

EIGHTY-FOURTH DAY

St. Paul, Minnesota, Monday, April 18, 2016

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

CALL OF THE SENATE

Senator Reinert 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. Phil Shaw.

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:

Abeler	Dziedzic	Jensen	Nienow	Sieben
Anderson	Eaton	Johnson	Osmek	Skoe
Bakk	Eken	Kent	Pederson	Sparks
Benson	Fischbach	Kiffmeyer	Pratt	Stumpf
Bonoff	Franzen	Koenen	Reinert	Thompson
Brown	Gazelka	Latz	Rest	Tomassoni
Carlson	Hall	Lourey	Rosen	Torres Ray
Clausen	Hann	Marty	Ruud	Weber
Cohen	Hawj	Metzen	Saxhaug	Westrom
Dahle	Hayden	Miller	Scalze	Wiger
Dahms	Housley	Nelson	Schmit	Wiklund
Dibble	Ingebrigtsen	Newman	Senjem	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 2850.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 14, 2016

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1586 and 3014.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 14, 2016

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 1586: A bill for an act relating to commerce; prohibiting bad faith assertions of patent infringements; providing enforcement; proposing coding for new law in Minnesota Statutes, chapter 325D.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1321, now on General Orders.

H.F. No. 3014: A bill for an act relating to motor vehicles; establishing regulations for autocycles; amending Minnesota Statutes 2014, sections 169.011, subdivision 44, by adding a subdivision; 169.686, subdivision 1; 169.974, subdivisions 2, 3, 4, 5; 171.01, by adding a subdivision; 171.02, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2776, now on General Orders.

REPORTS OF COMMITTEES

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

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

S.F. No. 1935: A bill for an act relating to education finance; clarifying the general education basic formula allowance; amending Minnesota Statutes 2014, section 126C.10, subdivision 2.

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 2015 Supplement, section 120A.41, is amended to read:

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

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

school year. The school calendar for a prekindergarten student under section 124D.151, if offered by the district, must include at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under section 124D.126.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 2. Minnesota Statutes 2014, section 124D.1158, subdivision 3, is amended to read:

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and \$1.30 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a kindergarten student.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.1158, subdivision 4, is amended to read:

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151 and all kindergarten students.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 4. **[124D.151] VOLUNTARY PREKINDERGARTEN PROGRAM.**

Subdivision 1. **Establishment; purpose.** A district, a charter school, a group of districts, a group of charter schools, or a group of districts and charter schools may establish a voluntary prekindergarten program. The purpose of a voluntary prekindergarten program is to prepare children for success as they enter kindergarten in the following year.

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and others from the state-approved menu of kindergarten entry profile measures;

(2) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through third grade academic standards;

(3) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(4) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(5) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(6) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(7) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(8) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(9) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(10) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(11) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade three curricula.

(b) A voluntary prekindergarten program must ensure that all classroom teachers have an early childhood license issued by the Board of Teaching, or special permission, by the 2022-2023 school year and later.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Subd. 3. **Mixed delivery of services.** A district or charter school may contract with a charter school, Head Start or child care centers, family child care programs licensed under section 245A.03, or a community-based organization to provide eligible children with developmentally appropriate services that meet the program requirements in subdivision 2. Components of a mixed-delivery plan include strategies for recruitment, contracting, and monitoring of fiscal compliance and program quality.

Subd. 4. **Eligibility.** A child who is four years of age as of September 1 in the calendar year in which the school year commences is eligible to participate in a voluntary prekindergarten program free of charge. Each eligible child must complete a health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19, and provide documentation of required immunizations under section 121A.15.

Subd. 5. **Application process; priority for high poverty schools.** (a) To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016. To qualify for program approval for fiscal year 2018 and later, a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded programs meeting the requirements of paragraph (a) into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority. If a tie exists in the rank order of applications under this paragraph, the commissioner must give priority among the tied applications to the applicant with the highest proportion of prekindergarten classroom teachers with an early childhood license issued by the Board of Teaching.

(d) The aid available for the program as specified in subdivision 6, paragraph (b), must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the available aid must be allocated among school sites in priority order until that region's share of the aid limit is reached. If the aid limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis.

(e) Once a school site is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total aid entitlement approved based on applications submitted under paragraph (a) is less than the aid entitlement limit under subdivision 6, paragraph (b), the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the

initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

Subd. 6. **Program and aid entitlement limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, the commissioner must limit the estimated state aid entitlement approved under this section to \$27,092,000 for fiscal year 2017, \$33,095,000 for fiscal year 2018, and \$40,203,000 for fiscal year 2019 and later. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2015 Supplement, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12 or a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 who meets the requirements under subdivision 2a or the following requirements:

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

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the previous school year took a commissioner-provided assessment measuring the pupil's emerging academic English, shall be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall generate state English learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on the assessment measuring the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in ~~kindergarten~~ prekindergarten under section 124D.151, through grade 12 shall not be counted as an English learner in calculating English learner

pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners under sections 124D.58 to 124D.64; or

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

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner; or

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) For the 2016-2017 school year only, a pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age and is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 7. Minnesota Statutes 2015 Supplement, section 126C.05, subdivision 1, is amended to read:

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

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

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

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

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

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

~~(e)~~ (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

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

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

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2014, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2014, section 126C.10, subdivision 2d, is amended to read:

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

(b) Notwithstanding paragraph (a), for fiscal years 2015, 2016, and 2017 only, a pupil enrolled at the Crosswinds school shall not generate declining enrollment revenue for the district or charter school in which the pupil was last counted in average daily membership.

(c) Notwithstanding paragraph (a), for fiscal years 2017, 2018, and 2019 only, prekindergarten pupil units under section 126C.05, subdivision 1, paragraph (d), must be excluded from the calculation of declining enrollment revenue.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$14,500 for fiscal years 2015 and 2016, \$14,740~~ \$16,680 for fiscal year 2017, ~~\$17,473~~ \$21,523 for fiscal year 2018, and ~~\$20,510~~ \$27,678 for fiscal year 2019 and later.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 126C.10, subdivision 24, is amended to read:

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

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

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

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times \$14.

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

(e) A school district's equity revenue for a school district ~~located in the metro equity region with~~ any of its area located within Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) A school district's additional equity revenue equals \$50 times its adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2018 and later.

Sec. 12. Laws 2011, First Special Session chapter 11, article 4, section 8, is amended to read:

Sec. 8. **EARLY REPAYMENT.**

(a) A school district that received a maximum effort capital loan prior to January 1, 1997, may repay the full outstanding original principal on its capital loan prior to July 1, 2012, and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

(b) A school district with an outstanding capital loan balance that received a maximum effort capital loan prior to January 1, 2007, may repay to the commissioner of education by November 30,

2016, the full outstanding original principal on its capital loan and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

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

Sec. 13. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 2, is amended to read:

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

	6,624,310,000		
\$	<u>6,649,435,000</u>	.....	2016
	6,761,574,000		
\$	<u>6,815,589,000</u>	.....	2017

The 2016 appropriation includes \$622,908,000 for 2015 and ~~\$6,001,405,000~~ \$6,026,527,000 for 2016.

The 2017 appropriation includes ~~\$638,812,000~~ \$641,412,000 for 2016 and ~~\$6,122,762,000~~ \$6,174,177,000 for 2017.

Sec. 14. Laws 2015, First Special Session chapter 3, article 7, section 7, 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:

	15,661,000		
\$	<u>16,251,000</u>	.....	2016
	15,818,000		
\$	<u>16,775,000</u>	.....	2017

Sec. 15. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	9,731,000		
\$	<u>9,457,000</u>	.....	2016
	10,361,000		
\$	<u>10,365,000</u>	.....	2017

Sec. 16. **RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.**

Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions of Minnesota Statutes, section 124D.041, and the agreement shall not apply to Independent School District No. 402, Hendricks.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2014, section 13.321, is amended by adding a subdivision to read:

Subd. 11. **Student-user privacy requirements.** Section 125B.27 governs privacy and information practices of online educational services.

Sec. 2. Minnesota Statutes 2014, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

- (1) language arts;
- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) physical education;
- (6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) The department must adopt the most recent National Association of Sport and Physical Education kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments for school districts to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(e) (d) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

Sec. 3. Minnesota Statutes 2014, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide

rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

Sec. 4. Minnesota Statutes 2015 Supplement, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2020-2021 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the 2024-2025 school year and every ten years thereafter.

(h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 5. **[120B.026] PHYSICAL EDUCATION.**

Subdivision 1. **Exclusion from class; recess.** A student may be excused from a physical education class if the student submits written information signed by a physician stating that physical activity will jeopardize the student's health. A student may be excused from a physical education class if being excused meets the child's unique and individualized needs according to the child's individualized education program, federal 504 plan, or individualized health plan. A student may be excused if a parent or guardian requests an exemption on religious grounds. A student with a disability must be provided with modifications or adaptations that allow physical education class to meet their needs. Schools are strongly encouraged not to exclude students in kindergarten through grade 5 from recess due to punishment or disciplinary action.

Subd. 2. **Teachers.** Physical education must be taught by teachers who are licensed to teach physical education. A physical education teacher shall be adequately prepared and regularly participate in professional development activities under section 122A.60.

Sec. 6. Minnesota Statutes 2014, section 120B.232, is amended to read:

120B.232 CHARACTER DEVELOPMENT EDUCATION.

Subdivision 1. **Character development education.** (a) The legislature encourages districts to integrate or offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, and resourcefulness. Instruction should be integrated into a district's existing programs, curriculum, or the general school environment. The commissioner shall provide assistance at the request of a district to develop character education curriculum and programs.

(b) Character development education under paragraph (a) may include a voluntary elementary, middle, and high school program that incorporates the history and values of Congressional Medal of Honor recipients and may be offered as part of the social studies, English language arts, or other curriculum, as a schoolwide character building and veteran awareness initiative, or as an after-school program, among other possibilities.

Subd. 1a. **Staff development; continuing education.** (a) Staff development opportunities under section 122A.60 may include training in character development education that incorporates the history and values of Congressional Medal of Honor recipients under subdivision 1, paragraph (b), and is provided without cost to the interested school or district.

(b) Local continuing education and relicensure committees or other local relicensure committees under section 122A.18, subdivision 4, are encouraged to approve up to six clock hours of continuing education for licensed teachers who complete the training in character development education under paragraph (a).

Subd. 2. **Funding sources.** The commissioner must first use federal funds for character development education programs to the extent available under United States Code, title 20, section 7247. Districts may accept funds from private and other public sources for character development education programs developed and implemented under this section, including programs funded through the Congressional Medal of Honor Foundation, among other sources.

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

Sec. 7. Minnesota Statutes 2014, section 120B.30, subdivision 2, is amended to read:

Subd. 2. **Department of Education assistance.** (a) The Department of Education shall contract for professional and technical services according to competitive solicitation procedures under chapter 16C for purposes of this section.

(b) A proposal submitted under this section must include disclosures containing:

(1) comprehensive information regarding test administration monitoring practices; and

(2) data privacy safeguards for student information to be transmitted to or used by the proposing entity.

Information provided in the proposal is not security information or trade secret information for purposes of section 13.37.

Sec. 8. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 6. **Database.** The commissioner shall establish a reporting system for teachers, administrators, and students to report service disruptions and technical interruptions. The information reported through this system shall be maintained in a database accessible through the department's Web site.

Sec. 9. Minnesota Statutes 2015 Supplement, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **Student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate and disaggregate student data over time to report summary student performance and growth levels and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data measured at the school, school district, and statewide level. ~~When collecting and reporting the performance data,~~ The commissioner shall use the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, to 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, including student categories of homelessness; ethnicity; race; home language; immigrant; refugee status; English language learners under section 124D.59; free or reduced-price lunch; and other categories designated by federal law, as data are available, among other demographic factors. 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 for the 2017-2018 school year and later.

Sec. 10. Minnesota Statutes 2014, section 120B.31, is amended by adding a subdivision to read:

Subd. 6. **Test preparation costs.** The department must annually compile and publish data relating to expenditures by school districts for preparation of all assessments administered pursuant to section 120B.30, including the costs of materials and staff time.

Sec. 11. Minnesota Statutes 2014, section 120B.35, is amended to read:

120B.35 STUDENT ACADEMIC ACHIEVEMENT AND GROWTH.

Subdivision 1. ~~School and Student indicators of growth and achievement.~~ **School and Student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student growth, consistent with the statewide educational accountability and reporting system. The system components must measure and separately report the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational growth over time under subdivision 3. The system also must include statewide measures of student academic growth that identify schools with high levels of growth, and also schools with low levels of 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 summative, interim, or formative 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.

Subd. 2. **Federal Expectations for student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet federal expectations. If student achievement levels at a school site do not meet federal 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 federal expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

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

(c) The commissioner must:

(1) assist school sites and districts identified as not meeting federal expectations; and

(2) provide technical assistance to schools that integrate student achievement measures into the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make aggregated and disaggregated student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data on every school and district available to parents, teachers, administrators, community members, and the general public, consistent with this section.

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide summative, interim, or formative assessments.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome 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, following appropriate reporting practices to protect nonpublic student data Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) 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 colleges and universities as determined by the 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 including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

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, following appropriate reporting practices to protect nonpublic student data. Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously enrolled in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school. The commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; refugee status; and all students enrolled in a Minnesota public school who are currently or were previously enrolled in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
 - (i) identifying at-risk and off-track student populations by grade;
 - (ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must annually report to the public and the legislature best practices implemented in those schools that demonstrate high growth compared to the state growth target.

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. This section is effective for the 2017-2018 school year and later.

Sec. 12. Minnesota Statutes 2014, section 120B.36, as amended by Laws 2015, First Special Session chapter 3, article 2, section 8, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; ~~APPEALS PROCESS.~~

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance data under section 120B.35, ~~subdivision subdivisions 2, paragraph (b), and 3;~~ the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition

of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners under section 124D.59, subdivisions 2 and 2a enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; all students enrolled in a Minnesota public school course or program who are currently or were previously in foster care, student homelessness, and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

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

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

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

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

Subd. 2. **Adequate yearly student progress and other data.** All data the department receives, collects, or creates to determine adequate yearly progress status under Public Law 107-110, section 1116, set state growth targets, and determine student growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The commissioner shall annually post federal adequate yearly progress data and state student growth, learning, and outcome data to the department's public Web site no later than September 1, except that in years when adequate yearly progress reflects new performance standards, the commissioner shall post federal adequate yearly progress data and state student growth data no later than October 1.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later.

Sec. 13. Minnesota Statutes 2015 Supplement, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30,

subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of English learners under section 124D.59, subdivisions 2 and 2a; the weekly amount of time students in kindergarten through grade 8 are scheduled to spend in physical education class, the percent of students in kindergarten through grade 12 who receive a passing grade in physical education, and the number of required physical education credits high school students must complete to graduate; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; student homelessness and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to reports for the 2017-2018 school year and later.

Sec. 14. Minnesota Statutes 2015 Supplement, section 122A.21, subdivision 2, is amended to read:

Subd. 2. **Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) The Board of Teaching must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio was approved. If the portfolio was not approved, the board must immediately inform the candidate how

to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the Educator Licensing Division at the department must approve or disapprove the portfolio within 60 calendar days of receiving it.

(e) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 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~~ is deposited in an education licensure portfolio account in the special revenue fund and is appropriated to the commissioner of education for licensure via portfolio expenditures. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 15. Minnesota Statutes 2015 Supplement, section 122A.415, subdivision 4, is amended to read:

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

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$88,118,000 for fiscal year 2017 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits~~ \$75,840,000 for fiscal year 2016. Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

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

Sec. 16. Minnesota Statutes 2015 Supplement, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue for school districts.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for:

- (1) teacher development and evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5;
- (2) principal development and evaluation under section 123B.147, subdivision 3;
- (3) professional development under section 122A.60; and
- (4) in-service education for programs under section 120B.22, subdivision 2.

