student growth at and above the state norm; and

(2) for all student categories with a cell size of at least 20, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively. The model must have the ability to measure the effects on student growth at the school level.

~~(c) If a district has an accountability plan that includes gains based analysis or "value added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices. If a district has an accountability plan that includes other growth-based value-added analysis, the commissioner may, to the extent practicable and consistent with this section, incorporate those measures in determining whether the district or school site shows growth. When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:~~

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects

required for admission to Minnesota's public four-year colleges and universities as determined by the Minnesota Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, the commissioner of education must establish a second achievement benchmark to identify improving schools. The commissioner must recommend to annually report to the public and the legislature by February 15, 2002, indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring a school to demonstrate ongoing successful use of best teaching practices best practices learned from those schools that demonstrate accelerated growth compared to the state growth norm.

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 245.4889 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.

EFFECTIVE DATE. Subdivision 3, paragraph (b), applies to students in the 2009-2010 school year and later. Subdivision 3, paragraph (c), applies to students in the 2010-2011 school year and later. Subdivision 4 applies in the 2011-2012 school year and later.

Sec. 7. Minnesota Statutes 2006, section 120B.36, as amended by Laws 2007, chapter 146, article 2, section 11, 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 report at least student academic performance under section 120B.35, subdivision 2, a table showing the percentages of students at and above the state growth norm under section 120B.35, subdivision 3, paragraph (b), school safety, rigorous coursework under section 120B.35, subdivision 3, paragraph (c), two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, and staff characteristics excluding salaries, with a value added

~~component added no later than the 2008-2009 school year student enrollment demographics, district mobility, and extracurricular activities. The report must indicate a school's adequate yearly progress status, and must not set any designations applicable to high and low performing schools due solely to adequate yearly progress status.~~

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

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

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

(e) School performance report ~~cards~~ card data are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) concludes. 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 to determine~~ adequate yearly progress ~~designations~~ status under Public Law 107-110, section 1116, set state growth norms, and determine student growth are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in subdivision 1, paragraph (d), concludes. 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 federally mandated adequate yearly progress data and state student growth data to its public Web site no later than September 1.

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

Sec. 8. Minnesota Statutes 2006, section 120B.362, is amended to read:

120B.362 GROWTH-BASED VALUE-ADDED ASSESSMENT PROGRAM.

~~(a) The commissioner of education must implement a growth-based value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting individual students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of individual 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 initial trial 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.~~

~~(b) The commissioner may issue a request for proposals to 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. The model the commissioner selects must accommodate diverse data and must use each student's test data across grades. Data on individual teachers generated under the model are personnel data under section 13.43.~~

~~(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. 9. Minnesota Statutes 2006, section 122A.21, is amended to read:

122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES; LICENSURE VIA PORTFOLIO.

(a) Each application for the issuance, renewal, or extension of a license to teach, including candidates for licensure via portfolio under paragraph (b), must be accompanied by a processing fee of \$57. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of finance. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of finance in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

(b) A qualified candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field. A candidate for initial licensure must submit one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence consistent with the applicable Board of Teaching licensure rules. A candidate seeking to add a licensure field must submit one portfolio demonstrating content competence consistent with the Board of Teaching licensure rule. Candidates must submit all portfolios to the Educator Licensing Division at the Minnesota Department of Education. A candidate must pay a \$500 fee for the first portfolio submitted for review and a \$250 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an account in the state government special revenue fund. Money in the account, including interest earned, is appropriated to the board for the operation of licensure via portfolio. The fees as set by the board are nonrefundable for applicants not qualifying for a license. The board may waive or reduce fees for candidates based on financial need.

Sec. 10. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2010 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$46,781,000 for fiscal year 2010 and \$46,538,000

for fiscal year 2011 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010 and later.

Sec. 11. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2010 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of: (1) the difference between the district's alternative teacher compensation revenue, under subdivision 1, and the district's basic alternative teacher compensation aid, under subdivision 4; times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,913.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010 and later.

Sec. 12. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 6. **Alternative teacher compensation aid.** (a) For fiscal year 2010 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue, minus the district's basic alternative teacher compensation aid, minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted under subdivision 5, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010 and later.

Sec. 13. Minnesota Statutes 2006, section 122A.72, is amended by adding a subdivision to read:

Subd. 6. **Teacher institute functions.** A teacher institute shall perform functions according to this subdivision. The teacher institute shall assist teachers in providing advanced training during the summer months to licensed mathematics and science teachers in the areas of content knowledge and effective instruction practices. The teacher may be eligible for graduate-level credits upon successful completion of the institute. The application process and criteria for admission to the teacher institute shall be established by the commissioner of education.

EFFECTIVE DATE. This section is effective for the 2008-2009 school year and later.

Sec. 14. Minnesota Statutes 2006, section 124D.09, subdivision 5, is amended to read:

Subd. 5. **Authorization; notification.** Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that postsecondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the

pupil, the pupil's school or school district, and the commissioner within ten days of acceptance. The notice must indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for postsecondary credit only, the institution must notify the pupil about payment in the customary manner used by the institution.

Sec. 15. Minnesota Statutes 2007 Supplement, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, ~~or for supplemental online learning.~~ Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in supplemental online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's ~~enrollment~~ application to enroll in online learning in writing on a form provided by the department.

(b) Supplemental online learning notification to the enrolling district upon student enrollment in application to the online learning program provider will include the courses or program, credits to be awarded, and the start date of online enrollment, and confirmation that the courses will meet the student's graduation plan. An online learning provider must make available to the enrolling district the course syllabus in a format established by the commissioner that identifies the state standards met by the course, content outline, assessment requirements, expectations for actual teacher contact time, other student-to-teacher communication, and academic support for supplemental online courses taken by students in the enrolling district. Within 15 days after the online learning provider makes information in this paragraph available to the enrolling district, the enrolling district must either confirm or deny to the online provider that the student, parent or guardian, and enrolling district have agreed the courses meet the student's graduation requirements. An online learning course or program that meets or exceeds a graduation standard or grade progression requirements at the enrolling district as demonstrated on the online provider's syllabus must be considered to meet the corresponding graduation requirements of the student in the enrolling district. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider.

(c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.

(d) An online learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

(e) An enrolling district may reduce an online learning student's regular classroom instructional membership in proportion to the student's membership in online learning courses.

(f) The online provider must report student progress to the student, parent or guardian, and enrolling district in a manner specified by the commissioner unless previously agreed upon by the enrolling district and the online provider. The enrolling district must designate a contact person to assist in the facilitation and monitoring of student progress.