To the extent extra funds remain, staff development revenue may be used for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' mentoring under section 122A.70 and evaluation, teachers' workshops, teacher conferences, the cost of substitute teachers for staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 17. Minnesota Statutes 2014, section 122A.61, is amended by adding a subdivision to read:

Subd. 1a. **Staff development aid for intermediate school districts and other cooperative units.** (a) An intermediate school district or other cooperative unit providing instruction to students in federal instructional settings of level 4 or higher qualifies for staff development aid equal to \$675 times the full-time equivalent number of licensed instructional staff, related services staff, and nonlicensed classroom aides employed by the intermediate school district or other cooperative unit during the previous fiscal year.

(b) Staff development aid received under this subdivision must be used for activities related to enhancing services to students who may have challenging behaviors or mental health issues or be suffering from trauma. Specific qualifying staff development activities include but are not limited to:

- (1) proactive behavior management;
- (2) personal safety training;
- (3) de-escalation techniques;
- (4) adaptation of published curriculum and pedagogy for students with complex learning and behavioral needs; and
- (5) other staff development activities specific to the population in this paragraph.

(c) The aid received under this subdivision must be reserved and spent only on the activities specified in this subdivision.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 18. Minnesota Statutes 2014, section 122A.63, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The commissioner may award a joint grant to each of the following:

- (1) the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth;
- (2) Bemidji State University and Independent School District No. 38, Red Lake;

(3) Moorhead State University and one of the school districts located within the White Earth Reservation; and

(4) Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis.

(b) If additional funds are available, the commissioner may award additional joint grants to other postsecondary institutions and school districts.

Sec. 19. Minnesota Statutes 2014, section 123B.04, subdivision 2, is amended to read:

Subd. 2. **Agreement.** (a) The school board and a school site may enter into an agreement under this section solely to develop and implement an individualized learning and achievement contract under subdivision 4.

(b) Upon the request of 60 percent of the licensed employees of a site or a school site decision-making team, the school board shall enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, representatives of pupils in the school, or other members in the community. A school site decision-making team must include at least one parent of a pupil in the school. For purposes of formation of a new site, a school site decision-making team may be a team of teachers that is recognized by the board as a site. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. At least one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

(c) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(d) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(e) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, a site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

An agreement may assign such powers, duties, and management responsibilities to the licensed teachers at a school site to create teacher-governed schools and qualify the district and site for a grant under subdivision 2a.

The school board of the district remains the legal employer under clauses (4) and (5).

(f) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(g) Approved agreements shall be filed with the commissioner. If a school board denies a request or the school site and school board fail to reach an agreement to enter into a school site management agreement, the school board shall provide a copy of the request and the reasons for its denial to the commissioner.

(h) A site decision-making grant program is established, consistent with this subdivision, to allow sites to implement an agreement that at least:

(1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable to the students at that site;

(2) includes a provision, consistent with current law and the collective bargaining agreement in effect, that allows the site team to decide who is selected from within the district for licensed and nonlicensed positions at the site and to make staff assignments in the site; and

(3) includes a completed performance agreement under subdivision 4.

The commissioner shall establish the form and manner of the application for a grant and annually, at the end of each fiscal year, report to the house of representatives and senate committees having jurisdiction over education on the progress of the program.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 20. Minnesota Statutes 2014, section 123B.04, is amended by adding a subdivision to read:

Subd. 2a. Teacher-governed schools. (a) Consistent with subdivision 2 allowing a school board to agree to assign powers, duties, and management responsibilities to a school site, and subject to an agreement between the interested school board and the exclusive representative of the teachers, a grant program is established to encourage licensed teachers employed at a school site to explore and develop organizational models for teaching and learning, provide curriculum and corresponding formative, interim, and summative assessments, measure and evaluate teacher performance, assign teaching positions and restructure instructional work, provide professional development to support teachers restructuring their work, allocate revenue, assert autonomy and leadership, and pursue other such policies, strategies, and activities for creating teacher-governed schools.

(b) The commissioner, after receiving the approved agreement filed by the parties under subdivision 2, paragraph (g), shall award planning and start-up grants on a first-come, first-served basis until appropriated funds are expended, distributing the grants throughout Minnesota to the extent practicable and consistent with this subdivision. Subject to the content and projected expenditures of the parties' agreement, the commissioner shall award grants to eligible districts as follows:

(1) a planning grant of up to \$20,000 during the first year of the parties' agreement; and

(2) an implementation grant of up to \$100,000 during each of the next two years of the parties' agreement.

A grant recipient that terminates an agreement before the end of a school year must return a pro rata portion of the grant to the commissioner, the amount of which the commissioner must determine based upon the number of school days remaining in the school year after the agreement is terminated. Grant recipients are encouraged to seek matching funds or in-kind contributions from nonstate sources to supplement the grant awards.

(c) A school district receiving a grant must transmit to the commissioner in an electronic format and post on its Web site by the end of the school year readily accessible information about recommended best practices based on its experience and progress under this section. The commissioner must make information about these recommended best practices readily available to interested districts and schools throughout Minnesota.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 21. Minnesota Statutes 2014, section 124D.091, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. ~~Beginning in fiscal year 2011,~~ Districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses, or are technical courses within a recognized career and technical education program of study approved by the commissioner of education and the chancellor of the Minnesota State Colleges and Universities.

Sec. 22. Minnesota Statutes 2014, section 124D.091, subdivision 3, is amended to read:

Subd. 3. **Aid; tuition reimbursement.** (a) An eligible district shall receive ~~\$150~~ \$300 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

(b) Notwithstanding paragraph (a), by mutual agreement of the school board and the exclusive representative of the teachers, up to 25 percent of the aid under this subdivision may be reserved to offset tuition paid to an accredited higher education institution for coursework necessary for secondary teachers to meet a postsecondary institution's accrediting body's requirements to teach concurrent enrollment courses.

(c) A teacher receiving tuition reimbursement under this subdivision must repay the school district if the teacher does not complete the training. If 50 percent or more of a teacher's tuition is reimbursed by the school district, the teacher must continue to teach in the school district for two years after receiving an endorsement under section 122A.09, subdivision 12, or repay the district for the tuition reimbursement.

Sec. 23. Minnesota Statutes 2015 Supplement, section 124D.231, subdivision 2, is amended to read:

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to ~~\$100,000~~ \$150,000 annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Of grants awarded, implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g). If the site decides not to use planning funds, the plan must be submitted with the application.

(d) The commissioner shall ~~dispense the funds to~~ consider additional school factors when dispensing funds including: schools with significant populations of students receiving free or reduced-price lunches. ~~Schools with;~~ significant homeless and highly mobile students ~~shall also be a priority. The commissioner must also dispense the funds in a manner to ensure~~ rates; and equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full-service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; and

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students;

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of wraparound services, including, but not limited to:

(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and

(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;

(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and

(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:

(i) the need for high-quality, full-day child care and early childhood education programs;

(ii) the need for physical and mental health care services for children and adults; and

(iii) the need for job training and other adult education programming.

(g) Each school site receiving funding under this section must establish at least two of the following types of programming:

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

- (i) academic support and enrichment activities, including expanded learning time;
 - (ii) summer or after-school enrichment and learning experiences;
 - (iii) job training, internship opportunities, and career counseling services;
 - (iv) programs that provide assistance to students who have been truant, suspended, or expelled;
- and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy, including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;

(ii) parent leadership development activities; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

(v) nutrition services;

(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

(i) service and service-learning opportunities;

(ii) adult education, including instruction in English as a second language; and

(iii) homeless prevention services;

(6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

(h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

(1) timely establishment and consistent operation of the school leadership team;

(2) maintenance of attendance records in all programming components;

(3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;

(4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;

(5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;

(6) ensuring compliance with the district nondiscrimination policy; and

(7) plan for school leadership team development.

Sec. 24. Minnesota Statutes 2014, section 124D.59, is amended by adding a subdivision to read:

Subd. 9. **English learner data.** When data on English learners are reported for purposes of educational accountability, English learner data must include all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under this section. Reported data must be disaggregated by currently counted and previously counted English learners.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later.

Sec. 25. **[125B.27] STUDENT-USER PRIVACY IN EDUCATION RIGHTS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision and section 13.32, subdivision 1, apply to this section.

(b) "Online educational service" means a Web site, online service or application, or mobile application that a student or the student's parent or legal guardian can access via the Internet for school purposes. Online educational service includes a cloud computing service.

(c) "Operator" means, to the extent it is operating in this capacity, a person who operates an online educational service with actual knowledge that it is used primarily for school purposes and was designed and marketed for these purposes. Operator includes a vendor.

(d) "Protected information" means personally identifiable information or materials or information that is linked to personally identifiable information or materials, in any media or format that is not publicly available, and:

(1) is created or provided by a student or the student's parent or legal guardian to an operator in the course of the use of the operator's site, service, or application for school purposes;

(2) is created or provided by an employee or agent of the school to an operator in the course of the use of the operator's site, service, or application for school purposes; or

(3) is gathered by an operator through the operation of an online educational service and personally identifies a student, including but not limited to information in the student's educational record or e-mail, first and last name, home address, telephone number, e-mail address, or other information that allows physical or online contact, discipline records, test results, special education data, juvenile records, grades, evaluations, criminal records, health records, Social Security number, biometric information, disabilities, socioeconomic information, food purchases, political

affiliations, religious information, text messages, documents, student identifiers, search activity, photos, voice recordings, or geolocation information.

(e) "School purposes" means purposes that (1) are directed by or customarily take place at the direction of the school, teacher, or school district or aid in the administration of school activities, including instruction in the classroom or at home, administrative activities, and collaboration between students, school personnel, or parents or legal guardians, or (2) are for the use and benefit of the school.

(f) "Student" means a student in prekindergarten through grade 12.

(g) "Vendor" means a person who enters into a contract with a school to provide an online educational service.

(h) "Targeted advertising" means presenting advertisements to a student where the advertisement is selected based on information obtained or inferred over time from that student's online behavior, usage of applications, or covered information. It does not include advertising to a student at an online location based upon that student's current visit to that location, or in response to that student's request for information or feedback, without the retention of that student's online activities or requests over time for the purpose of targeting subsequent ads.

Subd. 2. Prohibited activities; targeted advertising; creation of student profiles; sale or unauthorized disclosure of information. (a) An operator must not engage in any of the following activities:

(1)(i) targeted advertising on the operator's online educational service; or

(ii) targeted advertising on any other site, service, or application when the targeting of the advertising is based upon information, including protected information and unique identifiers, that the operator has acquired or created because of the use of that operator's online educational service;

(2) gather, use, or share information, including persistent unique identifiers, acquired or created by the operator's online educational service, to create a profile about a student, except in furtherance of school purposes. "Create a profile" does not include the collection and retention of account information that remains under the control of the student, the student's parent or guardian, or kindergarten through grade 12 school;

(3) sell a student's information, including protected information. This prohibition does not apply to the purchase, merger, or other type of acquisition of an operator by another person, provided that the operator or successor continues to be subject to this section with respect to previously acquired student information or to national assessment providers if the provider secures the express written consent of the parent or student, given in response to clear and conspicuous notice, solely to provide access to employment, educational scholarships or financial aid, or postsecondary educational opportunities; or

(4) disclose protected information, unless the disclosure:

(i) is made in furtherance of the educational purpose of the site, service, or application, provided the recipient of the protected information must not further disclose the information unless done to allow or improve operability and functionality of the operator's online educational service;

(ii) is legally required to comply with subdivision 3;

(iii) is made to ensure legal and regulatory compliance, to respond to or participate in judicial process, or to protect the safety of users or others or the security or integrity of the site;

(iv) is for a school, educational, or employment purpose requested by the student or the student's parent or guardian, provided that the information is not used or further disclosed for any other purposes; or

(v) is made pursuant to a contract between the operator and a service provider. A contract must prohibit the service provider from using protected information for any purpose other than providing the contracted service to, or on behalf of, the operator; prohibit the service provider from disclosing protected information provided by the operator to third parties; and require the service provider to implement and maintain reasonable security procedures and practices as provided in subdivision 3.

(b) This subdivision does not prohibit the operator's use of information for maintaining, developing, supporting, improving, or diagnosing the operator's site, service, or application.

Subd. 3. **Security procedures and practices.** An operator shall:

(1) implement and maintain reasonable security procedures and practices appropriate to the nature of the protected information designed to protect that information from unauthorized access, destruction, use, modification, or disclosure; and

(2) delete a student's protected information within a reasonable period of time and in any case within 60 days if the school requests deletion of data under the control of the school.

Subd. 4. **Permissible disclosures.** Notwithstanding subdivision 2, paragraph (a), clause (4), an operator may use or disclose protected information of a student under the following circumstances:

(1) if other provisions of federal or state law require the operator to disclose the information and the operator complies with the requirements of federal or state law in protecting and disclosing that information;

(2) as long as no covered information is used for advertising or to create a profile on the student for purposes other than educational purposes, for legitimate research purposes:

(i) as required by state or federal law and subject to the restrictions under applicable law; or

(ii) as allowed by state or federal law and in furtherance of educational purposes or postsecondary educational purposes; and

(3) to a state or local educational agency, including schools and school districts, for school purposes as permitted by state or federal law.

Subd. 5. **Use of information by operator.** This section does not prohibit an operator from doing any of the following:

(1) using protected information within the operator's site, service, or application or other sites, services, or applications owned by the operator to improve educational products;

(2) using protected information that is not associated with an identified student to demonstrate the effectiveness of the operator's products or services, including marketing;

(3) sharing aggregate information that does not directly, indirectly, or in combination with other information identify a student for the development and improvement of educational sites, services, or applications;

(4) using recommendation engines to recommend to a student either of the following:

(i) additional content relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(ii) additional services relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(5) responding to a student's request for information or for feedback without the information or response being determined in whole or in part by payment or other consideration from a third party.

Subd. 6. **Certain activities not affected.** (a) This section does not limit the authority of a law enforcement agency to obtain information from an operator as authorized by law or pursuant to a court order.

(b) This section does not limit the ability of an operator to use student information, including protected information, for adaptive learning or customized student learning purposes.

(c) This section does not apply to general audience Web sites, general audience online services, general audience online applications, or general audience mobile applications, even if log-in credentials created for an operator's online educational service may be used to access those general audience Web sites, services, or applications.

(d) This section does not limit Internet service providers from providing Internet connectivity to schools or students and their families.

(e) This section does not prohibit an operator of a Web site, online service, online application, or mobile application from the general marketing of educational products to parents or legal guardians so long as the marketing is not based on the use of protected information obtained by the operator through the provision of services governed by this section.

(f) This section does not impose a duty upon a provider of an electronic store, gateway, marketplace, or other means of purchasing or downloading software or applications to review or enforce compliance with this section on those applications or software.

(g) This section does not impose a duty on a provider of an interactive computer service, as defined in United States Code, title 47, section 230, to review or enforce compliance with this section by third-party content providers.

(h) This section does not impede the ability of students to download, transfer, export, or otherwise save or maintain their own data or documents.

Sec. 26. [136A.1275] GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS.

Subdivision 1. **Establishment.** The commissioner of the Office of Higher Education must establish a grant program for student teachers.

Subd. 2. **Eligibility.** In order to receive a grant, the applicant must:

(1) be enrolled in a Minnesota teacher preparation program at an eligible institution that would enable the applicant, upon graduation, to teach in a Minnesota school district in a shortage area. "Shortage area" has the same meaning given in section 122A.18, subdivision 4a;

(2) be a teacher candidate completing a student-teacher requirement by teaching in a shortage area; and

(3) demonstrate financial need in the form and manner prescribed by the commissioner of the Office of Higher Education.

Subd. 3. **Administration.** The office must determine the time and manner of applications. The office must determine the stipend amount based on the money available and the number of eligible applicants each academic year.

Sec. 27. Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24, is amended to read:

Section 1. INNOVATIVE DELIVERY OF EDUCATION SERVICES AND SHARING OF SCHOOL OR DISTRICT RESOURCES; PILOT PROJECT.

Subdivision 1. **Establishment; requirements for participation.** (a) A pilot project is established to improve student ~~and~~, career and college readiness, and school outcomes by allowing ~~groups of one or more school districts or charter schools to work together or with postsecondary institutions or employers to:~~

(1) provide innovative education programs and activities that are consistent with Minnesota Statutes, section 124D.52, subdivision 9, governing the standard adult high school diploma, or with Minnesota Statutes, section 124D.085, governing experiential and applied learning opportunities;

(2) conduct research with rigorous methodology on these innovative education programs and activities that may include career and college readiness assessments and interim assessments that comply with the federal Every Student Succeeds Act; and

(3) share district or school and other resources, with the goal of improving students' career and college readiness as defined under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (p), and consistent with the requirements of the world's best workforce under Minnesota Statutes, section 120B.11.

The pilot project may last until June 30, ~~2018~~ 2021, or for up to five years, whichever is ~~less earlier~~, except that innovation partnerships formed during the period of the pilot project may continue past June 30, ~~2018~~ 2021, with the agreement of the partnership members.

(b) To participate in this pilot project to improve student ~~and~~, school, and career and college readiness outcomes, a group of two or more school districts or charter schools, one or more school districts and charter schools, one or more school districts or charter schools and postsecondary institutions, or one or more school districts or charter schools and employers must collaborate with school staff and, postsecondary faculty, or employees, as appropriate, to form a partnership, prepare a plan, and complete an application to participate in a pilot project. A school district partner must receive formal school board approval to form a partnership and a charter school partner must receive formal approval from its board of directors to form a partnership. The partnership must ~~develop a~~ plan to provide challenging programmatic options for students, create professional development opportunities for educators, increase student engagement and connection and challenging learning

opportunities for students, or demonstrate efficiencies in delivering financial and other services. The plan evaluations must provide for a rigorous evaluation premised on returns on investment, program effectiveness, or beat-the-odds analysis and may offer career and college readiness assessments or other interim assessments.

(c) An interested partnership may structure its application and plan to:

(1) reduce duplicative assessments that educators and psychometricians identify as less useful for informing instruction or identifying and diagnosing areas where students require targeted interventions under Minnesota Statutes, section 120B.30, subdivision 1, paragraphs (c), clause (2), and (d);

(2) establish expectations for career and college readiness under Minnesota Statutes, section 120B.30, subdivision 1, paragraphs (d) and (g);

(3) use fully adaptive, on and off-grade assessments under Minnesota Statutes, section 120B.30, subdivision 1;

(4) provide students with predictive information to enable them to successfully explore and realize their educational, career, and college interests, aptitudes, and aspirations under Minnesota Statutes, section 120B.125;

(5) use career and college readiness assessments or other interim or formative assessments highly correlated with the Minnesota comprehensive assessments in reading and math;

(6) notwithstanding Minnesota Statutes, section 120B.024, allow a student to use a course in applied mathematics or STEM as an equivalent to algebra II; or

(7) include student assessment data under this section in the district's annual world's best workforce report, consistent with Minnesota Statutes, section 120B.11, subdivisions 5 and 9, paragraph (a).

Notwithstanding Minnesota Statutes, section 120B.30, or any other law to the contrary, a participating school district or charter school may use alternative assessments under this paragraph in place of the Minnesota comprehensive assessments administered in high school. A participating school district or charter school, whose approved program under this section lasts longer than four years for a high school student, may count those students in the four-year graduation rate upon completion of all state and local graduation requirements even though the student continues in an innovative postsecondary program. Notwithstanding other law to the contrary, a participating school district or charter school may take attendance only once per school day so long as the district or charter school ensures that students in attendance are not otherwise identified as truant. The plan must ~~establish~~ include:

(1) collaborative educational goals and objectives;

(2) strategies and processes to implement those goals and objectives, including a budget process with periodic expenditure reviews;

(3) valid and reliable measures to evaluate progress in realizing the goals and objectives;

(4) an implementation timeline; and

(5) other applicable conditions, regulations, responsibilities, duties, provisions, fee schedules, and legal considerations needed to fully implement the plan.

A partnership may invite additional ~~districts~~ eligible partners to join the partnership during the pilot project term ~~after notifying~~ and must notify the commissioner when additional partners intend to join the partnership. The commissioner may reject the addition of an eligible partner if the addition causes the state to become out of compliance with federal requirements.

~~(e)~~ (d) A school district member or a charter school member of an interested partnership ~~of interested districts~~ must apply by February 1 of any year submit an application to the education commissioner in the form and manner the commissioner determines, consistent with the requirements of this section. The application must contain the formal approval adopted by the school board in each district or by the charter school board of directors to participate in the plan.

~~(d)~~ (e) Notwithstanding other law to the contrary, a participating school district under this section continues to: receive revenue and maintain its taxation authority; be organized and governed by an elected school board with general powers under Minnesota Statutes, section 123B.02; and be subject to employment agreements under Minnesota Statutes, chapter 122A, and Minnesota Statutes, section 179A.20; and district employees continue to remain employees of the employing school district.

(f) Participating school district and charter schools must submit a biennial evaluation by February 1 in each odd-numbered year to the chairs and the ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education and the education commissioner that includes longitudinal data under Minnesota Statutes, section 127A.70, subdivision 2, paragraph (b), governing SLEDS, and is premised on return on investment, program effectiveness, or beat-the-odds analysis in the context of students' career and college readiness.

Subd. 2. **Commissioner's role.** ~~Interested groups of school districts partnerships~~ must submit a completed application to the commissioner by March 1 of any year in the form and manner determined by the commissioner, consistent with the requirements of this section. For 2016 only, the school district member or charter school member must submit an application by July 1. The education commissioner must convene an advisory panel composed of a teacher appointed by Education Minnesota, a school principal appointed by the Minnesota Association of Secondary School Principals, a school board member appointed by the Minnesota School Boards Association, a researcher appointed by the commissioner of the Office of Higher Education, a researcher appointed by the University of Minnesota Educational Psychology Department, and a school superintendent appointed by the Minnesota Association of School Administrators to advise the commissioner on applicants' qualifications to participate in this pilot project. The commissioner may select, for the period encompassing the 2016-2017 through 2020-2021 school years, must authorize up to six eight qualified applicants under subdivision 1 by April 1 of any year to participate in this pilot project, ensuring seeking an equitable geographical distribution of project participants to the extent practicable. The commissioner may approve no more than two partnerships applying to conduct research using alternative measures in place of the Minnesota comprehensive assessments under subdivision 1, paragraph (c), clause (7), and those partnerships may include up to three school districts or charter schools. The commissioner must select authorize only those applicants that fully comply with the requirements in subdivision 1. The commissioner must terminate a project participant that fails to effectively implement the goals and objectives contained in its application and according to its stated timeline.

Subd. 3. **Pilot project evaluation.** Participating school districts and charter schools must submit pilot project data to the education commissioner ~~in the form and manner determined by the commissioner~~ and the legislature, consistent with this section. Consistent with Minnesota Statutes, section 13.05, on the duties of state agencies regarding the use and dissemination of data on individuals, the education commissioner must analyze the data on participating districts' progress and on participating charter schools' progress in realizing their educational goals and objectives to work together in providing provide innovative education programs and activities and sharing share resources to improve students' career and college readiness. The commissioner must include the analysis of best practices in a report to the legislative committees with jurisdiction over kindergarten through grade 12 education finance and policy on the efficacy of this pilot project. The commissioner shall submit an interim project report by ~~February 1, 2016~~ March 30, 2019, and must submit a final report to the legislature by February 1, ~~2019~~, ~~recommending whether or not to continue or expand the pilot project~~ 2022.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to those applications submitted to the commissioner after that date. Districts already approved for an innovation zone pilot project may continue to operate under Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24.

Sec. 28. Laws 2012, chapter 263, section 2, is amended to read:

Sec. 2. **APPROPRIATION.**

\$25,000 is appropriated in fiscal year 2013 from the general fund to the commissioner of education for the review of applicants, selection of participants, and evaluation of the pilot projects authorized in section 1. The base for the Department of Education is increased by \$25,000 for fiscal year 2014 through fiscal year ~~2018~~ 2021.

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

Sec. 29. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 2, is amended to read:

Subd. 2. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	<u>78,331,000</u>		
\$	<u>78,656,000</u>	.....	2016
	<u>87,147,000</u>		
\$	<u>98,159,000</u>	.....	2017

The 2016 appropriation includes \$7,766,000 for 2015 and ~~\$70,565,000~~ \$70,890,000 for 2016.

The 2017 appropriation includes ~~\$7,840,000~~ \$7,876,000 for 2016 and ~~\$79,307,000~~ \$90,283,000 for 2017.

Sec. 30. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 3, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

	65,539,000		
\$	<u>65,439,000</u>	.....	2016
	68,745,000		
\$	<u>69,372,000</u>	.....	2017

The 2016 appropriation includes \$6,382,000 for 2015 and ~~\$59,157,000~~ \$59,057,000 for 2016.

The 2017 appropriation includes ~~\$6,573,000~~ \$6,561,000 for 2016 and ~~\$62,172,000~~ \$62,811,000 for 2017.

Sec. 31. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 6, is amended to read:

Subd. 6. **Reading Corps.** For grants to ServeMinnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

\$	6,125,000	.....	2016
	6,125,000		
\$	<u>9,125,000</u>	.....	2017

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later years is \$5,625,000.

Sec. 32. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 9, is amended to read:

Subd. 9. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	\$4,000,000	.....	2016
	\$4,000,000		
\$	<u>6,250,000</u>	.....	2017

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 for this appropriation in fiscal year 2018 is \$5,000,000.

Sec. 33. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 12, is amended to read:

Subd. 12. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	780,000	.....	2016
	780,000		
\$	<u>1,090,000</u>	.....	2017

Grants shall be awarded in equal amounts: ~~\$195,000~~ \$272,500 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; ~~\$195,000~~ \$272,500 each year is for the

collaborative urban educator program at the University of St. Thomas; ~~\$195,000~~ \$272,500 each year is for the Center for Excellence in Urban Teaching at Hamline University; and ~~\$195,000~~ \$272,500 each year is for the East Africa Student to Teacher program at Augsburg College.

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

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced. The report must also include the graduation rate for each cohort of teacher candidates, the placement rate for each graduating cohort of teacher candidates, and the retention rate for each graduating cohort of teacher candidates, among other program outcomes.

Sec. 34. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 15, is amended to read:

Subd. 15. **Museums and Education Centers.** For grants to museums and education centers:

\$	351,000	.....	2016
\$	351,000 <u>701,000</u>	.....	2017

(a) ~~\$260,000 each year is in fiscal year 2016 and \$560,000 in fiscal year 2017 are for the Minnesota Children's Museum.~~ The base amount in fiscal year 2018 is \$260,000.

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

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

(d) \$50,000 each year is for the Headwaters Science Center for hands-on science, technology, engineering, and math (STEM) education.

Any balance in the first year does not cancel but is available in the second year. The base in fiscal year 2018 is \$401,000.

Sec. 35. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 19, is amended to read:

Subd. 19. **Full-service community schools.** For full-service community schools under Minnesota Statutes, section 124D.231:

\$	250,000	.....	2016
\$	250,000 <u>2,450,000</u>	.....	2017

This is a onetime appropriation. Up to \$100,000 each year is for administration of this program. Any balance in the first year does not cancel but is available in the second year.

Sec. 36. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 21, is amended to read:

Subd. 21. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	190,000	.....	2016
\$	190,000 <u>1,250,000</u>	.....	2017

Sec. 37. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 24, is amended to read:

Subd. 24. **Race 2 Reduce.** For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

\$	81,000	.....	2016
\$	69,000 <u>219,000</u>	.....	2017

In the first year, \$28,000 is for H2O for Life; \$38,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi. In the second year, ~~\$32,000~~ \$102,000 is for H2O for Life; ~~\$22,000~~ \$70,000 is for Independent School District No. 624, White Bear Lake; and ~~\$15,000~~ \$47,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. ~~The base appropriation for fiscal year 2018 and later is \$0.~~

Sec. 38. Laws 2015, First Special Session chapter 3, article 3, section 15, subdivision 3, is amended to read:

Subd. 3. **ACT test College entrance examination reimbursement.** To reimburse districts for students who qualify under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e), for onetime payment of their ACT college entrance examination fee:

\$	3,011,000	.....	2016
\$	3,011,000	.....	2017

The Department of Education must reimburse districts for their onetime payments on behalf of students. Any balance in the first year does not cancel but is available in the second year. This appropriation is available until October 1, 2017. For examinations taken before July 1, 2016, the department may reimburse districts only for ACT examination fees.

Sec. 39. **AGRICULTURAL EDUCATOR GRANTS.**

Subdivision 1. **Grant program established.** A grant program is established to support school districts in paying agricultural education teachers for work over the summer with high school students in extended projects.

Subd. 2. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants, including appropriate goals for the use of the grants.

Subd. 3. **Grant awards.** Grant funding under this section must be matched by funding from the school district for the agricultural education teacher's summer employment. Grant funding for each teacher is limited to the one-half share of 40 working days.

Subd. 4. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than December 31 of each year regarding the number of teachers funded by the grant program and the outcomes compared to the goals established in the grant application. The Department of Education shall develop the criteria necessary for the reports.

Sec. 40. **EXCELLENCE IN TEACHING INCENTIVE GRANTS.**

The Board of Teaching shall award a onetime incentive grant of \$2,000 to any Minnesota teacher who achieves National Board Certification after June 30, 2016, as long as funds are available. A teacher may apply for a grant in the form and manner determined by the Board of Teaching. The grants must be awarded on a first-come, first-served basis.

Sec. 41. **OUTDOOR PLACE-BASED EDUCATION ADVISORY GROUP.**

Subdivision 1. **Definitions.** For purposes of this section, "outdoor place-based education" means the process of using the local community and outdoor environment as a starting point to teach concepts in language arts, mathematics, social studies, science, history, and other subjects across the curriculum.

Subd. 2. **Advisory group creation.** The outdoor place-based education advisory group consists of the following 14 members:

- (1) the commissioner or director of the following agencies or their designees:
 - (i) the Department of Education;
 - (ii) the Department of Natural Resources; and
 - (iii) the Minnesota Historical Society;
- (2) 11 public members who have demonstrated an interest in outdoor skills and education:
 - (i) one member appointed by Education Minnesota;
 - (ii) one member appointed by the Minnesota Rural Education Association;
 - (iii) one member appointed by the Minnesota School Boards Association;
 - (iv) one member appointed by the Minnesota Association of Charter Schools;
 - (v) one member appointed by the Parks and Trails Council of Minnesota;
 - (vi) one public member appointed by the majority leader of the senate;
 - (vii) one public member appointed by the minority leader of the senate;
 - (viii) one public member appointed by the speaker of the house;
 - (ix) one public member appointed by the minority leader of the house of representatives; and
 - (x) two public members appointed by the governor.

Subd. 3. **Advisory group duties; report required.** (a) The advisory group must develop recommendations for the design and implementation of a statewide outdoor place-based education plan for students in prekindergarten through grade 12. The advisory group must report proposed

recommendations to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy by February 15, 2017.

(b) The report required under this subdivision must, at a minimum:

(1) recommend strategies for the integration of outdoor place-based education in each of the subject areas required for statewide accountability under Minnesota Statutes, section 120B.021, subdivision 1, including any staff development required to support such integration;

(2) identify grades or grade ranges in which outdoor place-based education may have the greatest impact, given limited staff and financial resources;

(3) recommend an assessment instrument that districts may use in order to evaluate the impact of outdoor place-based education; and

(4) estimate the financial and human resources required to implement the recommendations on a statewide basis.

Subd. 4. **Administrative provisions.** (a) The commissioner of education or the commissioner's designee must convene the initial meeting of the advisory group by September 15, 2016. Upon request of the advisory group, the commissioner must provide meeting space and administrative services for the advisory group. The members of the advisory group must elect a chair or cochair from the members of the advisory group at the initial meeting.

(b) Public members of the advisory group serve without compensation, but may be reimbursed for travel expenses.

(c) The advisory group expires February 15, 2017, or upon submission of the report required under this section, whichever is earlier.

Subd. 5. **Deadline for appointments and designations.** The appointments and designations authorized under this section must be completed by August 15, 2016.

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

Sec. 42. **PARAPROFESSIONAL PATHWAY TO TEACHER LICENSURE.**

The commissioner of education must establish a grant program for school districts to design, establish, and maintain a paraprofessional pathway to teacher licensure or a grow your own new teacher program. The programs must allow a current school district paraprofessional to pursue their teaching license while still being employed by the school district. A school district may apply in the form and manner prescribed by the commissioner.