Sec. 16. Minnesota Statutes 2007 Supplement, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. ~~An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district.~~ The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online 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 online 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 course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses during a single school year to a maximum of 50 percent of the student's full schedule of courses per term. A student may exceed the supplemental online learning registration limit if the enrolling district grants permission for supplemental online learning enrollment above the limit, or if an agreement is made between the enrolling district and the online learning provider for instructional services;

(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 online learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) An online 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 online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district or charter school may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district or charter school that offers online learning only to its enrolled students is not subject to

the reporting requirements or review criteria under subdivision 7, unless the enrolling district or charter school is a full-time online provider. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district or charter school. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(e) ~~An~~ Both full-time and supplemental online learning provider that is not the enrolling district is providers are subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. 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 online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or apply for enrollment to an approved full-time online learning program following appropriate procedures in subdivision 3, paragraph (a). Full-time online learning students may enroll in classes at a local school per contract for instructional services between the online learning provider and the school district.

Sec. 17. Minnesota Statutes 2007 Supplement, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. ~~Online learning providers must demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication~~ The online provider must provide written assurance that all courses meet state academic standards, and that the online learning curriculum, instruction and assessment, expectations for actual teacher contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are demonstrated as such in a syllabus provided according to the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online 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 online 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 online learning course offered by an online learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved online learning

providers and online learning courses and programs that it has reviewed and certified.

Sec. 18. Minnesota Statutes 2006, section 124D.095, subdivision 10, is amended to read:

Subd. 10. **Online Learning Advisory Council.** (a) An Online Learning Advisory Council is established under section 15.059, except that the term for each council member shall be three years. The advisory council is composed of 12 members from throughout the state who have demonstrated experience with or interest in online learning. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to online learning and provide input to the department in matters related, but not restricted, to:

- (1) quality assurance;
- (2) teacher qualifications;
- (3) program approval;
- (4) special education;
- (5) attendance;
- (6) program design and requirements; and
- (7) fair and equal access to programs.

~~(b) The Online Learning Advisory Council under this subdivision expires June 30, 2008.~~

(b) Notwithstanding section 15.059, subdivision 5, the council expires June 30, 2009.

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

Sec. 19. Laws 2007, chapter 146, article 2, section 46, subdivision 11, is amended to read:

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	15,150,000	.....	2008
	15,150,000		
\$	<u>13,000,000</u>	.....	2009

Any testing contracts awarded by the commissioner using appropriations in this subdivision must include as part of that testing contract a method to vertically link testing questions across grade levels for the purposes of working towards a statewide growth model.

~~\$1,150,000 each year is for the value-added index assessment model.~~

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

The base for fiscal year 2010 and later is \$13,000,000.

Sec. 20. Laws 2007, chapter 146, article 2, section 46, subdivision 13, is amended to read:

Subd. 13. **Preadvanced placement, advanced placement, international baccalaureate, and**

concurrent enrollment programs. For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

\$	6,500,000	.....	2008
\$	6,500,000	.....	2009

Of this amount, \$2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district. Any balance in the first year does not cancel but is available in the second year.

~~The base appropriation for fiscal year 2010 and later is \$2,000,000~~ This is a onetime appropriation.

Sec. 21. Laws 2007, chapter 146, article 2, section 46, subdivision 19, is amended to read:

Subd. 19. **Educational Planning and Assessment System (EPAS) program.** For the Educational Planning and Assessment System (EPAS) program under Minnesota Statutes, section 120B.128:

\$	829,000 <u>600,000</u>	.....	2008
\$	829,000 <u>400,000</u>	.....	2009

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Sec. 22. Laws 2007, chapter 146, article 2, section 46, subdivision 20, is amended to read:

Subd. 20. **College-level examination program (CLEP).** For the college-level examination program (CLEP) under Minnesota Statutes, section 120B.131:

	1,650,000		
\$	<u>1,000,000</u>	.....	2008
	1,650,000		
\$	<u>500,000</u>	.....	2009

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Sec. 23. Laws 2007, chapter 146, article 3, section 23, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The task force must submit to the education policy and finance committees of the legislature by February 15, ~~2008~~ 2009, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds ~~or expands upon~~ a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state ~~provisions~~ statutes and rules that exceed ~~or expand upon~~ a minimum federal requirement may be amended to conform with minimum federal requirements or made more effective as determined by a majority of the task force

members. The task force must recommend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The task force expires when it submits its report to the legislature.

(b) Consistent with subdivision 1, the Department of Education member of the task force representing regulators shall be replaced with a parent advocate selected by a statewide organization that advocates on behalf of families with children with disabilities.

(c) The Department of Education must provide technical assistance at the request of the task force.

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

Sec. 24. Laws 2007, chapter 146, article 3, section 24, subdivision 9, is amended to read:

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

\$	20,000	.....	2008
\$	<u>20,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Sec. 25. **IMPLEMENTING A STUDENT GROWTH-BASED VALUE-ADDED SYSTEM.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), and to help parents and members of the public compare the reported data, the commissioner must consult with a group of expert school district assessment and evaluation staff, including a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers under Minnesota Statutes, section 120B.299, subdivision 6, and interested stakeholders, including school superintendents, school principals, and school teachers to examine the actual statewide performance of students using Minnesota's growth-based value-added system and establish criteria for identifying schools and school districts that demonstrate accelerated growth in order to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs.

(b) The commissioner must submit a written report to the chairs and ranking minority members of the education committees of the house of representatives and senate by February 15, 2009, describing the criteria for identifying schools and school districts that demonstrate accelerated growth.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards in the 2008-2009 school year and later.

Sec. 26. **GROWTH-BASED VALUE-ADDED SYSTEM.**

The growth-based value-added system used by the commissioner of education to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), must be consistent with the growth-based value-added model contained in the document labeled "Educational Report Card Growth Model, 2008." The document must be deposited with the Minnesota Office of the Revisor of Statutes, the Minnesota Legislative Reference Library, and the Minnesota State Law Library,

where the document shall be maintained until the commissioner implements the growth-based value-added system under Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b). The recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers under Minnesota Statutes, section 120B.299, subdivision 6, must determine whether the growth-based value-added model the commissioner uses to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), is consistent with the deposited document and report its determination to the education committees of the house of representatives and senate by February 15, 2009.

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

Sec. 27. SCHOOL DISTRICT PLANS TO IMPROVE STUDENTS' ACADEMIC ACHIEVEMENT.

Subdivision 1. District academic achievement plan; priorities. (a) A school district experiencing disparities in academic achievement must develop a plan to significantly improve students' academic achievement using concrete measures to eliminate differences in academic performance among groups of students defined by race, ethnicity, and income. The plan must:

(1) reflect a research-based understanding of high-performing educational systems and best educational practices;

(2) include innovative and practical strategies and programs, whether existing or new, that supplement district initiatives to increase students' academic achievement under state and federal educational accountability requirements; and

(3) contain valid and reliable measures of student achievement that the district uses to demonstrate the efficacy of the district plan to the commissioner of education.