Sec. 43. **SUPPORT OUR STUDENTS GRANT PROGRAM.**

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given them:

(1) "student support services personnel" includes individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota; and

(2) "new position" means a student support services personnel full-time or part-time position not under contract by a school at the start of the 2015-2016 school year.

Subd. 2. **Purpose.** The purpose of the support our students grant program is to:

- (1) address shortages of student support services personnel within Minnesota schools;
- (2) decrease caseloads for existing student support services personnel to ensure effective services;
- (3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve kindergarten through grade 12 school outcomes and career and college readiness;
- (4) ensure that student support services personnel serve within the scope and practice of their training and licensure;
- (5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and
- (6) improve school safety and school climate to support academic success and career and college readiness.

Subd. 3. **Grant eligibility and application.** (a) A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for a six-year matching grant under this section.

(b) The commissioner of education shall specify the form and manner of the grant application. In awarding grants, the commissioner must give priority to schools in which student support services personnel positions do not currently exist. To the extent practicable, the commissioner must award grants equally between applicants in metro counties and nonmetro counties. Additional criteria must include at least the following:

- (1) existing student support services personnel caseloads;
- (2) school demographics;
- (3) Title 1 revenue;
- (4) Minnesota student survey data;
- (5) graduation rates; and
- (6) postsecondary completion rates.

Subd. 4. **Allowed uses; match requirements.** A grant under this section must be used to hire a new position. A school that receives a grant must match the grant with local funds in each year of the grant. In each of the first four years of the grant, the local match equals \$1 for every \$1 awarded in the same year. In years five and six of the grant, the local match equals \$3 for every \$1 awarded in the same year. The local match may not include federal reimbursements attributable to the new position.

Subd. 5. **Report required.** By February 1 following any fiscal year in which it received a grant, a school must submit a written report to the commissioner indicating how the new positions affected two or more of the following measures:

- (1) school climate;

- (2) attendance rates;
- (3) academic achievement;
- (4) career and college readiness; and
- (5) postsecondary completion rates.

Sec. 44. TEACHER DEVELOPMENT AND EVALUATION AID.

(a) For fiscal year 2017 only, teacher development and evaluation aid for a school district, intermediate school district, educational cooperative, education district, or charter school with any school site that does not have an alternative professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2, equals \$400.68 times the number of full-time equivalent teachers employed on October 1 of the previous school year in each school site without an alternative professional pay system under Minnesota Statutes, section 122A.414, subdivision 2. Except for charter schools, aid under this section must be reserved for teacher development and evaluation activities consistent with Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5. For the purposes of this section, "teacher" has the meaning given in Minnesota Statutes, section 122A.40, subdivision 1, or 122A.41, subdivision 1.

(b) Notwithstanding paragraph (a), the state total teacher development and evaluation aid entitlement must not exceed \$10,000,000 for fiscal year 2017. The commissioner must limit the amount of aid under this section so as not to exceed this limit.

(c) One hundred percent of the teacher development and evaluation aid must be paid in fiscal year 2017.

Sec. 45. 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. **Teacher development and evaluation.** For teacher development and evaluation aid:

\$ 10,000,000 2017

This is a onetime appropriation.

Subd. 3. **Support our students grants.** For support our students grants:

\$ 13,100,000 2017

This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2023. The commissioner may not allot more than \$2,600,000 of this appropriation before July 1, 2019. Up to \$100,000 of this appropriation may be retained by the commissioner for administration of the grant program. Any balance remaining after June 30, 2023, shall cancel to the general fund.

Subd. 4. **Paraprofessional pathway to teacher licensure.** For grants to school districts for grow your own new teacher programs:

\$ 2,250,000 2017

The base in fiscal year 2018 is \$2,250,000.

Subd. 5. **Minnesota Council on Economic Education.** For a grant to the Minnesota Council on Economic Education to provide staff development to teachers for the implementation of the state graduation standards in learning areas relating to economic education:

\$ 250,000 2017

The commissioner, in consultation with the council, shall develop expected results of staff development, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council.

This is a onetime appropriation.

Subd. 6. **Education Innovation Partners Cooperative Center.** For a matching grant to Education Innovation Partners Cooperative Center, No. 6091-50, to provide research-based professional development services, on-site training, and leadership coaching to teachers and other school staff:

\$ 500,000 2017

A grant under this subdivision must be matched with money or in-kind contributions from nonstate sources. This is a onetime appropriation.

Subd. 7. **Teacher-governed school grants.** For grants to teacher-governed schools under Minnesota Statutes, section 123B.04, subdivision 2a:

\$ 500,000 2017

This is a onetime appropriation.

Subd. 8. **Outdoor place-based education program.** For an outdoor place-based education literature review:

\$ 35,000 2017

The commissioner, in collaboration with outdoor place-based education providers, shall provide for a literature review of the existing evidence of the effect of outdoor place-based education on educational outcomes and development of core competencies that lead to career and college success and deliver the literature review to the outdoor place-based education advisory group no later than November 15, 2016. This is a onetime appropriation. For purposes of this subdivision, "outdoor place-based education" means the process of using the local community and outdoor environment as a starting point to teach concepts in language arts, mathematics, social studies, science, history, and other subjects across the curriculum.

Subd. 9. **Outdoor place-based education advisory group.** For the outdoor place-based education advisory group:

\$ 50,000 2017

This is a onetime appropriation.

Subd. 10. **Staff development aid for cooperative units.** For payment of staff development aid to intermediate school districts and other cooperative units under Minnesota Statutes, section 122A.61, subdivision 1a:

\$ 1,493,000 2017

Subd. 11. **Student teachers in shortage areas.** For transfer to the commissioner of the Office of Higher Education for the purpose of providing grants to student teachers in shortage areas under Minnesota Statutes, section 136A.1275:

\$ 2,000,000 2017

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

Subd. 12. **Singing-based pilot program to improve student reading.** (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades three to five:

\$ 300,000 2017

(b) The commissioner of education shall award a grant to a 501(c)(3) nonprofit organization to implement in at least three Minnesota school districts, charter schools, or school sites, a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades three to five. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering pre- and post-intervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2017, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance.

(d) This is a onetime appropriation.

Subd. 13. **Agricultural educator grants.** For agricultural educator grants:

\$ 250,000 2017

This is a onetime appropriation.

ARTICLE 3

CHARTER SCHOOLS

Section 1. Minnesota Statutes 2015 Supplement, section 124E.10, is amended by adding a subdivision to read:

Subd. 7. **School closures.** (a) Upon the final decision to close a charter school, whether by voluntary action of the charter school's board of directors, nonrenewal or termination of the charter contract by the authorizer, or termination of the charter contract by the commissioner, the board of directors shall appoint a school closure trustee, approved by the authorizer, within 15 business days of the final decision. The board of directors or the authorizer may require the trustee to post a bond, in a sum and nature reflective of the school's current condition and situation.

(b) The trustee must be a resident of Minnesota, possess a bachelor's or postgraduate degree in accounting, law, nonprofit management, educational administration, or other appropriate field, and have at least five years of work experience in their degree area. The trustee must submit to a state and federal criminal background check, must not have been convicted of a felony or other crime involving moral turpitude, and must not have been found liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct. The trustee must not be under investigation or pending criminal prosecution for a felony or other crime. The trustee must not have a history of wage garnishment by the Internal Revenue Service or the state and must not have filed for bankruptcy.

(c) The trustee must not have been an employee or contractor of the charter school during the previous five years and must not have an immediate family member who is an employee or contractor of the charter school or who serves on the charter school's board of directors. The trustee must be independent and have no material interest adverse to the school.

(d) The trustee shall have the responsibility to activate and execute the closure plan for the charter school outlined in the school's charter contract, including the transfer of student records required by subdivision 6, and the reporting of financial and student data to the department necessary for the release of final aid payments under section 124E.25, subdivision 1, paragraph (b). Upon the appointment of the trustee, the trustee must approve all school expenditures before payment and shall be a required signatory on all school accounts and payments made by the school. The trustee has the authority to void and seek reimbursement of any and all extraordinary payments of the school to individuals, contractors, or corporations made within 90 business days of the final decision to close. If during the closure process it is determined by the charter school's board of directors or the authorizer that the trustee is not performing the closure duties in an efficient and effective manner, the authorizer may appoint a new trustee.

(e) The trustee shall be entitled to immunity provided by common law for acts or omissions within the scope of the trustee's appointment. The trustee is not exempt from an illegal or criminal act, nor any act that is a result of malfeasance or misfeasance.

(f) A charter school closure fund shall be established and managed by the Department of Education. The Department of Education may charge the fund a management fee commensurate with the annual activity in the fund. The Department of Education must issue an annual report on the income and expenditures of the fund by September 30 to all charter schools. The fund shall be financed by a per capita pupil fee paid by all charter schools. Until the fund reaches a cap of \$200,000, the per capita pupil fee shall be \$1 per pupil annually. Upon the fund reaching the \$200,000 cap, the annual per capita pupil fee shall equal the per pupil amount needed to maintain the fund at \$200,000. The Department of Education shall have the power to deduct the annual fee from a charter school aid payment in the month of February based on the number of pupils enrolled in charter schools on October 1 of the previous year, and transfer the funding to the charter school closure fund. When an authorizer ceases to authorize schools, the authorizer shall transfer any remaining balance from authorizer fees to the fund.

(g) Funds from the charter school closure fund may only be authorized and used for the following expenses: the cost of the external audits necessary for the school closure process; the cost of liability insurance for the school corporation during the closure process; legal costs for the dissolution of the school corporation; and the trustee's fee, negotiated upon appointment. The charter school closure fund shall not be used for any other expenses related to the closed school and may only be requested after all other school funds and assets of the closed school have been expended. No more than \$70,000 may be expended from the fund for an individual school closure process. The trustee may request funding to cover the authorized expenditures, except for the trustee's fee, which must be requested by the charter school's board of directors or the authorizer if the board of directors is nonoperative.

(h) If a charter school board of directors files for bankruptcy upon the final decision to close the school, the bankruptcy trustee appointed by the bankruptcy court shall have the authority to activate and execute the closure plan in the charter school contract.

Sec. 2. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

Subd. 6a. **Cash flow adjustment.** ~~The board of directors of any charter school serving fewer than 200 students where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment~~ eligible special education charter school under section 124E.21, subdivision 2, may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in a charter school is effective only if the commissioner of education determines there is no added cost attributable to the pupil for the 2016-2017 school year and later.

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

Sec. 4. Laws 2015, First Special Session chapter 3, article 4, section 9, 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~~ 124E.22:

	66,787,000		
\$	<u>63,540,000</u>	.....	2016

\$ ~~73,603,000~~
 70,132,000 2017

The 2016 appropriation includes \$6,032,000 for 2015 and ~~\$60,755,000~~ \$57,508,000 for 2016.

The 2017 appropriation includes ~~\$6,750,000~~ \$6,389,000 for 2016 and ~~\$66,853,000~~ \$63,743,000 for 2017.

ARTICLE 4

SPECIAL EDUCATION

Section 1. Minnesota Statutes 2015 Supplement, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. When a school district makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1, and 2, item A, subitem (1), the student's individualized education program team must seek written and signed documentation by a licensed health provider within the scope of the provider's practice of a medically diagnosed chronic or acute health condition. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 2. Minnesota Statutes 2015 Supplement, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and ~~unreimbursed building lease and debt service~~

~~costs for facilities used primarily for special education, plus (2) the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.~~

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124E.21, subdivision 3, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124E.21, subdivision 1. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d);

(1) an intermediate district or a special education cooperative may recover unreimbursed costs of serving pupils with a disability, including building lease, debt service, and indirect costs necessary for the general operation of the organization, by billing membership fees and nonmember access fees to the resident district;

(2) a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, or a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for

authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability;

(3) the billing under clause (1) or application under clause (2) must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under ~~this paragraph~~ clause (2) must be included in the ~~tuition billings or aid adjustments~~ under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

Sec. 3. Minnesota Statutes 2015 Supplement, section 125A.21, subdivision 3, is amended to read:

Subd. 3. Use of reimbursements. Of the reimbursements received, districts may ~~Of the reimbursements received, districts may~~ School districts must reserve third-party revenue and must spend the reimbursements received only to:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or

(3) reallocate reimbursements for the benefit of students with individualized education programs or individualized family service plans in the district.

Sec. 4. Minnesota Statutes 2015 Supplement, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. Special education aid. (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership

served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

(g) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Sec. 5. Minnesota Statutes 2015 Supplement, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue, excluding local optional revenue, plus local optional aid, and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124E.20, subdivision 1, and transportation revenue according to section 124E.23, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 6. Minnesota Statutes 2015 Supplement, section 127A.47, subdivision 7, is amended to read:

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

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

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

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and

services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

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

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Sec. 7. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	<u>1,170,929,000</u>		
\$	<u>1,183,619,000</u>	.....	2016
	<u>1,229,706,000</u>		
\$	<u>1,247,108,000</u>	.....	2017

The 2016 appropriation includes \$137,932,000 for 2015 and ~~\$1,032,997,000~~ \$1,045,687,000 for 2016.

The 2017 appropriation includes ~~\$145,355,000~~ \$147,202,000 for 2016 and ~~\$1,084,351,000~~ \$1,099,906,000 for 2017.

Sec. 8. **APPROPRIATIONS.**

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

Subd. 2. **Restrictive procedures work group.** To implement the recommendations from the restrictive procedures work group under Minnesota Statutes, section 125A.0942:

\$ 500,000 2017

ARTICLE 5

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$3,400 in fiscal year 2016 and, \$4,430 in fiscal year 2017, and the greater of \$4,430 or 55.33 percent of the initial equalizing factor in fiscal year 2018 and later.

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 99.91 percent of the initial equalizing factor in fiscal year 2018 and later.

(d) For the purposes of this subdivision, the initial equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in all school districts in the state in the year before the year the levy is certified.

Sec. 2. Minnesota Statutes 2014, section 123B.535, is amended to read:

123B.535 NATURAL DISASTER ENHANCED DEBT SERVICE EQUALIZATION.

Subdivision 1. **Definitions; eligibility.** (a) For purposes of this section, the eligible ~~natural disaster~~ enhanced debt service revenue of a district is defined as the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and

interest payments on the obligations of the district eligible under paragraphs (b) and (c) that would otherwise qualify under section 123B.53 ~~under the following conditions:~~

(b) A district that has been negatively affected by a natural disaster qualifies for enhanced debt service equalization under this section if:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused \$500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(c) A district that consolidated on or after July 1, 2016, with an approved consolidation plat and plan under section 123A.48 that included building or remodeling school facilities is eligible for enhanced debt service equalization under this section.

~~(b)~~ (d) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the year prior to the year the levy is certified.

~~(c)~~ (e) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

Subd. 2. **Notification.** A district eligible for ~~natural disaster~~ enhanced debt service equalization revenue under subdivision 1 must notify the commissioner of the amount of its intended ~~natural disaster~~ enhanced debt service revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

Subd. 3. **Natural disaster Enhanced debt service equalization revenue.** The enhanced debt service equalization revenue of a district that qualifies under subdivision 1, paragraph (b) or (c), equals the greater of zero or the eligible debt service revenue, minus the greater of zero or the difference between:

~~(1)~~ (1) the amount raised by a levy of ten percent times the adjusted net tax capacity of the district; and

~~(2)~~ (2) the district's eligible debt service revenue under section 123B.53.

Subd. 4. **Equalized natural disaster enhanced debt service levy.** A district's equalized ~~natural disaster~~ enhanced debt service levy equals the district's ~~natural disaster~~ enhanced debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

Subd. 5. **Natural disaster Enhanced debt service equalization aid.** A district's natural disaster enhanced debt service equalization aid equals the difference between the district's natural disaster enhanced debt service equalization revenue and the district's equalized natural disaster enhanced debt service levy.

Subd. 6. **Natural disaster Enhanced debt service equalization aid payment schedule.** Enhanced debt service equalization aid must be paid according to section 127A.45, subdivision 10.

EFFECTIVE DATE. This section is effective for taxes payable in 2017 and later.