(b) A district must address the elements considered by the advisory task force on improving students' academic achievement, to the extent those elements are implicated in the district's plan.

(c) The district must include with the plan the amount of expenditures necessary to implement the plan. The district must indicate how current resources are used to implement the plan, including, but not limited to, state-limited English proficiency aid under Minnesota Statutes, section 124D.65; integration revenue under Minnesota Statutes, section 124D.86; early childhood family education revenue under Minnesota Statutes, section 124D.135; school readiness aid under Minnesota Statutes, section 124D.16; basic skills revenue under Minnesota Statutes, section 126C.10, subdivision 4; extended time revenue under Minnesota Statutes, section 126C.10, subdivision 2a; and alternative compensation revenue under Minnesota Statutes, section 122A.415.

Subd. 2. Plan. (a) A school district by October 1, 2008, must submit its plan in electronic format to the commissioner of education, consistent with subdivision 1.

(b) The commissioner must analyze the commonalities and differences of the district plans and submit the analysis and underlying data to the advisory task force on improving students' academic achievement by November 1, 2008, and also report the substance of the analyses to the education policy and finance committees of the legislature by January 1, 2009.

(c) A school district that submits a plan must be given priority in funding if the legislature provides funding for implementing the plans.

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

Sec. 28. ADVISORY TASK FORCE ON IMPROVING STUDENTS' ACADEMIC ACHIEVEMENT.

(a) An advisory task force on improving students' academic achievement is established to review the plans submitted to the commissioner of education and recommend to the education committees of the legislature a proposal for improving students' academic achievement and eliminating differences in academic performance among groups of students defined by race, ethnicity, and income. The task force members must at least consider how the following education-related issues impact the educational achievement of low-income and minority students:

(1) rigorous preparation and coursework and how to (i) effectively invest in early childhood and parent education, (ii) impose academic rigor and high expectations on elementary and secondary students in low-income and minority schools, and (iii) provide parents, educators, and community members with meaningful opportunities to collaborate in educating students in low-income and minority schools;

(2) professional development for educators and how to (i) provide stronger financial and professional incentives to attract and retain experienced, bilingual, and culturally competent teachers and administrators in low-income and minority schools, (ii) recruit and retain teachers of color, and (iii) develop and include cultural sensitivity and interpersonal and pedagogical skills training that teachers need for effective intercultural teaching;

(3) English language learners and how to (i) use well designed tests, curricula, and English as a second language programs and services as diagnostic tools to develop effective student interventions, (ii) monitor students' language capabilities, (iii) provide academic instruction in English that supports students' learning and is appropriate for students' level of language proficiency, and (iv) incorporate the perspectives and contributions of ethnic and racial groups, consistent with Minnesota Statutes, section 120B.022, subdivision 1, paragraph (b);

(4) special education and how to (i) incorporate linguistic and cultural sensitivity into special education diagnosis and referral, (ii) increase the frequency and quality of prereferral interventions, and (iii) decrease the number of minority and nonnative English speaking students inappropriately placed in special education;

(5) GRAD tests and how to (i) incorporate linguistic and cultural sensitivity into the reading and math GRAD tests, and (ii) develop interventions to meet students' learning needs; and

(6) valid and reliable data and how to use data on student on-time graduation rates, student dropout rates, documented disciplinary actions, and completed and rigorous course work indicators to determine how well-prepared low-income and minority students are for postsecondary academic and career opportunities.

The task force also must examine the findings of a 2008 report by Minnesota superintendents on strategies for creating a world-class educational system to establish priorities for improving students' academic achievement. The task force may consider other related matters at its discretion.

(b) The commissioner of education must convene the first meeting of the advisory task force on improving students' academic achievement by July 1, 2008. The task force members must select a chair from their membership at the first meeting and adopt internal standards for subsequent

meetings. The task force is composed of the following members:

(1) a representative from a Twin Cities metropolitan area school district, a suburban school district, a school district located in a regional center, and a rural school district, all four representatives appointed by the state demographer based on identified concentrations of low-income, minority, and low performing students;

(2) a faculty member of a teacher preparation program at the University of Minnesota's college of education and human development, appointed by the college dean or the dean's designee;

(3) a faculty member from the urban teachers program at Metropolitan State University appointed by the university president or the president's designee;

(4) a faculty member from a MnSCU teacher preparation program located outside the Twin Cities metropolitan area, appointed by the university president or the president's designee;

(5) a classroom teacher appointed by Education Minnesota;

(6) an expert in early childhood care and education appointed by a state early childhood organization;

(7) a member from each state council representing a community of color, appointed by the respective council;

(8) a curriculum specialist with expertise in providing language instruction for nonnative English speakers, appointed by a state curriculum organization;

(9) a special education teacher, appointed by a state organization of special education educators;

(10) a parent of color, appointed by a state parent-teacher organization;

(11) a district testing director appointed by a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers; and

(12) a Minnesota Department of Education staff person with expertise in school desegregation matters appointed by the commissioner of education or the commissioner's designee.

A majority of task force members, at their discretion, may invite other representatives of interested public or nonpublic organizations, Minnesota's business community, Minnesota private colleges, Minnesota's communities of color, and stakeholders in local and state educational equity to become task force members.

(c) Task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059, except that the commissioner may reimburse task force members for expenses from the Department of Education's current operating budget but may not provide compensation to task force members for task force activities. By February 15, 2009, the task force must submit a written proposal, including draft legislation, to the chairs and ranking minority members of the education policy and finance committees and divisions of the legislature on how to significantly improve students' academic achievement.

(d) The advisory task force expires on February 16, 2009, or on the date the report required under this section is submitted, whichever is later.

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

Sec. 29. **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. **Minnesota virtual education program.** To develop and administer the Minnesota virtual education program under Minnesota Statutes, section 120B.17:

\$ 200,000 2009

Subd. 3. **Mathematics and science teacher centers and institutes.** For mathematics and science teacher centers and institutes:

\$ 400,000 2009

Subd. 4. **Best practices.** (a) For best practices grants:

\$ 910,000 2009

(b) \$275,000 is for a grant to the Minnesota Humanities Commission under Minnesota Statutes, section 138.911.

(c) \$200,000 is for a grant to the Minnesota Historical Society.

(d) \$160,000 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 mathematic skills.

(e) \$275,000 is for the Principal's Leadership Institute under Minnesota Statutes, section 122A.74.

(f) This is a onetime appropriation.

ARTICLE 3

FACILITIES AND ACCOUNTING

Section 1. Minnesota Statutes 2007 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$14,813,000~~ \$14,814,000 in fiscal year 2008, ~~\$11,124,000~~ \$9,109,000 in fiscal year 2009, ~~\$8,866,000~~ \$7,286,000 in fiscal year 2010, and ~~\$6,631,000~~ \$6,878,000 in fiscal year 2011 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.