Sec. 3. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 1, is amended to read:

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten

program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 2, is amended to read:

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$	0	.....	2016
	52,088,000		
\$	<u>52,844,000</u>	.....	2017

The 2017 appropriation includes \$0 for 2016 and ~~\$52,088,000~~ \$52,844,000 for 2017.

Sec. 5. **GENERATION CONNECT AID.**

(a) For fiscal year 2017 only, generation connect aid for a school district or charter school equals \$10.88 times the adjusted pupil units for the school year. Aid under this section may be used for any allowable purpose under Minnesota Statutes, section 126C.10, subdivision 14, or Minnesota Statutes, section 124E.20, subdivision 2.

(b) One hundred percent of the aid in this section must be paid in fiscal year 2017.

Sec. 6. **APPROPRIATION.**

Subdivision 1. Department of Education. The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Generation connect aid.** For generation connect aid:

\$	<u>10,104,000</u>	<u>2017</u>
----	-------------------	-------	-------------

This is a onetime appropriation.

Subd. 3. **Regional office of career and technical education.** For a grant to the SW/WC Service Cooperative to establish a regional office of career and technical education:

\$	<u>70,000</u>	<u>2017</u>
----	---------------	-------	-------------

The regional office of career and technical education must:

(1) facilitate the development of highly trained and knowledgeable students who are equipped with technical and workplace skills needed by regional employers, in collaborative participation with three or more school districts;

(2) improve access to career and technical education programs for students who attend sparsely populated rural school districts by developing public/private partnerships with business and industry leaders and by increasing coordination of high school and postsecondary program options; and

(3) increase family and student awareness of the availability and benefit of career and technical education courses and training opportunities.

This is a onetime appropriation.

Subd. 4. **Regional career and technical education advisory committee.** For a grant to the SW/WC Service Cooperative for a regional career and technical education advisory committee:

§ 280,000 2017

Eligible uses of this grant are:

(1) capital start-up costs for such items as determined by the committee including, but not limited to, a mobile welding lab, medical equipment and lab, and industrial kitchen equipment;

(2) informational materials for students, families, and residents of the region that communicate the relationship between career and technical education programs, labor market needs, and well-paying employment;

(3) incentive and training grants to develop career and technical education instructors; and

(4) transportation reimbursement grants to provide equitable opportunities throughout the region for students to participate in career and technical education.

This is a onetime appropriation.

ARTICLE 6

EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.135, subdivision 6, is amended to read:

Subd. 6. **Home visiting levy revenue.** (a) A district that is eligible to levy for early childhood family education under subdivision 3 and that enters into a collaborative agreement to provide education services and social services to families with young children ~~may levy an amount equal to \$1.60~~ is eligible for home visiting revenue.

(b) Total home visiting revenue for a district equals \$3 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy Revenue under this subdivision must not be included as revenue under subdivision 1. The revenue must be used for home visiting programs under section 124D.13, subdivision 4.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2018 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6a. **Home visiting levy.** To obtain home visiting revenue, a district may levy an amount not more than the product of its home visiting revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the home visiting equalizing factor. The home visiting equalizing factor equals \$17,250 for fiscal year 2018 and later.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2018 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6b. **Home visiting aid.** A district's home visiting aid equals its home visiting revenue minus its home visiting levy times the ratio of the actual amount levied to the permitted levy.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2018 and later.

Sec. 4. [124D.173] HELP ME GROW SYSTEM.

Subdivision 1. Purpose. The purpose of this section is to develop and implement a comprehensive, statewide, coordinated system of early identification, referral, and follow-up for children, prenatal through age eight, and their families.

Subd. 2. Establishment and administration. The commissioner of education shall provide funding and shall work collaboratively through interagency agreements with the commissioners of human services and health to implement this section and maintain annual affiliate status with the Help Me Grow National Center.

Subd. 3. Duties. (a) The Help Me Grow system shall coordinate sectors, including child health, early learning and education, and family supports by:

(1) providing child health care provider outreach to support early detection, intervention, and knowledge about local resources;

(2) identifying and providing access to detection tools used to identify young children at risk for developmental and behavioral problems; and

(3) linking children and families to appropriate community-based services.

(b) The Help Me Grow system shall provide community outreach that includes support for, and participation in, the Help Me Grow system, including disseminating information on the system and compiling and maintaining a resource directory that includes, but is not limited to:

(1) primary and specialty medical care providers;

(2) early childhood education and child care programs;

(3) developmental disabilities assessment and intervention programs;

(4) mental health services;

(5) family and social support programs;

(6) child advocacy and legal services;

(7) public health services and resources; and

(8) other appropriate early childhood information.

(c) The Help Me Grow system shall develop a centralized access point for parents and professionals to obtain information, resources, and other support services.

(d) The Help Me Grow system shall collect data to increase understanding of all aspects of the current and ongoing system under this section, including identification of gaps in service, barriers to finding and receiving appropriate service, and lack of resources.

Subd. 4. Review. The Department of Education shall annually review and by February 1 report to the chairs and the ranking minority members of the legislative committees with jurisdiction over early childhood education the following:

(1) outcomes achieved by this system;

- (2) alignment with overall early childhood goals and objectives; and
(3) impacts on young children.

Sec. 5. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 7, is amended to read:

Subd. 7. **Parent-child home program.** For a grant to the parent-child home program:

\$	350,000	.....	2016
\$	350,000 <u>1,350,000</u>	.....	2017

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017. The base for fiscal year 2018 and later is \$1,000,000.

Sec. 6. **APPROPRIATIONS.**

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

Subd. 2. Help Me Grow. For implementation of the Help Me Grow system under Minnesota Statutes, section 124D.173:

\$	<u>1,000,000</u>	<u>2017</u>
----	------------------	-------	-------------

This is a onetime appropriation.

Subd. 3. Minnesota Learning Resource Center. For a grant to A Chance to Grow for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children in prekindergarten programs through grade 3 acquire basic reading and math skills:

\$	<u>300,000</u>	<u>2017</u>
----	----------------	-------	-------------

This is a onetime appropriation.

ARTICLE 7

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. **AFTER-SCHOOL COMMUNITY LEARNING GRANTS.**

Subdivision 1. Grant program established. A competitive grant program is established to support community-based organizations, schools, political subdivisions, or child care centers that service young people in kindergarten through grade 12 after school or during nonschool hours. Grants must be used to offer a broad array of enrichment activities that promote positive youth development, including art, music, community engagement, literacy, technology education, health, agriculture, and recreation programs.

Subd. 2. Application. The commissioner of education shall develop the form and method for applying for the grants. The application must include information on the applicant's outreach to

children and youth that qualify for free or reduced-price lunch and two-year measurable goals and activities linked to research or best practices. The commissioner shall develop criteria for determining the allocation of the grants and appropriate goals for the use of the grants including:

(1) increasing access to protective factors that build young people's capacity to become productive adults, such as connections to a caring adult;

(2) developing children's skills and behaviors necessary to succeed in postsecondary education and career opportunities; and

(3) encouraging attendance and improving performance in school.

Subd. 3. **Grant awards.** To the extent practicable, the selection of applicants shall result in an equitable distribution of grant awards among geographic areas within Minnesota, including rural, suburban, and urban communities. The commissioner shall also give priority to programs that collaborate with and leverage existing community resources that have demonstrated effectiveness.

Sec. 2. **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. **After-school community learning grants.** For after-school community learning grants:

<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2017</u>
-----------	----------------	--------------	-------------

Up to seven percent of the appropriation in each fiscal year may be used for administration, evaluation, and technical assistance, including partnering with the Minnesota Afterschool Network, Ignite Afterschool, and other appropriate entities to ensure implementation of strategies statewide to ensure the provision of high quality, research-driven learning opportunities.

This is a onetime appropriation.

ARTICLE 8

STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 120B.115, is amended to read:

120B.115 REGIONAL CENTERS OF EXCELLENCE.

(a) Regional centers of excellence are established to assist and support school boards, school districts, school sites, and charter schools in implementing research-based interventions and practices to increase the students' achievement within a region. The centers must develop partnerships with local and regional service cooperatives, postsecondary institutions, integrated school districts, the department, children's mental health providers, or other local or regional entities interested in providing a cohesive and consistent regional delivery system that serves all schools equitably. Centers must assist school districts, school sites, and charter schools in developing similar partnerships. Center support may include assisting school districts, school sites, and charter schools with common principles of effective practice, including:

(1) defining measurable education goals under sections 120B.022, subdivisions 1a and 1b, and 120B.11, subdivision 2;

(2) implementing evidence-based practices, including applied and experiential learning, contextualized learning, competency-based curricula and assessments, and other nontraditional learning opportunities, among other practices;

(3) engaging in data-driven decision-making;

(4) providing multilayered levels of support;

(5) supporting culturally responsive teaching and learning aligning the development of academic English proficiency, state and local academic standards, and career and college readiness benchmarks;

(6) engaging parents, families, youth, and local community members in programs and activities at the school district, school site, or charter school that foster collaboration and shared accountability for the achievement of all students; and

(7) translating district forms and other information such as a multilingual glossary of commonly used education terms and phrases.

Centers must work with school site leadership teams to build the expertise and experience to implement programs that close the achievement gap, provide effective and differentiated programs and instruction for different types of English learners, including English learners with limited or interrupted formal schooling and long-term English learners under section 124D.59, subdivisions 2 and 2a, increase students' progress and growth toward career and college readiness, and increase student graduation rates.

(b) The department must assist the regional centers of excellence to meet staff, facilities, and technical needs, provide the centers with programmatic support, and work with the centers to establish a coherent statewide system of regional support, including consulting, training, and technical support, to help school boards, school districts, school sites, and charter schools effectively and efficiently implement the world's best workforce goals under section 120B.11 and other state and federal education initiatives, including secondary and postsecondary career pathways and technical education.

(c) The department must employ a literacy/dyslexia specialist at one regional center to be determined by the commissioner, and a literacy/dyslexia specialist at the department, to provide technical assistance for dyslexia and related disorders and to serve as the primary source of information and support for schools in addressing the needs of students with dyslexia and related disorders. The literacy/dyslexia specialist shall also act to increase professional awareness and instructional competencies. For purposes of this paragraph, a literacy/dyslexia specialist is a dyslexia therapist, licensed psychologist, certified psychometrist, licensed speech-language pathologist, or certified dyslexia training specialist who has a minimum of three years of field experience in screening, identifying, and treating dyslexia and related disorders. A literacy/dyslexia specialist shall be highly trained in dyslexia and related disorders, and in using scientific, evidence-based interventions and treatment, which incorporate multisensory, systematic, sequential teaching strategies in the areas of phonics, phonemic awareness, vocabulary, fluency, and comprehension.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 2. **[122A.34] CERTIFICATE OF ADVANCED PROFESSIONAL STUDY.**

(a) The Board of Teaching shall adopt rules for a process for approving certificates of advanced professional study. A certificate of advanced professional study is a credential available only to a teacher with a full license in at least one discipline that allows for teaching without further waiver or variance when a licensure program in the discipline does not exist in Minnesota, or when a teacher with a full license in the discipline cannot be found. The certificate of advanced professional study must:

- (1) have fewer requirements than the full license in the discipline;
- (2) set the specific qualifications required to attain it; and
- (3) maintain professional standards for teaching in that discipline.

(b) The rules adopted under paragraph (a) must limit certificates of advanced professional study to:

- (1) disciplines in which at least one geographic area of the state has a demonstrated shortage of fully licensed teachers; and
- (2) emerging disciplines where full licenses or licensure programs do not exist in Minnesota.

Sec. 3. Laws 2015, First Special Session chapter 3, article 12, section 4, subdivision 2, is amended to read:

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

	21,246,000		
\$	<u>21,276,000</u>	.....	2016
	21,973,000		
\$	<u>28,584,000</u>	.....	2017

Of these amounts:

(1) ~~\$718,000 each year~~ \$748,000 in fiscal year 2016 and zero in fiscal year 2017 is for the Board of Teaching. Any balance in the first year does not cancel, but is available in the second year;

(2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052;

(5) \$250,000 each year is for the School Finance Division to enhance financial data analysis; and

(6) \$441,000 in fiscal year 2016 and \$720,000 in fiscal year 2017 is for implementing Laws 2014, chapter 272, article 1, Minnesota's Learning for English Academic Proficiency and Success Act, as amended;

(7) \$2,750,000 in fiscal year 2017 only is for implementation of schoolwide Positive Behavioral Interventions and Supports (PBIS) in schools and districts throughout Minnesota to reduce the use of restrictive procedures and increase use of positive practices. This is a onetime appropriation;

(8) \$2,750,000 in fiscal year 2017 only is for Department of Education information technology enhancements and security. This is a onetime appropriation;

(9) \$250,000 in fiscal year 2017 and later is for employing literacy/dyslexia specialists under Minnesota Statutes, section 120B.115, paragraph (c). The commissioner must employ a literacy/dyslexia specialist at the department as soon as practicable, but no later than September 1, 2016. The commissioner must employ the literacy/dyslexia specialist at one or more regional centers no later than January 1, 2017; and

(10) \$200,000 in fiscal year 2017 only is for the Children's Cabinet system redesign report to the legislature. This is a onetime appropriation.

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

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

(d) 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.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is ~~\$21,973,000~~ \$22,371,000. ~~The agency's base budget in fiscal year 2019 is \$21,948,000.~~

Sec. 4. SYSTEM REDESIGN; HOMELESS CHILDREN SUPPORTS.

(a) The Children's Cabinet must create a plan for a cross-agency system that provides support for a family that is homeless, especially with children up to four years of age, to access available services. The Children's Cabinet shall create the plan in consultation with the Department of Education, the Department of Human Services, the Department of Health, the Minnesota Housing Finance Agency, and stakeholders including counties, school districts, and nonprofits. The redesigned system must address issues including:

(1) implementation methodology that addresses differences in service delivery in rural versus urban settings;

(2) a training pipeline to increase qualified staff for service providers, including staff of color;

(3) statewide entry and intake forms to assess and identify the educational and developmental needs of the child;

- (4) a support plan that follows the child even after the child is no longer homeless;
 - (5) a common data system that allows for easier sharing of data and the plan components for each child between local entities;
 - (6) identifying and supporting a community outreach system;
 - (7) personalizing assistance for a child who is homeless and the child's family to help the child and the family navigate systems and resources;
 - (8) transportation options to access services; and
 - (9) methods to ensure that all state-funded programs and services for a child who is homeless are adequately staffed with personnel who are trained on the specifics of the program and receive professional development to handle complex, intergenerational trauma.
- (b) The Children's Cabinet must report findings and recommendations regarding the plan, along with draft legislation, to the chairs and ranking minority members of the legislative committees having jurisdiction over early childhood through grade 12 education, housing, and human services policy by January 23, 2017.

Sec. 5. APPROPRIATIONS; BOARD OF TEACHING.

(a) The sums indicated in this section are appropriated from the general fund to the Board of Teaching for the fiscal years designated:

<u>\$</u>	<u>1,500,000</u>	<u>.....</u>	<u>2017</u>
-----------	------------------	--------------	-------------

Of these amounts:

- (1) \$302,000 in fiscal year 2017 is for implementation of certificates of advanced professional study. The base appropriation in fiscal year 2018 and thereafter is \$50,000 each year;
 - (2) \$150,000 in fiscal year 2017 only is for Excellence in Teaching incentive grants. This is a onetime appropriation and is available until expended; and
 - (3) \$80,000 in fiscal year 2017 and later is for a contract for an electronic statewide school teacher and administrator job board. The job board must allow school districts to post job openings for prekindergarten through grade 12 teaching and administrative positions. Notwithstanding Minnesota Statutes, section 16E.0466, the board is not required to consult with the Office of MN.IT Services nor transfer any of this appropriation to the Office of MN.IT Services.
- (b) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Board of Teaching under the mechanism specified in that agreement.
- (c) The board's base budget for fiscal year 2018 and later is \$1,098,000.

ARTICLE 9

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 4, is amended to read:

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

	2,740,000		
\$	<u>3,051,000</u>	.....	2016
	2,932,000		
\$	<u>3,425,000</u>	.....	2017

The 2016 appropriation includes \$278,000 for 2015 and ~~\$2,462,000~~ \$2,773,000 for 2016.