Sec. 2. Minnesota Statutes 2006, section 123B.62, is amended to read:

123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings; ~~and~~

(4) bringing school buildings into compliance with life and safety codes and fire codes; and

(5) modifying buildings and equipment for security.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ~~ten~~ 15 years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 123B.61 for each year must not exceed the limit specified in section 123B.61. The levy for each year must be reduced as provided in section 123B.61. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 123A.37, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 3. Minnesota Statutes 2006, section 126C.45, is amended to read:

126C.45 ICE ARENA LEVY.

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed ~~90 percent~~ of the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the Office of Monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 4. **FUND TRANSFER.**

Subdivision 1. **Balaton.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 411, Balaton, may transfer up to \$70,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 2. **East Central School District.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 2580, East Central, may transfer up to \$300,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 3. **Hills-Beaver Creek.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$260,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

(b) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 4. **Rocori School District.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 750, Rocori, may transfer up to \$82,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **Virginia.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2008, Independent School District No. 706, Virginia, may transfer up to \$100,000 from its debt redemption fund to its undesignated balance without making a levy reduction.

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

Sec. 5. **ALTERNATIVE FACILITIES REVENUE PROGRAM.**

Notwithstanding the square foot limitations in section 123B.59, subdivision 1, paragraph (a), clause (2), Independent School District No. 623, Roseville, is eligible for the alternative facilities bonding and levy program as if the district has met the square foot requirements of that program.

ARTICLE 4

NUTRITION

Section 1. Minnesota Statutes 2006, section 124D.118, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** In accordance with program guidelines, the commissioner shall

reimburse each participating public or nonpublic school ~~14~~ 20 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 2. Laws 2007, chapter 146, article 5, section 13, 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:

	<u>5,460,000</u>		
\$	<u>5,583,000</u>	.....	2008
	<u>5,695,000</u>		
\$	<u>6,396,000</u>	.....	2009

ARTICLE 5

STATE AGENCIES

Section 1. [124D.805] COMMITTEE ON AMERICAN INDIAN EDUCATION PROGRAMS.

Subdivision 1. **Establishment.** The commissioner of education shall create an American Indian education committee. The commissioner must appoint the members of the committee. Members must include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, persons involved in programs for American Indian children in American Indian schools, and persons knowledgeable in the field of American Indian education. Appointed members shall be representative of significant segments of the population of American Indians.

Subd. 2. **Committee to advise commissioner.** The committee on American Indian education programs shall advise the commissioner in the administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people as determined by the commissioner.

Subd. 3. **Expenses.** The committee members must not be reimbursed for expenses. The commissioner must determine the membership terms and the duration of the committee, which expire no later than June 30, 2020.

Sec. 2. Laws 2007, chapter 146, article 7, section 4, is amended to read:

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

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

Subd. 2. **Department.** (a) For the Department of Education:

\$	22,169,000	2008
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\$ 22,653,000
22,207,000 2009

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

(b) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) \$260,000 each year is for the Minnesota Children's Museum.

(f) \$41,000 each year is for the Minnesota Academy of Science.

(g) \$619,000 in fiscal year 2008 and \$632,000 in fiscal year 2009 are for the Board of Teaching.

(h) \$163,000 in fiscal year 2008 and \$171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) \$50,000 each year is for the Duluth Children's Museum.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(l) \$20,000 in fiscal year 2009 is for the outdoor education working group.

(m) \$112,000 in fiscal year 2009 is for the administration of the online learning program.

(n) \$6,000 in fiscal year 2009 is for the Online Learning Advisory Council.

(o) \$50,000 in fiscal year 2009 is for the State Advisory Board on Early Learning.

(p) \$188,000 in fiscal year 2009 is for the administration of the school performance report card.

(q) \$100,000 in fiscal year 2009 is for the academic achievement plan. The department shall not expend any funds unless a match of an equal amount of nonstate funds has been received.

(r) The base for fiscal year 2010 and later is \$21,914,000.

Sec. 3. **OUTDOOR EDUCATION WORKING GROUP.**

(a) The commissioner of natural resources shall coordinate a working group with the commissioner of education to report recommendations to the legislature on the teaching of outdoor education in grades 7 through 12.

(b) Each commissioner shall designate members of the working group and shall include at least

one parent, one representative of higher education, one outdoor educator, and one representative from a sportsman or wildlife organization. The appointments and designations must be completed by August 1, 2008.

(c) The working group must report recommendations, proposed changes, sources of funding, and draft legislation to the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance, and environment policy and environment finance by January 15, 2009. The working group expires June 30, 2009.

ARTICLE 6

LIFELONG LEARNING

Section 1. Minnesota Statutes 2006, section 121A.19, is amended to read:

121A.19 DEVELOPMENTAL SCREENING AID.

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) ~~\$50~~ \$75 for a child screened at age three; (2) ~~\$40~~ \$50 for a child screened at age four; (3) ~~\$30~~ \$40 for a child screened at age five or six prior to kindergarten; and (4) \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

Sec. 2. Minnesota Statutes 2007 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 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 equals \$36,587,000 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. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 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. The state total adult basic education aid for fiscal year 2008 equals \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) ~~the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year~~ the average growth in state total contact hours over the prior ten program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 3. Laws 2007, chapter 146, article 5, section 11, subdivision 1, is amended to read:

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement ~~aid~~ revenue to offset its excess fund balance penalty for fiscal year 2007. The aid adjustment must be made under Laws 2007, chapter 146, article 5, section 13, subdivision 5. The levy adjustment of \$6,600 must be included as part of the district's property taxes for taxes payable in 2009.

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

Sec. 4. Laws 2007, chapter 146, article 9, section 17, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,159,000		
\$	<u>2,624,000</u>	.....	2008
	3,330,000		
\$	<u>3,592,000</u>	.....	2009

The 2008 appropriation includes \$288,000 for 2007 and ~~\$2,871,000~~ \$2,336,000 for 2008.

The 2009 appropriation includes ~~\$319,000~~ \$259,000 for 2008 and ~~\$3,011,000~~ \$3,333,000 for 2009.

Sec. 5. **STATE ADVISORY BOARD ON EARLY LEARNING.**

Subdivision 1. **Establishment.** A 16-member State Advisory Board on Early Learning is established to make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs. The board must also consider the feasibility of coordinating or colocating early childhood and child care programs in one state Office of Early Learning. The board shall also review the Minnesota Early Learning Foundation recommendations and determine what legislative changes, if any, need to be enacted and make recommendations by February 1 of each year to the governor and legislature, including proposed legislation on how to most effectively create a high quality early childhood system in Minnesota in order to improve the educational outcomes of children.