The 2017 appropriation includes ~~\$273,000~~ \$308,000 for 2016 and ~~\$2,659,000~~ \$3,117,000 for 2017.

Sec. 2. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 5, is amended to read:

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

	292,000		
\$	<u>22,000</u>	.....	2016
	165,000		
\$	<u>0</u>	.....	2017

The 2016 appropriation includes \$22,000 for 2015 and ~~\$270,000~~ \$0 for 2016.

The 2017 appropriation includes ~~\$30,000~~ \$0 for 2016 and ~~\$135,000~~ \$0 for 2017.

Sec. 3. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 6, is amended to read:

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

	16,881,000		
\$	<u>16,759,000</u>	.....	2016
	17,460,000		
\$	<u>17,235,000</u>	.....	2017

The 2016 appropriation includes \$1,575,000 for 2015 and ~~\$15,306,000~~ \$15,184,000 for 2016.

The 2017 appropriation includes ~~\$1,700,000~~ \$1,687,000 for 2016 and ~~\$15,760,000~~ \$15,548,000 for 2017.

Sec. 4. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 7, is amended to read:

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

	17,654,000		
\$	<u>17,673,000</u>	.....	2016
	17,792,000		
\$	<u>18,103,000</u>	.....	2017

The 2016 appropriation includes \$1,816,000 for 2015 and ~~\$15,838,000~~ \$15,857,000 for 2016.

The 2017 appropriation includes ~~\$1,759,000~~ \$1,761,000 for 2016 and ~~\$16,033,000~~ \$16,342,000 for 2017.

Sec. 5. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 9, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	5,420,000		
\$	<u>5,922,000</u>	.....	2016
	4,405,000		
\$	<u>4,262,000</u>	.....	2017

The 2016 appropriation includes \$574,000 for 2015 and ~~\$4,846,000~~ \$5,348,000 for 2016.

The 2017 appropriation includes ~~\$538,000~~ \$517,000 for 2016 and ~~\$3,867,000~~ \$3,745,000 for 2017.

B. EDUCATION EXCELLENCE

Sec. 6. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 4, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	44,552,000		
\$	<u>44,538,000</u>	.....	2016
	45,508,000		
\$	<u>45,855,000</u>	.....	2017

The 2016 appropriation includes \$4,683,000 for 2015 and ~~\$39,869,000~~ \$39,855,000 for 2016.

The 2017 appropriation includes ~~\$4,429,000~~ \$4,428,000 for 2016 and ~~\$41,079,000~~ \$41,427,000 for 2017.

Sec. 7. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 5, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	15,023,000		
\$	<u>14,423,000</u>	.....	2016
	15,825,000		
\$	<u>15,193,000</u>	.....	2017

Sec. 8. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 7, is amended to read:

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

	4,340,000		
\$	<u>3,539,000</u>	.....	2016
	5,090,000		
\$	<u>3,715,000</u>	.....	2017

The 2016 appropriation includes \$204,000 for 2015 and ~~\$4,136,000~~ \$3,335,000 for 2016.

The 2017 appropriation includes ~~\$459,000~~ \$370,000 for 2016 and ~~\$4,631,000~~ \$3,345,000 for 2017.

Sec. 9. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 11, is amended to read:

Subd. 11. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

	7,868,000		
\$	<u>7,740,000</u>	.....	2016
	8,875,000		
\$	<u>8,878,000</u>	.....	2017

The 2016 appropriation includes \$0 for 2015 and ~~\$7,868,000~~ \$7,740,000 for 2016.

The 2017 appropriation includes ~~\$874,000~~ \$860,000 for 2016 and ~~\$8,001,000~~ \$8,018,000 for 2017.

C. SPECIAL PROGRAMS

Sec. 10. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 3, is amended to read:

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	361,000		
\$	<u>416,000</u>	.....	2016
	371,000		
\$	<u>435,000</u>	.....	2017

The 2016 appropriation includes \$35,000 for 2015 and ~~\$326,000~~ \$381,000 for 2016.

The 2017 appropriation includes ~~\$36,000~~ \$42,000 for 2016 and ~~\$335,000~~ \$393,000 for 2017.

Sec. 11. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 5, is amended to read:

Subd. 5. **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:

	1,406,000		
\$	<u>1,307,000</u>	.....	2016
	1,629,000		
\$	<u>1,516,000</u>	.....	2017

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

D. FACILITIES AND TECHNOLOGY

Sec. 12. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 3, is amended to read:

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

\$	20,349,000	.....	2016
	22,171,000		
\$	<u>22,926,000</u>	.....	2017

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and ~~\$20,166,000~~ \$20,921,000 for 2017.

Sec. 13. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 6, is amended to read:

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

	3,520,000		
\$	<u>3,523,000</u>	.....	2016
\$	345,000	.....	2017

The 2016 appropriation includes \$409,000 for 2015 and ~~\$3,111,000~~ \$3,114,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Sec. 14. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 7, is amended to read:

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

	501,000		
\$	<u>588,000</u>	.....	2016
	48,000		
\$	<u>57,000</u>	.....	2017

The 2016 appropriation includes \$66,000 for 2015 and ~~\$435,000~~ \$522,000 for 2016.

The 2017 appropriation includes ~~\$48,000~~ \$57,000 for 2016 and \$0 for 2017.

E. NUTRITION

Sec. 15. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	942,000		
\$	<u>788,000</u>	.....	2016
	942,000		
\$	<u>788,000</u>	.....	2017

F. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 16. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 5, is amended to read:

Subd. 5. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	28,444,000		
\$	<u>27,948,000</u>	.....	2016
	29,939,000		
\$	<u>29,336,000</u>	.....	2017

The 2016 appropriation includes \$2,713,000 for 2015 and ~~\$25,731,000~~ \$25,235,000 for 2016.

The 2017 appropriation includes ~~\$2,858,000~~ \$2,803,000 for 2016 and ~~\$27,081,000~~ \$26,533,000 for 2017.

Sec. 17. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,363,000		
\$	<u>3,477,000</u>	.....	2016

	3,369,000		
\$	<u>3,488,000</u>	.....	2017

The 2016 appropriation includes \$338,000 for 2015 and ~~\$3,025,000~~ \$3,139,000 for 2016.

The 2017 appropriation includes ~~\$336,000~~ \$348,000 for 2016 and ~~\$3,033,000~~ \$3,140,000 for 2017.

Sec. 18. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	788,000		
\$	<u>790,000</u>	.....	2016
	554,000		
\$	<u>553,000</u>	.....	2017

The 2016 appropriation includes \$107,000 for 2015 and ~~\$681,000~~ \$683,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and ~~\$479,000~~ \$478,000 for 2017.

Sec. 19. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	49,118,000		
\$	<u>48,231,000</u>	.....	2016
	50,592,000		
\$	<u>49,683,000</u>	.....	2017

The 2016 appropriation includes \$4,782,000 for 2015 and ~~\$44,336,000~~ \$43,449,000 for 2016.

The 2017 appropriation includes ~~\$4,926,000~~ \$4,827,000 for 2016 and ~~\$45,666,000~~ \$44,856,000 for 2017."

Delete the title and insert:

"A bill for an act relating to education finance; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, charter schools, special education, early childhood education, self-sufficiency, lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2014, sections 13.321, by adding a subdivision; 120B.021, subdivisions 1, 3; 120B.115; 120B.232; 120B.30, subdivision 2, by adding a subdivision; 120B.31, by adding a subdivision; 120B.35; 120B.36, as amended; 122A.61, by adding a subdivision; 122A.63, subdivision 1; 123B.04, subdivision 2, by adding a subdivision; 123B.53, subdivision 5; 123B.535; 124D.091, subdivisions 2, 3; 124D.1158, subdivisions 3, 4; 124D.135, subdivision 6, by adding subdivisions; 124D.59, by adding a subdivision; 124D.68, subdivision 2; 126C.05, subdivision 3; 126C.10,

subdivisions 2d, 24; 127A.45, subdivision 6a; Minnesota Statutes 2015 Supplement, sections 120A.41; 120B.021, subdivision 4; 120B.31, subdivision 4; 120B.36, subdivision 1; 122A.21, subdivision 2; 122A.415, subdivision 4; 122A.61, subdivision 1; 123B.595, subdivision 1; 124D.231, subdivision 2; 124D.59, subdivision 2; 124E.10, by adding a subdivision; 125A.08; 125A.11, subdivision 1; 125A.21, subdivision 3; 125A.76, subdivision 2c; 125A.79, subdivision 1; 126C.05, subdivision 1; 126C.10, subdivision 13a; 127A.47, subdivision 7; Laws 2011, First Special Session chapter 11, article 4, section 8; Laws 2012, chapter 263, sections 1, as amended; 2; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, 4, 5, 6, 7, 9; article 2, section 70, subdivisions 2, 3, 4, 5, 6, 7, 9, 11, 12, 15, 19, 21, 24; article 3, section 15, subdivision 3; article 4, sections 4; 9, subdivision 2; article 5, section 30, subdivisions 2, 3, 5; article 6, section 13, subdivisions 2, 3, 6, 7; article 7, section 7, subdivisions 2, 3, 4; article 9, section 8, subdivisions 5, 6, 7; article 10, section 3, subdivision 2; article 11, section 3, subdivision 2; article 12, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; 125B; 136A."

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

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

S.F. No. 2578: A bill for an act relating to state government; creating and appropriating money for a tax time savings grant program; increasing existing appropriation for the taxpayer assistance grants program; proposing coding for new law in Minnesota Statutes, chapter 270C.

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

Page 1, line 25, after "347" insert ", or referral to a certified financial planner, registered investment adviser, licensed insurance producer or agent, or a registered securities broker-dealer representative for private sector retirement options"

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

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

S.F. No. 2371: A bill for an act relating to metropolitan government; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing the issuance of certain obligations; amending Minnesota Statutes 2014, section 473.39, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Champion introduced—

S.F. No. 3552: A bill for an act relating to state government; appropriating money to enhance accounting and procurement software for targeted group business functions.

Referred to the Committee on Finance.

Senator Champion introduced—

S.F. No. 3553: A bill for an act relating to public safety; requiring installation of wire rope safety barriers along a segment of marked Interstate Highway 94.

Referred to the Committee on Transportation and Public Safety.

Senator Champion introduced—

S.F. No. 3554: A bill for an act relating to public safety; appropriating money to install wire rope safety barriers along a segment of marked Interstate Highway 94.

Referred to the Committee on Finance.

Senator Champion introduced—

S.F. No. 3555: A bill for an act relating to human services; authorizing a program to provide community violence prevention programs for African-American children; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299A.

Referred to the Committee on State and Local Government.

Senators Westrom and Ingebrigtsen introduced—

S.F. No. 3556: A bill for an act relating to commerce; eliminating the fingerprinting requirement for real estate appraisers; amending Minnesota Statutes 2014, section 82B.08, subdivision 2a.

Referred to the Committee on Commerce.

Senator Weber introduced—

S.F. No. 3557: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land.

Referred to the Committee on Environment and Energy.

Senator Torres Ray introduced—

S.F. No. 3558: A bill for an act relating to human services; appropriating money for children's mental health grants.

Referred to the Committee on Finance.

Senator Pederson introduced—

S.F. No. 3559: A bill for an act relating to capital investment; appropriating money for the St. Cloud Armory; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Osmek introduced—

S.F. No. 3560: A bill for an act relating to state government; restricting out-of-state travel by state employees; proposing coding for new law in Minnesota Statutes, chapter 16B.

Referred to the Committee on State and Local Government.

Senators Rosen and Senjem introduced—

S.F. No. 3561: A bill for an act relating to taxation; sales and use; providing an exemption for construction materials and supplies purchased by certain nonprofit economic development corporations; amending Minnesota Statutes 2014, sections 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2.

Referred to the Committee on Taxes.

Senators Rosen, Sparks and Senjem introduced—

S.F. No. 3562: A bill for an act relating to capital investment; appropriating money for street and sewer improvements in the city of Waldorf; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Torres Ray, Pappas, Senjem, Dzedzic and Pederson introduced—

S.F. No. 3563: A bill for an act relating to deposits and investments of public funds; granting certain cities and counties additional investment authority; proposing coding for new law in Minnesota Statutes, chapter 118A.

Referred to the Committee on State and Local Government.

Senator Hoffman introduced—

S.F. No. 3564: A bill for an act relating to health; authorizing certified paraprofessionals to provide home care services; directing the commissioner of human services to seek federal approval for reimbursement of certified paraprofessionals who provide home care services; directing the commissioner of human services to establish procedure codes for reimbursement of certified paraprofessionals; amending Minnesota Statutes 2014, sections 144A.43, subdivision 3, by adding a subdivision; 144A.471, subdivisions 6, 7; 144A.472, subdivision 2; 144A.4792, subdivision 6; 144A.4795, by adding a subdivision.

Referred to the Committee on Health, Human Services and Housing.

MOTIONS AND RESOLUTIONS

Senator Pappas moved that the name of Senator Franzen be added as a co-author to S.F. No. 2862. The motion prevailed.

Senator Hoffman moved that the name of Senator Franzen be added as a co-author to S.F. No. 3017. The motion prevailed.

Senator Dziejcz moved that the name of Senator Carlson be added as a co-author to S.F. No. 3088. The motion prevailed.

Senator Latz moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Carlson be shown as chief author to S.F. No. 3094. The motion prevailed.

Senator Carlson moved that the name of Senator Scalze be added as a co-author to S.F. No. 3094. The motion prevailed.

Senator Pappas moved that the name of Senator Hawj be added as a co-author to S.F. No. 3151. The motion prevailed.

Senator Stumpf moved that the name of Senator Koenen be added as a co-author to S.F. No. 3410. The motion prevailed.

Senator Hawj moved that the name of Senator Carlson be added as a co-author to S.F. No. 3478. The motion prevailed.

Senator Pappas moved that the name of Senator Latz be added as a co-author to S.F. No. 3531. The motion prevailed.

Senator Nelson moved that the name of Senator Bonoff be added as a co-author to S.F. No. 3549. The motion prevailed.

Senator Torres Ray moved that the name of Senator Pappas be added as a co-author to S.F. No. 3551. The motion prevailed.

Senator Ruud moved that S.F. No. 2955 be withdrawn from the Committee on Jobs, Agriculture and Rural Development and re-referred to the Committee on Finance. The motion prevailed.

Senators Clausen and Carlson introduced –

Senate Resolution No. 274: A Senate resolution honoring Apple Valley soccer coach Chuck Scanlon on the occasion of his retirement.

Referred to the Committee on Rules and Administration.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

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

S.F. No. 2558: A bill for an act relating to employment; providing for paid family, pregnancy, bonding, and applicant's serious medical condition benefits; requiring certain unpaid leaves; classifying certain data; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 13.719, by adding a subdivision; 268.19, subdivision 1; 290.01, subdivision 19b; Minnesota Statutes 2015 Supplement, section 177.27, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 268B.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1**FAMILY AND MEDICAL BENEFITS**

Section 1. Minnesota Statutes 2014, section 13.719, is amended by adding a subdivision to read:

Subd. 7. Family and medical insurance data. (a) For the purposes of this subdivision, the terms used have the meanings given them in section 268B.01.

(b) Data on applicants, family members, or employers under chapter 268B are private or nonpublic data, provided that the department may share data collected from applicants with employers or health care providers to the extent necessary to meet the requirements of chapter 268B or other applicable law.

Sec. 2. Minnesota Statutes 2014, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;
- (5) human rights agencies within Minnesota that have enforcement powers;
- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;

(9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(13) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(14) the Department of Health for the purposes of epidemiologic investigations;

(15) the Department of Corrections for the purpose of case planning for preprobation and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

(16) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201; ~~and~~

(17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System; and

(18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 3. **[268B.01] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Account.** "Account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 3. **Applicant.** "Applicant" means an individual applying for benefits under this chapter.

Subd. 4. **Benefit.** "Benefit" means monetary payments under this chapter associated with qualifying bonding, family, or pregnancy events.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 6. **Department.** "Department" means the Department of Employment and Economic Development.

Subd. 7. **Employee.** "Employee" means an individual for whom taxes are paid on wages under this chapter.