Subd. 2. **Board members; terms.** (a) The advisory board includes the following 12 members:

(1) the commissioner of employment and economic development or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) the commissioner of education or the commissioner's designee;

(4) the commissioner of human services or the commissioner's designee;

(5) four public members who are recognized experts in early care and education, including one member appointed by the speaker of the house, one member appointed by the minority leader of the house, one member appointed by the majority leader of the senate, and one member appointed by the minority leader of the senate;

(6) two public members who are community or business leaders, including one member appointed by the speaker of the house and one member appointed by the majority leader of the senate; and

(7) two parents with at least one child under the age of six, appointed by the governor.

(b) Members appointed by the majority and minority leaders in the house and senate serve three-year terms. Board members must nominate and elect a chair and other officers from among the public members. Meetings shall be called by the chair or at the written request of any three members. Members' terms, compensation, removal, and vacancies are governed by Minnesota Statutes, section 15.0575, except that board members must not be paid a per diem or reimbursed for any expenses associated with their membership on the board.

(c) Appointing authorities must use their best efforts to ensure that the public members of the board represent the communities of color.

Subd. 3. **Board expiration.** The State Advisory Board on Early Learning expires January 1, 2013.

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

ARTICLE 7

PREKINDERGARTEN THROUGH GRADE 12 EDUCATION

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2007, chapter 146, article 1, section 24, 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:

\$ ~~870,000~~ 861,000 2008

The 2008 appropriation includes ~~\$870,000~~ \$861,000 for 2007 and \$0 for 2008.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 4, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	95,000 <u>48,000</u>	.....	2008
\$	97,000 <u>50,000</u>	.....	2009

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 5, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	1,343,000		
\$	<u>1,333,000</u>	.....	2008
	1,347,000		
\$	<u>1,629,000</u>	.....	2009

The 2008 appropriation includes \$76,000 for 2007 and ~~\$1,267,000~~ \$1,257,000 for 2008.

The 2009 appropriation includes ~~\$140,000~~ \$139,000 for 2008 and ~~\$1,207,000~~ \$1,490,000 for 2009.

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 6, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	565,000 <u>240,000</u>	.....	2008
\$	212,000 <u>339,000</u>	.....	2009

The 2008 appropriation includes \$43,000 for 2007 and ~~\$522,000~~ \$197,000 for 2008.

The 2009 appropriation includes ~~\$57,000~~ \$21,000 for 2008 and ~~\$155,000~~ \$318,000 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43, and 123B.87:

	16,290,000		
\$	<u>15,601,000</u>	.....	2008
	16,620,000		
\$	<u>16,608,000</u>	.....	2009

The 2008 appropriation includes ~~\$1,606,000~~ \$1,214,000 for 2007 and ~~\$14,684,000~~ \$14,387,000 for 2008.

The 2009 appropriation includes ~~\$1,631,000~~ \$1,598,000 for 2008 and ~~\$14,989,000~~ \$15,010,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 8, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	<u>21,551,000</u>		
\$	<u>20,755,000</u>	.....	2008
	<u>21,392,000</u>		
\$	<u>21,007,000</u>	.....	2009

The 2008 appropriation includes \$2,124,000 for 2007 and ~~\$19,427,000~~ \$18,631,000 for 2008.

The 2009 appropriation includes ~~\$2,158,000~~ \$2,070,000 for 2008 and ~~\$19,234,000~~ \$18,937,000 for 2009.

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2007, chapter 146, article 2, section 46, 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:

	<u>31,875,000</u>		
\$	<u>32,817,000</u>	.....	2008
	<u>36,193,000</u>		
\$	<u>37,527,000</u>	.....	2009

The 2008 appropriation includes \$2,814,000 for 2007 and ~~\$29,061,000~~ \$30,003,000 for 2008.

The 2009 appropriation includes ~~\$3,229,000~~ \$3,333,000 for 2008 and ~~\$32,964,000~~ \$34,194,000 for 2009.

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 3, is amended to read:

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

	<u>1,896,000</u>		
\$	<u>1,801,000</u>	.....	2008
	<u>2,161,000</u>		
\$	<u>1,987,000</u>	.....	2009

The 2008 appropriation includes ~~\$241,000~~ \$239,000 for 2007 and ~~\$1,655,000~~ \$1,562,000 for 2008.

The 2009 appropriation includes ~~\$183,000~~ \$173,000 for 2008 and ~~\$1,978,000~~ \$1,814,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 4, is amended to read:

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

	61,769,000		
\$	<u>59,036,000</u>	.....	2008
	61,000,000		
\$	<u>62,448,000</u>	.....	2009

The 2008 appropriation includes \$5,824,000 for 2007 and ~~\$55,945,000~~ \$53,212,000 for 2008.

The 2009 appropriation includes ~~\$6,216,000~~ \$5,912,000 for 2008 and ~~\$54,784,000~~ \$56,536,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 6, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	9,639,000		
\$	<u>9,901,000</u>	.....	2008
	11,567,000		
\$	<u>11,881,000</u>	.....	2009

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	2,238,000		
\$	<u>2,207,000</u>	.....	2008
	2,422,000		
\$	<u>2,392,000</u>	.....	2009

The 2008 appropriation includes \$204,000 for 2007 and ~~\$2,034,000~~ \$2,003,000 for 2008.

The 2009 appropriation includes ~~\$226,000~~ \$222,000 for 2008 and ~~\$2,196,000~~ \$2,170,000 for 2009.

C. SPECIAL PROGRAMS

Sec. 12. Laws 2007, chapter 146, article 3, section 24, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

	1,538,000		
\$	<u>2,086,000</u>	.....	2008
	1,729,000		
\$	<u>2,282,000</u>	.....	2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	254,000	<u>207,000</u>	.....	2008
\$	284,000	<u>227,000</u>	.....	2009

The 2008 appropriation includes \$22,000 for 2007 and ~~\$232,000~~ \$185,000 for 2008.

The 2009 appropriation includes ~~\$25,000~~ \$20,000 for 2008 and ~~\$259,000~~ \$207,000 for 2009.

D. FACILITIES AND TECHNOLOGY

Sec. 14. Laws 2007, chapter 146, article 4, section 16, 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:

\$	190,000	<u>254,000</u>	.....	2008
\$	179,000	<u>103,000</u>	.....	2009

The 2008 appropriation includes \$20,000 for 2007 and ~~\$170,000~~ \$234,000 for 2008.

The 2009 appropriation includes ~~\$18,000~~ \$26,000 for 2008 and ~~\$161,000~~ \$77,000 for 2009.

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

	14,813,000			
\$	<u>14,814,000</u>	.....	2008	
	11,124,000			
\$	<u>9,109,000</u>	.....	2009	

The 2008 appropriation includes ~~\$1,767,000~~ \$1,766,000 for 2007 and ~~\$13,046,000~~ \$13,048,000 for 2008.

The 2009 appropriation includes ~~\$1,450,000~~ \$1,449,000 for 2008 and ~~\$9,674,000~~ \$7,660,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

	3,290,000			
\$	<u>3,232,000</u>	.....	2008	

	2,667,000		
\$	<u>2,627,000</u>	.....	2009

The 2008 appropriation includes \$0 for 2007 and ~~\$3,290,000~~ \$3,232,000 for 2008.

The 2009 appropriation includes ~~\$365,000~~ \$359,000 for 2008 and ~~\$2,302,000~~ \$2,268,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 8, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

	38,145,000		
\$	<u>38,236,000</u>	.....	2008
	52,676,000		
\$	<u>52,454,000</u>	.....	2009

This is a onetime appropriation.

E. NUTRITION

Sec. 18. Laws 2007, chapter 146, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

	12,022,000		
\$	<u>12,094,000</u>	.....	2008
	12,166,000		
\$	<u>12,394,000</u>	.....	2009

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	450,000 <u>127,000</u>	.....	2008
\$	150,000	.....	2009

F. EARLY CHILDHOOD AND ADULT PROGRAMS

Sec. 20. Laws 2007, chapter 146, article 9, section 17, subdivision 2, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	21,106,000		
\$	<u>21,092,000</u>	.....	2008

	29,601,000		
\$	<u>29,324,000</u>	.....	2009

The 2008 appropriation includes \$1,796,000 for 2007 and ~~\$19,310,000~~ \$19,296,000 for 2008.

The 2009 appropriation includes ~~\$2,145,000~~ \$2,144,000 for 2008 and ~~\$27,456,000~~ \$27,180,000 for 2009.

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 3, is amended to read:

Subd. 3. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

	9,995,000		
\$	<u>9,987,000</u>	.....	2008
\$	10,095,000	.....	2009

The 2008 appropriation includes ~~\$909,000~~ \$901,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	1,307,000		
\$	<u>1,299,000</u>	.....	2008
\$	816,000 <u>796,000</u>	.....	2009

The 2008 appropriation includes \$195,000 for 2007 and ~~\$1,112,000~~ \$1,104,000 for 2008.

The 2009 appropriation includes ~~\$123,000~~ \$122,000 for 2008 and ~~\$693,000~~ \$674,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	710,000 <u>709,000</u>	.....	2008
\$	710,000	.....	2009

The 2008 appropriation includes ~~\$71,000~~ \$70,000 for 2007 and \$639,000 for 2008.

The 2009 appropriation includes \$71,000 for 2008 and \$639,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 13, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	40,347,000		
\$	<u>40,344,000</u>	.....	2008
	41,745,000		
\$	<u>41,712,000</u>	.....	2009

The 2008 appropriation includes \$3,759,000 for 2007 and ~~\$36,588,000~~ \$36,585,000 for 2008.

The 2009 appropriation includes \$4,065,000 for 2008 and ~~\$37,680,000~~ \$37,647,000 for 2009."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS

Senator Dahle moved that the name of Senator Erickson Ropes be added as a co-author to S.F. No. 3089. The motion prevailed.

Senator Sieben introduced –

Senate Resolution No. 162: A Senate resolution honoring the Friends in Need Food Shelf and all the volunteers involved with the group as they receive the Blue Ribbon Food Shelf Initiative Seal.

Referred to the Committee on Rules and Administration.

Senator Gimse introduced –

Senate Resolution No. 163: A Senate resolution congratulating the Albany High School girls basketball team on winning the 2008 State High School Class AA girls basketball championship.

Referred to the Committee on Rules and Administration.

Senator Gimse introduced –

Senate Resolution No. 164: A Senate resolution congratulating Martin Cameron Nelson for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Betzold introduced –

Senate Resolution No. 165: A Senate resolution congratulating James P. Hamilton, Jr. of Fridley, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Sheran introduced –

Senate Resolution No. 166: A Senate resolution congratulating Forrest Taylor Kunkel of North Mankato, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Pappas moved that S.F. No. 651, No. 60 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Pogemiller moved that S.F. No. 3139 and the Committee Report thereon, be withdrawn from the Committee on Rules and Administration. The motion prevailed.

SUSPENSION OF RULES

Senator Pogemiller moved that Joint Rule 2.03 be suspended as it relates to S.F. No. 3139. The motion prevailed.

Senator Pogemiller moved that the Committee Report from the Committee on Judiciary on S.F. No. 3139, shown in the Journal for March 27, 2008, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass." The motion prevailed. Amendments adopted. Report adopted.

S.F. No. 3139 was read the second time.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Pappas; Olson, M.; Murphy; Clark and Senjem introduced–

S.F. No. 3808: A bill for an act relating to motor vehicles; creating special "Mississippi River" plate; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168.

Referred to the Committee on Transportation.

Senators Pariseau, Ingebrigtsen, Gimse and Gerlach introduced–

S.F. No. 3809: A bill for an act relating to elections; permitting applicants for a game and fish license to register to vote simultaneously; proposing coding for new law in Minnesota Statutes, chapter 201.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Kubly introduced—

S.F. No. 3810: A bill for an act relating to taxation; property tax; modifying the definition of agricultural purposes for classification of agricultural property; amending Minnesota Statutes 2006, section 273.13, subdivision 23, as amended.

Referred to the Committee on Taxes.

Senator Skoe introduced—

S.F. No. 3811: A bill for an act relating to natural resources; providing for wildlife disease management; providing civil penalties; amending Minnesota Statutes 2006, section 97A.045, subdivision 11.

Referred to the Committee on Environment and Natural Resources.

Senators Chaudhary, Anderson, Sieben and Dibble introduced—

S.F. No. 3812: A bill for an act relating to finance; temporarily prohibiting the Pollution Control Agency from establishing or holding stakeholder groups or meetings.

Referred to the Committee on State and Local Government Operations and Oversight.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate take up the Calendar. The motion prevailed.

CALENDAR

S.F. No. 2915: A bill for an act relating to judicial process; modifying certain civil and criminal penalties; amending Minnesota Statutes 2006, section 363A.29, subdivision 4; Minnesota Statutes 2007 Supplement, section 609.822, subdivision 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Gerlach	Larson	Olseen
Berglin	Day	Gimse	Latz	Olson, G.
Betzold	Dibble	Hann	Lourey	Olson, M.
Bonoff	Doll	Higgins	Lynch	Pappas
Carlson	Erickson Ropes	Johnson	Marty	Pariseau
Chaudhary	Fischbach	Koering	Metzen	Pogemiller
Clark	Foley	Kubly	Michel	Prettner Solon
Cohen	Frederickson	Langseth	Moua	Rest

Robling	Saxhaug	Sieben	Tomassoni	Wiger
Rosen	Scheid	Skogen	Torres Ray	
Rummel	Senjem	Sparks	Vickerman	
Saltzman	Sheran	Stumpf	Wergin	

Those who voted in the negative were:

Ingebrigtsen	Koch	Limmer	Vandev eer
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So the bill passed and its title was agreed to.