Subd. 8. **Employer.** "Employer" means a person or entity that employed 21 or more employees within the state at any one time within the last four completed calendar quarters, other than an employee, required to pay taxes under this chapter.

Subd. 9. **Health care provider.** "Health care provider" means an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's state of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice registered nurse, optometrist, licensed psychologist, licensed independent clinical social worker, dentist, or podiatrist. "Chiropractor" means only a chiropractor who provides manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

Subd. 10. **Pregnancy.** "Pregnancy" means prenatal care or incapacity of a woman due to pregnancy, childbirth, or related health conditions.

Subd. 11. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition.

Subd. 12. **Bonding.** "Bonding" means a biological or adoptive parent in conjunction with the birth or adoption of a child, or a foster parent in conjunction with the placement of a child in foster care.

Subd. 13. **Covered employment.** "Covered employment" has the meaning given in section 268.035, subdivision 12.

Subd. 14. **Noncovered employment.** "Noncovered employment" has the meaning given in section 268.035, subdivision 20.

Subd. 15. **Qualified health care provider.** "Qualified health care provider" means a health care provider who, in the judgment of the commissioner, has the qualifications necessary to diagnose or treat a particular health condition or conditions associated with benefits sought under this chapter.

Subd. 16. **Serious health condition.** "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

(1) inpatient care in a hospital, hospice, or residential medical care facility; or

(2) continuing treatment by a health care provider.

Subd. 17. **Wage credits.** "Wage credits" has the meaning given in section 268.035, subdivision 27.

Subd. 18. **High quarter.** "High quarter" has the meaning given in section 268.035, subdivision 19.

Subd. 19. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 20. **ICD code.** "ICD code" means the code under the International Classification of Diseases, Clinical Modification/Coding System, for the most recent edition commonly used.

Subd. 21. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of taxes and payment of benefits related to pregnancy benefits.

Subd. 22. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of taxes and payment of benefits related to family care and bonding.

Subd. 23. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 24. **Family member.** "Family member" means an employee's child, adult child, spouse, sibling, parent, foster parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent.

Sec. 4. [268B.02] FAMILY AND MEDICAL BENEFIT INSURANCE PROGRAM CREATION.

Subdivision 1. **Creation.** A family and medical benefit insurance program is created to be administered by the commissioner according to the terms of this chapter.

Subd. 2. **Creation of division.** A Family and Medical Benefit Insurance Division is created within the department under the authority of the commissioner. The commissioner shall appoint a director of the division. The division shall administer and operate the benefit program under this chapter.

Subd. 3. **Rulemaking.** The commissioner may adopt rules to implement the provisions of this chapter.

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter.

Sec. 5. **[268B.03] ELIGIBILITY.**

Subdivision 1. **Applicant.** An applicant who is providing family care, is bonding, or is pregnant, who satisfies the conditions of this section is eligible to receive benefits subject to the provisions of this chapter.

Subd. 2. **Wage credits.** An applicant must have sufficient wage credits from an employer as defined in section 268B.01, subdivision 8, to establish a benefit account under section 268.07, subdivision 2. Wage credits from an employer during a period in which the employer has successfully opted out of the benefit program being applied for may not be used for the purposes of this subdivision.

Subd. 3. **Seven-day qualifying event.** The period for which an applicant is seeking benefits must be or have been based on a single period of at least seven days related to pregnancy, family care, or bonding. The days need not be consecutive.

Subd. 4. **Ineligible.** An applicant is not eligible for benefits for any day in which the applicant worked for pay.

Subd. 5. **Certification by health care provider.** Except for bonding benefits, the application for benefits must be certified in writing by a qualified health care professional.

Subd. 6. **Records release.** An individual whose medical records are necessary to determine eligibility for benefits under this chapter must sign and date a legally effective waiver authorizing release to the department of medical and other records to the limited extent necessary to administer this chapter.

Subd. 7. **Self-employed applicant.** (a) To be eligible for benefits, a self-employed individual who has elected coverage under section 268B.11 must fulfill only the requirements, to the extent possible, of subdivisions 3, 4, 5, and 6 in addition to the requirements under paragraph (b).

(b) A self-employed individual must provide documents sufficient to prove the existence of the individual's business as well as how long that business has been in operation. The commissioner must determine that the business was not created for the purpose of obtaining benefits under this chapter.

Sec. 6. **[268B.04] APPLICATIONS.**

Subdivision 1. **Application forms.** The commissioner must create application forms, to be available both online and on paper, for each of the following:

- (1) an application for family care benefits;
- (2) an application for bonding benefits; and
- (3) an application for pregnancy benefits.

Subd. 2. **Content of applications.** (a) All three application forms under subdivision 1 must require, at a minimum, the following:

- (1) the name, birth date, home address, and mailing address of the applicant;
- (2) the Social Security number, or other unique identification number, of the applicant;
- (3) a description of the qualifying event underlying the requested benefit;

- (4) the date for which benefits are sought began or will begin, if known;
 - (5) the date for which benefits are sought ended or will end, if known;
 - (6) whether the benefits are sought on an intermittent basis;
 - (7) whether the applicant has applied for or received any other paid benefits, whether public or private, based on the same event underlying the benefits sought or during the same time period for which the applicant is seeking benefits;
 - (8) a description of any benefits listed under clause (7);
 - (9) a signed and dated certification that all the information contained in the application is true and correct, to the best of the applicant's knowledge; and
 - (10) a list of all the applicant's employers for the past 79 weeks.
- (b) In addition to the requirements of paragraph (a), an application for family care benefits must contain, at a minimum, the following:
- (1) the name, birth date, home address, and mailing address of the family member for whom the applicant has provided or will be providing care;
 - (2) the family member's relationship to the applicant;
 - (3) the Social Security number, or other unique identification number, of the family member for whom the applicant has provided or will be providing care;
 - (4) a certification from the care recipient, or the care recipient's authorized representative, that all the information contained in the application is true and correct, to the best of that individual's knowledge;
 - (5) a legally effective authorization, signed and dated by the care recipient or the care recipient's authorized representative, for disclosure of medical information needed by the department to fulfill its duties under this chapter; and
 - (6) a signed and dated certification by a qualified health care provider treating the care recipient:
 - (i) describing the nature of the serious medical condition or conditions of the care recipient;
 - (ii) stating whether care by another individual is necessary in the treatment, or will aid in the recovery, of the care recipient;
 - (iii) describing the nature of the care under item (ii);
 - (iv) stating or estimating the dates benefits are needed; and
 - (v) listing the ICD code or codes, if any, of the serious medical condition or conditions underlying the application for benefits.
- (c) In addition to the requirements of paragraph (a), an application for benefits for bonding must contain, at a minimum, the following:
- (1) proof of the birth, adoption, or placement in foster care, as appropriate, of the child for whom bonding benefits are sought; and

(2) a legally effective authorization, signed and dated by the applicant or other authorized representative of the child for whom bonding benefits are sought, for disclosure of medical information needed by the department to fulfill its duties under this chapter.

(d) In addition to the requirements of paragraph (a), an application for pregnancy benefits must contain, at a minimum, the following:

(1) a legally effective authorization, signed and dated by the applicant or the applicant's authorized representative, for disclosure of medical information needed by the department to fulfill its duties under this chapter; and

(2) a signed and dated certification by a qualified health care provider treating the applicant:

(i) describing the reason or reasons that pregnancy care is needed;

(ii) stating or estimating the dates care is needed; and

(iii) listing the ICD code or codes, if any, of the condition or conditions underlying the application for benefits.

Subd. 3. **Online access.** The commissioner must, to the extent possible, create a system allowing for all aspects of the applications under this section to be completed online. This includes the use of electronic signatures.

Subd. 4. **Administrative efficiencies.** To the maximum extent feasible, the commissioner must use the same or similar procedures for applications under this section as for applications for benefits under chapter 268.

Sec. 7. **[268B.05] DETERMINATION OF APPLICATION.**

Upon the filing of a complete application for benefits, the commissioner shall examine the application and on the basis of facts found by the commissioner and records maintained by the department, the application shall be determined to be valid or invalid within two weeks. If the application is determined to be valid, the commissioner shall promptly notify the applicant and any other interested party as to the week when benefits commence, the weekly benefit amount payable, and the maximum duration of those benefits. If the application is determined to be invalid, the commissioner shall notify the applicant and any other interested party of that determination and the reasons for it. If the processing of the application is delayed for any reason, the commissioner shall notify the applicant, in writing, within two weeks of the date the application for benefits is filed of the reason for the delay. Unless the applicant or any other interested party, within 30 days, requests a hearing before a benefit judge, the determination is final. For good cause shown, the 30-day period may be extended. At any time within one year from the date of a monetary determination, the commissioner, upon request of the applicant or on the commissioner's own initiative, may reconsider the determination if it is found that an error in computation or identity has occurred in connection with the determination or that additional wages pertinent to the applicant's status have become available, or if that determination has been made as a result of a nondisclosure or misrepresentation of a material fact.

Sec. 8. **[268B.06] EMPLOYER NOTIFICATION.**

(a) Upon a determination under section 268B.05 that an applicant is entitled to benefits, the commissioner must promptly send a notification to each current employer of the applicant, if any, in accordance with paragraph (b).

(b) The notification under paragraph (a) must include, at a minimum:

(1) the name of the applicant;

(2) that the applicant has applied for and received benefits;

(3) that the applicant has been identified as an employee of the employer;

(4) the week the benefits commence;

(5) the weekly benefit amount payable;

(6) the maximum duration of benefits;

(7) an explanation of why the notification has been sent; and

(8) descriptions of the employer's right to participate in a hearing under section 268B.05, and appeal process under section 268B.07.

Sec. 9. **[268B.07] APPEAL PROCESS.**

Subdivision 1. **Hearing.** (a) The commissioner shall designate a chief benefit judge.

(b) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the chief benefit judge must set a time and date for a de novo due process hearing and send notice to an applicant and an employer, by mail or electronic transmission, not less than ten calendar days before the date of the hearing.

(c) The commissioner may adopt rules on procedures for hearings. The rules need not conform to common law or statutory rules of evidence and other technical rules of procedure.

(d) The chief benefit judge has discretion regarding the method by which the hearing is conducted.

Subd. 2. **Decision.** (a) After the conclusion of the hearing, upon the evidence obtained, the benefit judge must send by mail or electronic transmission to all parties, the decision, reasons for the decision, and written findings of fact.

(b) Decisions of a benefit judge are not precedential.

Subd. 3. **Request for reconsideration.** Any party, or the commissioner, may, within 30 calendar days of the receipt of the benefit judge's decision, file a request for reconsideration asking the judge to reconsider that decision.

Subd. 4. **Appeal to Court of Appeals.** Any final determination on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

Subd. 5. **Benefit judges.** (a) Only employees of the department who are attorneys licensed to practice law in Minnesota may serve as a chief benefit judge, senior benefit judges who are supervisors, or benefit judges.

(b) The chief benefit judge must assign a benefit judge to conduct a hearing and may transfer to another benefit judge any proceedings pending before another benefit judge.

Sec. 10. [268B.08] BENEFITS.

Subdivision 1. **Weekly benefit amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average weekly wage earned with an employer as defined in section 268B.01, subdivision 8:

- (1) 80 percent of wages that do not exceed 50 percent of the state's average weekly wage; plus
- (2) 66 percent of wages that exceed 50 percent of the state's average weekly wage but not 100 percent; plus
- (3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

(b) The average weekly wage of the applicant under paragraph (a) must be calculated by dividing the high quarter wage credits of the applicant by 13.

(c) The state's average weekly wage is the average wage as calculated under section 268.035, subdivision 23, at the time a benefit amount is first determined.

(d) Notwithstanding any other provision in this section, weekly benefits must not exceed the maximum weekly benefit amount applicable at the time benefit payments commence.

Subd. 2. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 3. **Method of payment.** The commissioner may pay benefits using any method or methods authorized for the payment of unemployment insurance benefits under chapter 268.

Subd. 4. **Maximum length of benefits.** In a 52-week period, an applicant may receive a total of 12 weeks of benefits under this chapter.

Subd. 5. **Minimum period for which benefits payable.** Any claim for benefits must be based on a single-qualifying benefit period of at least seven days. Thereafter, benefits may be paid for a minimum increment of one day.

Subd. 6. **Total paid benefits not to exceed average weekly wage.** An applicant's combined weekly employer paid wage replacement benefits and benefits under this chapter must not exceed an applicant's average weekly wage. Benefits under this chapter must be reduced so those combined benefits do not exceed that amount.

Subd. 7. **Withholding of federal tax.** If the Internal Revenue Service determines that benefits are subject to federal income tax, and an applicant elects to have federal income tax deducted and withheld from the applicant's benefits, the commissioner must deduct and withhold the amount specified in the Internal Revenue Code in a manner consistent with state law.

EFFECTIVE DATE. This section is effective January 1, 2020.

Sec. 11. [268B.09] EMPLOYMENT PROTECTIONS.

Subdivision 1. **Retaliation prohibited.** An employer must not retaliate against an employee for requesting or obtaining benefits, or for exercising any other right under this chapter.

Subd. 2. **Waiver of rights void.** An agreement by an individual to waive, release, or commute rights to benefits under this chapter is void. An employer may not obstruct or impede an application for benefits.

Subd. 3. **No assignment of benefits.** Any assignment, pledge, or encumbrance of benefits is void. Benefits are exempt from levy, execution, attachment, or any other remedy provided for the collection of debt. Any waiver of this subdivision is void.

Subd. 4. **Remedies.** In addition to any other remedies available by law, an individual injured by a violation of this section may bring a civil action seeking any damages recoverable by law, together with costs and disbursements, including reasonable attorney fees, and may receive injunctive and other equitable relief as determined by a court.

Subd. 5. **Leave and employment rights not created.** This chapter does not create a right to employment leave to an individual receiving benefits under this chapter. This chapter does not create a right to return to an employment position before, during, or after the receipt of benefits under this chapter.

Sec. 12. [268B.10] SUBSTITUTION OF OTHER PLAN; EMPLOYER EXCLUSION.

Subdivision 1. **Application for exclusion.** An employer may apply to the commissioner to be excluded from either or both the family or medical benefit programs under this chapter.

Subd. 2. **Requirements for approving exclusion.** The commissioner must approve an application for exclusion from a program under this chapter if the commissioner finds that the employer provides a benefit plan that:

- (1) covers all of the employees that would be covered by a program under this chapter;
- (2) provides an amount of employer provided wage benefits that when combined with other employer paid and employee paid wage benefits is approximately equal to or greater than that provided under the program; and
- (3) does not require employee payments that exceed employee payments required under this chapter.

Subd. 3. **Audit and investigation.** The commissioner may investigate and audit plans for which an exclusion was approved under this section both before and after an exclusion is approved.

EFFECTIVE DATE. This section is effective July 1, 2019, for exclusions commencing January 1, 2020, and thereafter.

Sec. 13. [268B.11] SELF-EMPLOYED ELECTION OF COVERAGE.

(a) A self-employed individual may file with the commissioner, by electronic transmission in a format prescribed by the commissioner, an election that the individual is covered as an employee for not less than two calendar years. Upon the approval of the commissioner, sent by United States mail or electronic transmission, the individual is covered as an employee under this chapter beginning the calendar quarter after the date of approval or beginning in a later calendar quarter if requested by the employer. The individual ceases to be covered as of the first day of January of any calendar year only if, at least 30 calendar days before the first day of January, the individual has filed with the commissioner, by electronic transmission in a format prescribed by the commissioner, a notice to that effect.

(b) The commissioner must terminate any election agreement under this section upon 30 calendar days' notice sent by mail or electronic transmission if the individual is delinquent on any taxes due under this chapter.

(c) The individual electing under this section must pay both the employer and employee taxes under section 268B.12.

(d) The individual must comply with the requirements imposed on employers and employees under this chapter except to the extent the commissioner determines requiring compliance is unreasonable.

Sec. 14. **[268B.111] SMALL EMPLOYER ELECTION OF COVERAGE.**

An employer of less than 21 employees may elect to be an employer subject to chapter 268B. An election must be filed with the commissioner by electronic transmission in a format prescribed by the commissioner. An election must be for not less than two calendar years following the year of election. The commissioner shall notify an employer of the effective date of an election which must be the beginning of the first quarter the commissioner determines is administratively practical.