S.F. No. 2706: A bill for an act relating to energy; providing for development and application of building energy usage performance standards; amending Minnesota Statutes 2006, section 16B.325; Minnesota Statutes 2007 Supplement, section 216B.241, subdivision 1e, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Lourey	Prettner Solon	Sieben
Berglin	Doll	Lynch	Rest	Skogen
Betzold	Erickson Ropes	Marty	Robling	Sparks
Bonoff	Foley	Metzen	Rosen	Stumpf
Carlson	Frederickson	Michel	Rummel	Tomassoni
Chaudhary	Higgins	Moua	Saltzman	Vickerman
Clark	Kubly	Olseen	Saxhaug	Wiger
Cohen	Langseth	Olson, M.	Scheid	
Dahle	Larson	Pappas	Senjem	
Day	Latz	Pogemiller	Sheran	

Those who voted in the negative were:

Fischbach	Hann	Koch	Olson, G.	Wergin
Gerlach	Ingebrigtsen	Koering	Pariseau	
Gimse	Johnson	Limmer	Vandev eer	

So the bill passed and its title was agreed to.

S.F. No. 3099: A bill for an act relating to health care; establishing a statewide health improvement program; monitoring child obesity; establishing a health improvement fund; establishing a public health improvement assessment; establishing health care homes; increasing continuity of care; modifying outreach efforts; establishing primary care education initiatives; increasing affordability and continuity of care with public health care programs; creating a health insurance exchange; establishing Section 125 Plans; providing for registration of health insurance access brokers; providing for fund transfers; providing for health care payment restructuring system; creating a Health Care Transformation Commission; restructuring the health care payment system; creating a savings reinvestment fund; establishing a savings recapture assessment; establishing cost containment goals; specifying an affordability standard; providing subsidies for employer-subsidized coverage; requiring providers to list prices; establishing an electronic prescription drug program; providing for fees; requiring mandated reports; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 13.3806, by adding a subdivision; 62A.65, subdivision 3; 62E.141; 62L.12, subdivision 4; 62Q.735, subdivision 1; 144.1501, subdivision 2, by adding a subdivision; 256.01, by adding a subdivision; 256B.69,

by adding a subdivision; 256L.05, by adding a subdivision; 256L.06, subdivision 3; 256L.07, subdivision 3; 256L.15, by adding a subdivision; Minnesota Statutes 2007 Supplement, sections 62J.496, by adding a subdivision; 62J.81, subdivision 1; 62J.82, subdivision 1; 256.962, subdivisions 5, 6; 256B.056, subdivision 10; 256L.03, subdivisions 3, 5; 256L.04, subdivisions 1, 7; 256L.05, subdivision 3a; 256L.07, subdivision 1; 256L.15, subdivisions 1, 2; Laws 2007, chapter 147, article 5, section 19; proposing coding for new law in Minnesota Statutes, chapters 16A; 62J; 145; 256B; proposing coding for new law as Minnesota Statutes, chapter 62U; repealing Minnesota Statutes 2006, sections 62A.63; 62A.64; 62Q.49; 62Q.65; 62Q.736; 256L.15, subdivision 3.

CALL OF THE SENATE

Senator Berglin imposed a call of the Senate for the balance of the proceedings on S.F. No. 3099. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 3099 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 39 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Langseth	Olseen	Scheid
Berglin	Day	Larson	Pappas	Sheran
Betzold	Dibble	Latz	Pogemiller	Sieben
Bonoff	Dille	Lourey	Prettner Solon	Stumpf
Carlson	Foley	Lynch	Rest	Tomassoni
Chaudhary	Frederickson	Metzen	Rosen	Torres Ray
Clark	Higgins	Michel	Saltzman	Wiger
Cohen	Koering	Moua	Saxhaug	

Those who voted in the negative were:

Doll	Hann	Limmer	Robling	Vandevier
Erickson Ropes	Ingebrigtsen	Marty	Rummel	Vickerman
Fischbach	Johnson	Olson, G.	Senjem	Wergin
Gerlach	Koch	Olson, M.	Skogen	
Gimse	Kubly	Pariseau	Sparks	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Joint Rule 2.03, Senator Pogemiller moved that S.F. No. 3193, No. 172 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Senator Skogen in the chair.

After some time spent therein, the committee arose, and Senator Metzen reported that the committee had considered the following:

S.F. Nos. 3089, 2929, 2948, 2939, 3377, 3492, 3669, 3256, 2828, 3119 and H.F. Nos. 3157, 3289, 2898, which the committee recommends to pass.

S.F. No. 3337, which the committee recommends to pass with the following amendments offered by Senators Prettner Solon and Betzold:

Senator Prettner Solon moved to amend S.F. No. 3337 as follows:

Page 1, delete subdivisions 3 and 4 and insert:

"Subd. 3. **Biennial reduction progress report.** By November 1 of each even numbered year, the commissioners of commerce and the Pollution Control Agency shall jointly report to the chairs and ranking minority members of the legislative committees with primary policy jurisdiction over energy and environmental issues the most recent and best available evidence identifying the level of reductions already achieved and the level necessary to achieve the reductions timetable in section 216H.02. The report must be in easily understood nontechnical terms.

Subd. 4. **Annual legislative proposal.** The commissioners of commerce and the Pollution Control Agency shall annually by November 1 provide to the chairs of the legislative committees with primary policy jurisdiction over energy and environmental issues proposed legislation the commissioners determine appropriate to achieve the reductions. The legislation must be based on the principles in subdivision 5. If the commissioners determine no legislation is appropriate, they shall report that determination to the chairs along with an explanation of the determination."

Page 2, line 6, delete "The reduction plan" and insert "Legislation proposed under subdivision 4"

Page 2, line 17, delete "the plan must coordinate" and insert "there must be coordination"

Page 2, delete subdivisions 6 to 8

Senator Betzold moved to amend the Prettner Solon amendment to S.F. No. 3337 as follows:

Page 1, line 3, delete "November 1" and insert "January 15" and delete "even" and insert "odd"

Page 1, line 11, delete "November 1" and insert "January 15"

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

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

On motion of Senator Pogemiller, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Senator Cohen, for the Committee on Finance, introduced—

S.F. No. 3813: A bill for an act relating to the financing of state government; making supplemental appropriations and reductions in appropriations for early childhood through grade 12 education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, economic development, transportation, public safety, judiciary, state government, and health and human services; modifying certain statutory provisions and laws; providing for certain programs; fixing and limiting fees; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2006, sections 15.06, subdivision 8; 16B.03; 43A.03, subdivision 3; 43A.08, subdivision 1; 45.013; 84.01, subdivision 3; 103A.43; 103G.271, subdivision 6; 115A.908, subdivisions 1, 2; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 116J.423, by adding a subdivision; 116J.8731, subdivision 4; 116L.04, subdivision 1; 116L.05, subdivisions 3, 5; 116L.16; 116L.20, subdivision 2; 116U.26; 120B.31, as amended; 120B.35, as amended; 120B.36, as amended; 120B.362; 121A.19; 122A.21; 122A.415, by adding subdivisions; 122A.72, by adding a subdivision; 123B.62; 124D.04, subdivisions 6, 8, 9; 124D.05, by adding a subdivision; 124D.09, subdivision 5; 124D.095, subdivision 10; 124D.118, subdivision 4; 125A.76, by adding a subdivision; 126C.10, subdivisions 1, 31, 35, 36, by adding a subdivision; 126C.40, subdivision 1; 126C.45; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136A.121, subdivision 5; 136F.60, subdivision 5; 136F.70, by adding a subdivision; 136F.98, subdivision 1; 150A.08, by adding a subdivision; 150A.091, subdivisions 3, 5; 168.1255, by adding a subdivision; 174.02, subdivision 2; 190.19, subdivision 1, by adding a subdivision; 190.25, subdivision 3, by adding a subdivision; 192.501, by adding a subdivision; 241.01, subdivision 2; 253B.18, subdivisions 4c, 5, 5a; 253B.185, by adding a subdivision; 253B.19, subdivisions 2, 3; 256.741, subdivisions 2, 2a, 3; 256.969, subdivision 2b; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0625, subdivisions 3c, 13e; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6; 256B.75; 256D.44, subdivisions 2, 5; 256J.24, subdivision 5; 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5; 256J.545; 268.125, subdivisions 1, 2, by adding a subdivision; 298.2214, subdivisions 1, 2, as amended; 298.223, subdivision 2; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 299A.45, subdivision 1; 299F.011, subdivision 3; 326.244, subdivision 1; 327.32, subdivision 1; 327.33, as amended; 327A.04, subdivision 2; 327A.07; 327B.06, subdivision 1; 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; 357.021, subdivisions 6, 7; 446A.12, subdivision 1; 462A.209, subdivision 7; 462A.21, by adding a subdivision; 462A.22, subdivision 1; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; 626.5572, subdivision 21; Minnesota Statutes 2007 Supplement, sections 10A.01, subdivision 35; 16B.64, subdivision 8; 35.244; 80A.28, subdivision 1; 116J.575, subdivision 1a; 116L.17, subdivision 1; 120B.30, subdivision 1a; 123B.143, subdivision 1; 123B.54; 124D.095, subdivisions 3, 4, 7; 124D.531, subdivision 1; 126C.10, subdivision 34; 127A.49, subdivisions 2, 3; 136A.101, subdivision 5a; 136A.121, subdivision 7a; 136A.128, by adding a subdivision; 181.723, subdivision 2; 183.60, subdivision 2; 190.19, subdivision 2; 214.04, subdivision 3; 245.4682, subdivision 3; 256.01, subdivision 2; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3;

256B.5012, subdivision 7; 256J.20, subdivision 3; 256J.49, subdivision 13; 256J.626, subdivisions 3, 7; 256J.95, subdivision 3; 268.047, subdivisions 1, 2; 268.085, subdivisions 3, 9, 16; 268.125, subdivision 3; 268.19, subdivision 1; 297I.06, subdivision 3; 298.227; 326.01, subdivisions 4b, 5; 326.2415, subdivisions 2, 6; 326.242, subdivisions 2, 3d, 5, 12, by adding subdivisions; 326.244, subdivision 5; 326.37, subdivision 1a; 326.3705, subdivision 1; 326.40, subdivisions 2, 3; 326.47, subdivision 2; 326.48, subdivisions 1, 2, 2a, 2b, 5; 326.50; 326.505, subdivisions 1, 2, 8; 326.62; 326.84, subdivision 1; 326.86, subdivision 1; 326.87, subdivision 5; 326.93, subdivision 4; 326.94, subdivision 2; 326.97, subdivision 1a; 326B.082, subdivisions 8, 10, 11, 12, 13; 326B.083, subdivision 3; 326B.42, by adding a subdivision; 326B.89, subdivisions 5, 6, 12, 14; 327B.04, subdivision 4; 341.22; 341.25; 341.27; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 1997, chapter 21, section 1; Laws 1998, chapter 404, section 23, subdivision 6, as amended; Laws 1999, chapter 223, article 2, section 72; Laws 2006, chapter 258, section 21, subdivision 14; Laws 2006, chapter 282, article 11, section 2, subdivision 6; article 20, section 37, as amended; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivision 4; Laws 2007, chapter 135, article 1, section 3, subdivision 2; Laws 2007, chapter 140, article 4, section 12; Laws 2007, chapter 144, article 1, sections 3, subdivisions 2, 13, 18; 5, subdivision 2; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 11, 13, 19, 20; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, sections 11, subdivision 1; 13, subdivisions 2, 3, 4; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 7, section 71; article 19, sections 3, subdivision 4; 4, subdivision 3; 5; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; proposing coding for new law in Minnesota Statutes, chapters 1; 13B; 17; 35; 43A; 94; 97A; 103B; 116J; 120B; 124D; 150A; 173; 181; 192; 246B; 256B; 326B; 341; 446A; 462A; 480; repealing Minnesota Statutes 2006, sections 16B.69; 116L.06; 126C.10, subdivisions 35, 36; 126C.21, subdivision 1; 127A.45, subdivision 7a; 240A.08; 256.741, subdivision 15; 256J.24, subdivision 6; 341.31; 609.103; Minnesota Statutes 2007 Supplement, sections 126C.10, subdivision 34; 136A.127; 326.2411; 326.372; 326.471; Laws 2004, chapter 188, section 2; Laws 2007, chapter 9, section 1; Laws 2007, chapter 135, article 4, sections 2; 8; article 6, section 3; Laws 2007, chapter 140, article 12, section 9; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4; Minnesota Rules, part 3800.3510.

Under the Rules of the Senate, laid over one day.

MEMBERS EXCUSED

Senators Bakk, Jungbauer, Murphy, Ortman and Skoe were excused from the Session of today. Senator Dille was excused from the Session of today from 11:00 to 11:35 a.m.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 10:00 a.m., Tuesday, April 1, 2008. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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EXECUTIVE AND OFFICIAL COMMUNICATIONS

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