Sec. 15. **[268B.12] TAXATION.**

Subdivision 1. **Employer.** (a) Each taxpaying employer under the state's unemployment insurance program must pay a tax on the wages paid to employees in covered employment for each calendar year. The tax must be paid on all wages up to the maximum specified by this section.

(b) Each reimbursing employer under the state's unemployment insurance law must pay a tax on the wages paid to employees in covered employment in the same amount and manner as provided by paragraph (a).

Subd. 2. **Employee.** Each employee on whose wages a tax is paid under this section must pay a tax equal to that of the employer under this section. The employer shall withhold employee taxes from the wages of an employee and make payment to the commissioner on behalf of an employee.

Subd. 3. **Wages subject to tax.** The maximum wages subject to tax in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 4. **Annual tax rates.** The employer tax rates for the calendar year beginning January 1, 2020, shall be as follows:

- (1) for employers participating in both family and medical benefit programs, percent;
- (2) for an employer participating in only the medical benefit program and opting out of the family benefit program, percent; and
- (3) for an employer participating in only the family benefit program and opting out of the medical benefit program, percent.

Subd. 5. **Tax rate adjustments.** (a) Each calendar year following the calendar year beginning January 1, 2020, except calendar year 2021, the commissioner must adjust the annual tax rates using the formula in paragraph (b).

(b) To calculate the employer tax rates for a calendar year, the commissioner must:

(1) multiply 1.45 times the amount disbursed from the account for the 52-week period ending September 30 of the prior year;

(2) subtract the amount in the account on that September 30 from the resulting figure;

(3) divide the resulting figure by twice the total wages in covered employment of employees of employers that have not opted out of both the family and medical benefit programs. For employees of employers that have opted out of one of the two programs, count only the proportion of wages in covered employment associated with the program of which the employer did not opt out; and

(4) round the resulting figure down to the nearest one-tenth of one percent.

(c) For calendar year 2021, the calculation shall be as provided in paragraph (b), except that the disbursements in clause (1) shall be those for the 39 weeks ending September 30, and projected disbursements for the next 13 weeks.

(d) The commissioner must not increase or decrease the employer tax rate by more than 0.1 percent each year.

(e) The commissioner must apportion the tax rate between the family and medical benefit programs based on the relative proportion of expenditures for each program during the preceding year.

Subd. 6. **Tax rate limits.** The aggregate tax rate of employers and employees under this chapter must not be less than percent or more than percent annually.

Subd. 7. **Collection of taxes; efficiencies.** For collection of taxes under this section, the commissioner must, to the maximum extent possible, use the same collection process as that used for collection of unemployment insurance taxes.

Subd. 8. **Deposit of taxes.** All taxes collected under this section must be deposited into the account.

Sec. 16. [268B.13] COLLECTION OF TAXES.

Subdivision 1. **Amount computed presumed correct.** Any amount due from an employer, as computed by the commissioner, is presumed to be correctly determined and assessed, and the burden is upon the employer to show its incorrectness. A statement by the commissioner of the amount due is admissible in evidence in any court or administrative proceeding and is prima facie evidence of the facts in the statement.

Subd. 2. **Priority of payments.** (a) Any payment received from an employer must be applied in the following order:

(1) taxes due under this chapter; then

(2) interest on past due taxes; then

(3) penalties, late fees, administrative service fees, and costs.

(b) Paragraph (a) is the priority used for all payments received from an employer, regardless of how the employer may designate the payment to be applied, except when:

(1) there is an outstanding lien and the employer designates that the payment made should be applied to satisfy the lien;

(2) a court or administrative order directs that the payment be applied to a specific obligation;

(3) a preexisting payment plan provides for the application of payment; or

(4) the commissioner agrees to apply the payment to a different priority.

Subd. 3. **Costs.** (a) Any employer that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

(b) If any tendered payment of any amount due is not honored when presented to a financial institution for payment, any costs assessed to the department by the financial institution and a fee of \$25 must be assessed to the person.

(c) Costs and fees collected under this subdivision are credited to the account.

Subd. 4. **Interest on amounts past due.** If any amounts due from an employer under this chapter, except late fees, are not received on the date due, the unpaid balance bears interest at the rate of one percent per month or any part of a month. Interest collected under this subdivision is payable to the account.

Subd. 5. **Interest on judgments.** Regardless of section 549.09, if judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 4 until the date of payment.

Subd. 6. **Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that the payment or any portion thereof was erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

(b) Any refund returned to the commissioner is considered unclaimed property under chapter 345.

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by United States mail or electronic transmission. The determination of denial is final unless an employer files an appeal within 20 calendar days after receipt of the determination.

Subd. 7. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, taxes then or thereafter due must be paid in full before all other claims except claims for wages of not more than \$1,000 per former employee that are earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, taxes then or thereafter due are entitled to the priority provided in that law for taxes due.

Sec. 17. **[268B.14] ADMINISTRATIVE COSTS.**

For the calendar year beginning January 1, 2020, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter.

Sec. 18. **[268B.15] PUBLIC OUTREACH.**

The commissioner may use administrative funds for the purpose of outreach and education for employees regarding this chapter. This may include providing grants to public and private persons and entities.

Sec. 19. **[268B.16] APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF FACTS; PENALTY.**

(a) Any applicant who knowingly makes a false statement or representation, knowingly fails to disclose a material fact, or makes a false statement or representation without a good-faith belief as to the correctness of the statement or representation in order to obtain or in an attempt to obtain benefits may be assessed, in addition to any other penalties, an administrative penalty of ineligibility of benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by United States mail or electronic transmission. The determination is final unless an appeal is filed within 30 calendar days after receipt of the determination.

Sec. 20. **[268B.17] EMPLOYER MISCONDUCT; PENALTY.**

(a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer is in collusion with any applicant for the purpose of assisting the applicant in receiving benefits fraudulently. The penalty is \$500 or the amount of benefits determined to be overpaid, whichever is greater.

(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer:

- (1) made a false statement or representation knowing it to be false;
- (2) made a false statement or representation without a good-faith belief as to the correctness of the statement or representation; or
- (3) knowingly failed to disclose a material fact.

(c) The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's action:

- (1) the amount of any overpaid benefits to an applicant;
- (2) the amount of benefits not paid to an applicant that would otherwise have been paid; or
- (3) the amount of any payment required from the employer under this chapter that was not paid.

(d) Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the account.

(e) The determination of penalty is final unless the employer files an appeal within 30 calendar days after the sending of the determination of penalty to the employer by United States mail or electronic transmission.

Sec. 21. **[268B.18] RECORDS; AUDITS.**

(a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the commissioner may require under this chapter. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to investigate, audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary.

(c) An employer or other person that refuses to allow an audit of its records by the department or that fails to make all necessary records available for audit in the state upon request of the commissioner may be assessed an administrative penalty of \$500. The penalty collected is credited to the account.

Sec. 22. **[268B.19] SUBPOENAS; OATHS.**

(a) The commissioner or benefit judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of this chapter.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, must be paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

Sec. 23. **[268B.20] MEDIATION AND CONCILIATION.**

The department must offer mediation and conciliation services to employers and applicants to resolve disputes concerning benefits under this chapter. The commissioner shall notify parties of the availability of those services and may by rule extend appeal deadlines to accommodate conciliation and mediation.

Sec. 24. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, and "active service" includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (13);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code;

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; ~~and~~

(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code; and

(22) the amount received in benefits under chapter 268B.

Sec. 25. **EFFECTIVE DATE INTENTION.**

The intention of the legislature is that benefits under Minnesota Statutes, chapter 268B, shall not be applied for nor paid until January 1, 2020, and thereafter. The sections of this article are effective August 1, 2016, unless specifically provided otherwise in this article.

ARTICLE 2

EMPLOYMENT LEAVE

Section 1. Minnesota Statutes 2014, section 181.940, subdivision 2, is amended to read:

Subd. 2. **Employee.** "Employee" means a person who performs services for hire for an employer from whom a leave is requested under sections 181.940 to 181.944 for:

(1) at least ~~12~~ six months preceding the request; and

(2) for an average number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during the ~~12-month~~ six-month period immediately preceding the leave.

For leaves under sections 181.9412 and 181.9413, the periods of time required by clauses (1) and (2) are 12 months rather than six months.

Employee includes all individuals employed at any site owned or operated by the employer but does not include an independent contractor.

Sec. 2. Minnesota Statutes 2014, section 181.940, subdivision 4, is amended to read:

Subd. 4. **Child.** "Child" means, except for the purposes of section 181.9411, an individual under 18 years of age or an individual under age 20 who is still attending secondary school.

Sec. 3. Minnesota Statutes 2014, section 181.941, subdivision 4, is amended to read:

Subd. 4. **Continued insurance.** The employer must continue to make coverage available to the employee while on leave of absence under any group insurance policy, group subscriber contract, or health care plan for the employee and any dependents. Nothing in this section requires the employer to pay the costs of the insurance or health care while the employee is on leave of absence. During any period that an employee takes leave under this section, the employer shall maintain coverage under any group health plan for the duration of such leave at the level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of leave.

Sec. 4. **[181.9411] FAMILY CARE LEAVE.**

Subdivision 1. **Definition; family member.** For the purpose of this section, "family member" means an employee's child, adult child, spouse, sibling, parent, foster parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent. "Child" means a child under the age of 18 and includes a biological child, adopted child, or foster child.

Subd. 2. **Definition; health care provider.** For the purpose of this section, "health care provider" means an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's state of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice registered nurse, optometrist, licensed psychologist, licensed independent clinical social worker, dentist, or podiatrist. "Chiropractor" means only a chiropractor who provides manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

Subd. 3. **Definition; serious health condition.** For the purpose of this section, "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

- (1) inpatient care in a hospital, hospice, or residential medical care facility; or
- (2) continuing treatment by a health care provider.

Subd. 4. **Twelve-week leave.** An employer must grant an unpaid leave of absence to an employee in order to care for a family member with a serious health condition. The length of the leave shall be determined by the employee, but must not exceed 12 weeks during any 12-month period, unless agreed to by the employer. The leave provided under this section may be reduced by any period of leave taken under section 181.941 for the same period. Leave under this section may be taken intermittently when medically necessary.

Subd. 5. **Terms of leave.** The leave shall begin at a time requested by the employee. The employer may adopt reasonable policies governing the timing of requests for unpaid leave and may require an employee to provide notice of the need for leave as soon as practicable. An employer may require that a request for leave be supported by a certification issued by the health care provider of the family member.

Subd. 6. **No employer retribution.** An employer shall not retaliate against an employee for requesting or obtaining a leave of absence under this section.

Subd. 7. **Continued insurance.** During any period that an employee takes leave under this section, the employer shall maintain coverage under any group health plan for the duration of such leave at the level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of leave.

Sec. 5. Minnesota Statutes 2014, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 or 181.9411 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or 181.9413 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 6. Minnesota Statutes 2014, section 181.943, is amended to read:

181.943 RELATIONSHIP TO OTHER LEAVE.

(a) The length of leave provided under section 181.941 or 181.9411 may be reduced by any period of:

(1) paid parental, disability, personal, medical, or sick leave, or accrued vacation provided by the employer so that the total leave does not exceed 12 weeks, unless agreed to by the employer; or

(2) leave taken for the same purpose by the employee under United States Code, title 29, chapter 28.

(b) Nothing in sections 181.940 to 181.943 prevents any employer from providing leave benefits in addition to those provided in sections 181.940 to 181.944 or otherwise affects an employee's rights with respect to any other employment benefit.

(c) For the purpose of this section, benefits paid under chapter 268B are not provided by an employer.

(d) An employer may not require an employee to take more than two weeks of paid parental, disability, personal, medical, or sick leave, or accrued vacation provided by an employer for the purpose of a leave under section 181.941 or 181.9411, unless agreed to by an employee. This paragraph applies only to an employee who is eligible for benefits under chapter 268B based on the same event for which leave is provided under section 181.941 or 181.9411.

ARTICLE 3

TEMPORARY PROVISIONS AND APPROPRIATIONS

Section 1. **INITIAL TAX RATES FOR FAMILY AND MEDICAL BENEFIT PROGRAM.**

Notwithstanding any other law to the contrary, the tax rate for employers subject to tax under Minnesota Statutes, section 268B.12, and employees in an equal amount, is:

(1) percent in calendar year 2017;

(2) percent in calendar year 2018; and

(3) percent in calendar year 2019.

EFFECTIVE DATE. This section is effective August 1, 2016.

Sec. 2. FAMILY AND MEDICAL LEAVE BENEFIT PROGRAM; APPROPRIATION.

\$6,983,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of employment and economic development for the purposes of Minnesota Statutes, chapter 268B. The base for fiscal year 2018 is \$9,201,000, the base for fiscal year 2019 is \$9,667,000, and the base for fiscal years 2020 and later is zero.

EFFECTIVE DATE. This section is effective July 1, 2016.

ARTICLE 4

FAMILY AND MEDICAL LEAVE BENEFIT AS EARNINGS

Section 1. Minnesota Statutes 2014, section 256J.561, is amended by adding a subdivision to read:

Subd. 4. Parents receiving family and medical leave benefits. A parent who meets the criteria under subdivision 2 and who receives family and medical leave benefits under chapter 268B is not required to participate in employment services.

Sec. 2. Minnesota Statutes 2014, section 256J.95, subdivision 3, is amended to read:

Subd. 3. Eligibility for diversionary work program. (a) Except for the categories of family units listed in clauses (1) to (8), all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units or individuals that are not eligible for the diversionary work program include:

- (1) child only cases;
- (2) single-parent family units that include a child under 12 months of age. A parent is eligible for this exception once in a parent's lifetime;
- (3) family units with a minor parent without a high school diploma or its equivalent;
- (4) family units with an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;
- (5) family units with a caregiver who received DWP benefits within the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);
- (6) family units with a caregiver who received MFIP within the 12 months prior to the month the family applied for DWP;
- (7) family units with a caregiver who received 60 or more months of TANF assistance; and
- (8) family units with a caregiver who is disqualified from the work participation cash benefit program, DWP, or MFIP due to fraud; and

(9) single-parent family units where a parent is receiving family and medical leave benefits under chapter 268B.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

Sec. 3. Minnesota Statutes 2014, section 256J.95, subdivision 11, is amended to read:

Subd. 11. **Universal participation required.** (a) All DWP caregivers, except caregivers who meet the criteria in paragraph (d), are required to participate in DWP employment services. Except as specified in paragraphs (b) and (c), employment plans under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

(b) A caregiver who is a member of a two-parent family that is required to participate in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed to develop an employment plan under section 256J.521, subdivision 2, that may contain alternate activities and reduced hours.

(c) A participant who is a victim of family violence shall be allowed to develop an employment plan under section 256J.521, subdivision 3. A claim of family violence must be documented by the applicant or participant by providing a sworn statement which is supported by collateral documentation in section 256J.545, paragraph (b).

(d) One parent in a two-parent family unit ~~that has a natural born child under 12 months of age is not required to have an employment plan until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5) if that parent:~~

(1) receives family and medical leave benefits under chapter 268B; or

(2) has a natural born child under 12 months of age until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).

(e) The provision in paragraph (d) ends the first full month after the child reaches 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a two-parent household, only one parent shall be allowed to use this category.

(f) The participant and job counselor must meet in the month after the month the child reaches 12 months of age to revise the participant's employment plan. The employment plan for a family unit that has a child under 12 months of age that has already used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs of the parent.

Sec. 4. Minnesota Statutes 2015 Supplement, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued

vacation or sick leave, severance pay based on accrued leave time, family and medical leave benefits under chapter 268B, payments from training programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or other profit from activity that results from the client's work, service, effort, or labor. The income must be in return for, or as a result of, legal activity."

Amend the title as follows:

Page 1, line 3, after the first semicolon, insert "regulating and"

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.

MEMBERS EXCUSED

Senators Chamberlain, Champion, Goodwin, Hoffman, Limmer, Ortman, Pappas and Sheran were excused from the Session of today.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Thursday, April 21, 2016. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate