

<u>Subd. 3. Commissioner of natural resources</u>	
<u>(a) For administration of sections 2 through 20, development of groundwater data systems, groundwater data acquisition, groundwater management, groundwater investigations, and groundwater reports and publications</u>	<u>\$400,000</u>
<u>(b) For implementation of the training program authorized in section 3.</u>	<u>\$100,000</u>

The commissioner of natural resources may increase the authorized personnel complement of the department of natural resources by not more than nine positions to accomplish the purposes of sections 2 to 20.

<u>Subd. 4. Minnesota geological survey</u>	<u>\$270,000</u>
<u>For the purpose of completing a statewide data bank of waterwell logs and compilation of data obtained from current drilling activities.</u>	

<u>Subd. 5. State soil and water conservation board</u>	<u>\$184,000</u>
<u>For the purpose of groundwater data collection and management as authorized in sections 3 and 6 through 12.</u>	

The state soil and water conservation board shall allocate the money appropriated in this subdivision among soil and water conservation districts which have participated in the training specified in section 3.

<u>Subd. 6. Department of health</u>	<u>\$155,000</u>
<u>For the purpose of administration of chapter 156A.</u>	

Sec. 22. This act is effective the day following final enactment.

Approved June 2, 1977.

CHAPTER 447—H.F.No.550

[Coded in Part]

An act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, educational cooperative service units, the commissioner of education, the state board of education and the state board for vocational education; changing the method of distributing the agricultural tax credit; providing for tuition and tuition subsidies for certain post-secondary vocational-technical school students; establishing formulas for current funding of adult and secondary vocational education, capital expenditure equalization aid and school lunch aid;

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providing a June 1 date for the discharge or termination of certain teachers; increasing the number of early childhood and family education pilot programs; establishing certain incentives for teacher mobility; allowing the experimental pairing of certain districts; requiring review and comment by the commissioner of education on certain construction projects; appropriating money; amending Minnesota Statutes 1976, Sections 3.9271; 3.9272; 3.9275; 120.10, Subdivisions 1 and 2; 120.17, Subdivision 1, 1a, 5a and 7a; 121.11, Subdivision 5; 121.88; 121.902; 121.908, by adding a subdivision; 121.914, Subdivisions 1, 2, 3 and 4; 121.917, Subdivisions 1 and 2; 122.21, Subdivision 6; 123.335, Subdivision 2; 123.351, Subdivisions 4 and 5; 123.39, Subdivision 5; 123.581, Subdivisions 1, 2, 3 and 6; 123.71, Subdivisions 1 and 2 and by adding a subdivision; 123.742, Subdivision 1; 124.11; 124.14, Subdivisions 1 and 2; 124.17, Subdivisions 1 and 2 and by adding a subdivision; 124.19, Subdivision 1; 124.212, Subdivisions 1, 3a, 4, 6b, 7b, 8a, and by adding subdivisions; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 3 and 6; 124.223; 124.24; 124.26, Subdivisions 1 and 4; 124.271, Subdivision 2; 124.32; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.563, Subdivisions 1 and 3; 124.565, Subdivisions 1 and 3; 124.57; 124.572; 124.573; 125.08; 125.12, Subdivisions 3, 4 and 10; 125.17, Subdivision 3; 128A.02, Subdivisions 2 and 3; 128A.06; 273.132; 273.138, Subdivision 3; 275.124; 275.125, Subdivisions 2a, 4, 8, 9, 9a, 12, 13 and by adding subdivisions; 466.06; 475.61, Subdivision 4; and Chapters 6, by adding a section; 121, by adding a section; 124, by adding sections; 136A, by adding a section; 354, by adding sections; and 354A, by adding sections; Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended; Laws 1976, Chapter 20, Sections 3 and 7; Laws 1976, Chapter 271, Section 8, Subdivision 1, and Section 94; repealing Minnesota Statutes 1976, Sections 123.40, Subdivision 7; 124.04; 124.19, Subdivision 2; 124.212, Subdivisions 3a and 19; 124.215, Subdivisions 2a, 3, 4, 5, 7 and 8; 124.221; 124.222, Subdivisions 4 and 5; 124.23; 124.25; 124.271, Subdivision 1; 124.30; 124.562, Subdivisions 5 and 6; 124.563, Subdivision 4; 124.565, Subdivisions 2 and 5; 124.57, Subdivisions 1 and 3 as added; 124.271, Subdivision 1; 126.021; 126.022; 126.024; 273.138, Subdivision 7; 473.633; and 473.635.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

FOUNDATION AID PROGRAM

Section 1. Minnesota Statutes 1976, Section 123.39, Subdivision 5, is amended to read:

Subd. 5. **EDUCATION; AIDS.** The board may provide for the admission to the schools of the district, of non-resident pupils, and those above school age, and fix the rates of tuition for such pupils.

Subd. 5a. In case a person owns land and pays the taxes thereon, in a district other than the one in which he resides, then such person or his tenant shall be admitted to all the benefits of said school the same as residents therein, in respect to elementary pupils upon conforming to such reasonable terms for tuition and transportation as the board of education of such school district may have established for non-residents, except that he

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shall be entitled to have the amount of school taxes which he pays to the support of said district applied in payment of said tuition and transportation fees. ~~In the payment of state aid this case,~~ the district in which the pupil attends shall be considered the district of his residence ~~because of the provisions of this subdivision in the payment of state aid.~~

Sec. 2. Minnesota Statutes 1976, Section 124.11, is amended to read:

124.11 DATES OF AID PAYMENTS. Subdivision 1. Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program and except as provided in subdivision 5, ten percent of the estimated elementary and secondary foundation aids shall be paid to districts in each of the months other than October from ~~September~~ August through May based upon information available and the final distribution shall be made in October of the following August school year.

Subd. 2. Estimated post-secondary vocational foundation aid shall be paid to districts in 12 equal monthly payments beginning July 15, 1976. The estimated post-secondary vocational foundation aid shall be paid on the basis of the prior year's average daily membership except that the average daily membership and the payments based thereon may be adjusted in September, December, March and June to reflect any increases or decreases in enrollment. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post-secondary vocational foundation aid received in the prior fiscal year.

Subd. 3. If any school district is unable to borrow necessary funds for the operation of its facilities during any fiscal year, due to legal borrowing restrictions or the lack of reasonable credit facilities, the commissioner of finance and state treasurer may, upon certification of such conditions by the commissioner of administration, advance such education aids as may be required to such district, with the condition that such aids be discounted by an amount equal to six percent or the current yield on U.S. treasury bills on the date of such payment to a maturity approximating the date on which aids are to be paid, whichever rate is higher, pursuant to the terms of this section. The amount of such discount shall be determined by the commissioner of finance, with the six percent discount or the "bid" price quoted on treasury bills of an appropriate maturity calculated after consultation with the staff of the state board of investment.

Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the ~~prior year's pupil unit enrollment unless the October + enrollment is larger, in which case the latest available information.~~ Estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 1. An October enrollment count shall be used obtained from all school districts. Adjustment for final elementary and secondary ~~final~~ pupil unit figures shall be made in the ~~August payment of aids final foundation aid distribution in~~ October of the following school year.

Subd. 5. Each year, beginning in 1978, based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 273.132. On or before July 15, 1978, and on or before July 15 of

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each year thereafter, the commissioner of revenue shall certify the amounts so determined to the department of education. Beginning in 1978, the department of education shall pay each school district one-half of its distribution in August and the remaining one-half in the following November, as part of the foundation aid payment to each district in those months.

Sec. 3. Minnesota Statutes 1976, Section 124.14, Subdivision 2, is amended to read:

Subd. 2. Such moneys as are necessary to make the distribution of the school aids annually are hereby appropriated from the funds or accounts in the state treasury authorized by law for such purposes. There is annually appropriated from the general fund to the department of education the amounts necessary for foundation aid and transportation aid. These amounts shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

Sec. 4. Minnesota Statutes 1976, Section 124.17, Subdivision 1, is amended to read:

124.17 **DEFINITION OF PUPIL UNITS.** Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school, for kindergarten and for handicapped pre-kindergarten pupils as defined in section 120.03, and enrolled in one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

~~(3) In area vocational-technical schools one and one-half pupil units. This clause shall expire June 30, 1976.~~

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. ~~By May March 1~~ of each year the department of public welfare ~~is directed to furnish~~ shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each

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percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the greater of (a) the average of actual pupil units in the district for the two prior years and the current years in a district with boundaries coterminous with the boundaries of a city of the first class and shall be year or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the two years in any other district prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 5. Minnesota Statutes 1976, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve and for handicapped prekindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in Extra Session Laws 1971, Chapter 31, shall be construed as waiving the

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compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1. ~~The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to subdivision 1, clauses (1) and (2), were added to the district's total pupil units used in determining its foundation aid. Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time pupil units shall not be used for any other computation under subdivision 1 or for any computation under section 124.04. A district shall not be entitled to transportation aid under section 124.222 for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student. This subdivision shall be effective July 1, 1975 as applied to shared time foundation aid and July 1, 1976 as applied to pupils in area vocational-technical schools.~~

Sec. 6. Minnesota Statutes 1976, Section 124.17, is amended by adding a subdivision to read:

Subd. 2b. Notwithstanding subdivision 2, pupils enrolled in the Minnesota National Guard program shall be construed to be in attendance for purposes of computing average daily membership during any period of the regular school year, but not to include summer school, during which the pupil is attending military active duty training pursuant to that program. During that period of military active duty training, the pupil shall earn all aid for the district of residence or attendance which would be otherwise earned by his presence.

Sec. 7. Minnesota Statutes 1976, Section 124.19, Subdivision 1, is amended to read:

124.19 REQUIREMENTS FOR AID GENERALLY. Subdivision 1. Every district which receives special state aid shall maintain school or provide instruction in other districts, in state university laboratory school or in the university laboratory school, at least a minimum term as defined by the state board. The normal school year when school is in session shall be not less than 175 days or their equivalent. A district which holds school for that period and is otherwise qualified is entitled to special state aid as by law provided. If school is held a less period such special state aid shall be reduced ~~in the proportion that by the ratio that the difference between 175 days and the number of days school is held bears to 175 days effective the 1970-71 school year and thereafter,~~ multiplied by 60 percent of the product of the district's foundation aid formula allowance times its pupil units for that year; but districts maintaining less than the required minimum number of days of school in session do not lose special state aid if the circumstances causing such loss of school time below the required minimum number of days were beyond the control of the board and provided proper evidence has been submitted and a good faith attempt made to make up time lost on account of these circumstances; ~~provided further, that, Days devoted to teachers' institutes or other~~

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meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school in session. Effective the 1977-1978 school year, not more than five days may be devoted to parent-teacher conferences or teachers' workshops as part of the required minimum number of days school is in session.

Sec. 8. Minnesota Statutes 1976, Section 124.212, Subdivision 1, is amended to read:

124.212 **FOUNDATION AID.** Subdivision 1. The foundation aid program for school districts for school years ~~1975-1976~~ 1977-1978 and ~~1976-1977~~ 1978-1979 shall be governed by the terms and provisions of this section.

Sec. 9. Minnesota Statutes 1976, Section 124.212, Subdivision 3a, is amended to read:

Subd. 3a. Notwithstanding any of the other provisions of this section, for the ~~1975-1976~~ 1977-1978 school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by a district maintaining a classified secondary school and the amount raised by the maximum levy authorized by Minnesota Statutes ~~1974~~ 1976, Section 275.125, Subdivision 2a; Clause (2) and for the ~~1976-1977~~ 1978-1979 school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by such a district and the amount raised by the maximum levy authorized ~~for 1975 in 1977~~ in 1977 by section 275.125, subdivision 2a, clause (1), shall be less than the sum or the sum per pupil unit respectively of the aggregate foundation aid earned for the 1972-1973 school year, any payments earned for 1972-1973 which but for the operation of Minnesota Statutes 1971, Section 124.212, Subdivision 3, would not have been earned, and the amount raised by the levy authorized by Minnesota Statutes 1971, Section 275.125, Subdivision 2, Clause (1). Aggregate foundation aid includes foundation aid for all pupil units, except units computed in section 124.17, subdivision 1, clause (3). For purposes of this computation pupil units used as a divisor shall include only those units identified in section 124.17, subdivision 1, clauses (1) and (2).

Sec. 10. Minnesota Statutes 1976, Section 124.212, Subdivision 4, is amended to read:

Subd. 4. The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the foundation aid earned by the district for the same year ~~including aid earned pursuant to subdivision 3a~~ or from aid earned from other state sources.

Sec. 11. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 5a. (1) In the 1977-1978 school year and each school year thereafter, the amount of money apportioned to a school district in that year pursuant to section 124.10, subdivision 2 which exceeds the amount apportioned to that district pursuant to section 124.10, subdivision 2 in the 1976-1977 school year, shall be deducted from the foundation aid earned by that district for the same year.

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(2) In addition to the deduction in clause (1), the following amounts apportioned pursuant to section 124.10, subdivision 2 shall be deducted from foundation aid in the school years designated:

(a) In the 1977-1978 school year, one-sixth of the amount apportioned, but not to exceed one-sixth of the amount apportioned in the 1976-1977 school year;

(b) In the 1978-1979 school year, one-third of the amount apportioned, but not to exceed one-third of the amount apportioned in the 1976-1977 school year;

(c) In the 1979-1980 school year, one-half of the amount apportioned, but not to exceed one-half of the amount apportioned in the 1976-1977 school year;

(d) In the 1980-1981 school year, two-thirds of the amount apportioned, but not to exceed two-thirds of the amount apportioned in the 1976-1977 school year; and

(e) In the 1981-1982 school year, five-sixths of the amount apportioned, but not to exceed five-sixths of the amount apportioned in the 1976-1977 school year.

(3) In the 1982-1983 school year and each school year thereafter, the entire amount of money apportioned to a school district in that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Sec. 12. Minnesota Statutes 1976, Section 124.212, Subdivision 6b, is amended to read:

Subd. 6b. For the ~~1975-1976~~ 1977-1978 school year a district shall receive in foundation aid the lesser of (1) ~~\$900~~ \$1,030 per pupil unit less ~~30~~ 29 mills times the ~~1973~~ 1975 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the greater sum computed pursuant to Minnesota Statutes ~~1974~~ 1976, Section 124.212, Subdivision ~~7a~~ 7b, Clause (2), and the greater of (a) ~~one half~~ five-sixths of the difference that results when such greater sum is subtracted from ~~\$900~~ \$1,030, or (b) ~~\$75~~ \$70, bears to ~~\$900~~ \$1,030.

Sec. 13. Minnesota Statutes 1976, Section 124.212, Subdivision 7b, is amended to read:

Subd. 7b. For the ~~1976-1977~~ 1978-1979 school year a district shall receive in foundation aid the lesser of (1) ~~\$960~~ \$1,090 per pupil unit less ~~29~~ 28 mills times the ~~1974~~ 1976 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the greater sum computed pursuant to subdivision 6b, clause (2), and the greater of (a) ~~two-thirds~~ two-thirds of the difference that results when such greater sum is subtracted from ~~\$960~~, or (b) ~~\$60~~, bears to ~~\$960~~ plus the amount of the agricultural tax credit by which 1977 payable 1978 property taxes in the district are reduced pursuant to section 273.132.

Sec. 14. Minnesota Statutes 1976, Section 124.212, Subdivision 8a, is amended to

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read:

Subd. 8a. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district. For districts which received payments under sections 124.215, subdivision 2a; 124.25; 124.28; 124.30; 473.633 and 473.635; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125, but not to exceed 45 percent in 1975-1976 and 50 percent in 1976-1977 of the previous year's payment.

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the ~~August~~ October adjustment payment by the previous fiscal year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed ~~40 percent in the August 1975 adjustment; 45 percent in the August 1976 adjustment; and 50 percent in the August 1977 adjustment~~ of the previous fiscal year's payment. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 15. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 9a. Shared time pupils are defined as those pupils who attend public schools for part of the regular school day and who otherwise fulfill the requirements of section 120.10 by attendance at a private school.

(a) The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

(b) Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to section 124.17, subdivision 1, clauses (1) and (2), were added to the district's total pupil units use^d in determining its foundation aid. Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time average daily membership shall not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time foundation aid pursuant to this subdivision.

(c) Foundation aid for shared time pupils shall be paid to the district of the pupil's

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residence. If a pupil attends shared time classes in another district, the resident district shall pay to the district of attendance an amount of tuition equal to the ratio in clause (a) times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall not be obligated for tuition except by previous agreement.

(d) Notwithstanding the provisions of clause (c), the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall be paid to the district of attendance.

Sec. 16. Minnesota Statutes 1976, Section 124.213, is amended to read:

124.213 AID RECAPTURE. Subdivision 1. In any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of (a) the district's foundation aid formula allowance for the corresponding school year under section 124.212 and (b) the number of pupil units computed for the district under section 124.17 for that school year, an amount equal to the difference between the levy as certified and the specified product shall be deducted in the following order from the aids for the purposes specified receivable during the same school year pursuant to the following sections: (1) transportation aid pursuant to section 124.222; (2) secondary vocational aid pursuant to section 124.57 or 124.573; (3) special education aid pursuant to section 124.32. ~~For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,015 or the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1,015, or (b) \$55.~~ This section shall apply to school years commencing with the 1977-1978 school year; provided, deductions pursuant to this section shall be limited to the following percentages of the difference between the specified product and the certified levy in the school years indicated: 20 percent of the difference in the 1977-1978 school year; 60 percent of the difference in the 1978-1979 school year; and 100 percent of the difference in the 1979-1980 school year and each school year thereafter.

Subd. 2. For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,030 or the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1,030, or (b) \$70. The foundation aid formula allowance shall be \$1,090 for the 1978-1979 school year.

Sec. 17. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 21. Foundation aids shall be paid to the district of residence unless otherwise specifically provided by law.

Sec. 18. Minnesota Statutes 1976, Section 273.132, is amended to read:

273.132 STATE PAID AGRICULTURAL CREDIT. The county auditor shall
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reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 12 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 19. Minnesota Statutes 1976, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1975~~ 1977, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 28 mills times the 1974 1976 adjusted assessed valuation of the district ~~times the number of mills, not to exceed 29, that bears the same relation to 29, as the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), bears to \$960.~~

(2) In ~~1976~~ 1978, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 mills times the 1975 1977 adjusted assessed valuation of the district ~~times the number of mills, not to exceed 29, that bears the same relation to 29, as the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2); and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1015, or (b) \$55, bears to \$1015.~~

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1976, payable in 1977, the foundation aid to the district for the 1977-1978 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by 50 percent of the amount of the difference between the actual levy and the maximum levy allowable under clauses (1) and (2). In the application of this clause, the maximum levy allowable under clauses (1) and (2) shall be reduced by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

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(4) (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held in a single to approve a levy increase which will commence in a specific school year. The question on the ballot shall be whether a specific millage which will yield a specific amount based on the most recent assessed valuation may be added to that authorized by clauses (1) or (2) state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's assessed taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum; which.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause may be called by the school board and which shall be called by the school board upon the written petition of qualified voters of the district unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 20. Minnesota Statutes 1976, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this

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section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section to be certified in the calendar year in which the deduction from foundation aid is made pursuant to section 124.212, subdivision 8a, by the portion of the previous fiscal year's payment which was not deducted from foundation aid in that calendar year pursuant to section 124.212, subdivision 8a.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by Article VI, Section 9, of this act, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1978, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid ~~in August 1977~~ and not applied to reduce 1977 payable 1978 levies; on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amounts received in the preceding fiscal year and not deducted from foundation aid ~~in the preceding August~~ and not applied to reduce levies certified in the preceding October. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

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Sec. 21. **REPEALER.** Minnesota Statutes 1976, Sections 124.19, Subdivision 2; and 124.212, Subdivision 19, are repealed.

Sec. 22. **REPEALER.** Minnesota Statutes 1976, Section 124.212, Subdivision 3a, is repealed effective July 1, 1979.

Sec. 23. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. FOUNDATION AID. For foundation aid there is appropriated:

\$611,600,000.....1978,

\$634,300,000.....1979.

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$60,000,000 for the payment of the final foundation aid distribution for fiscal year 1977, of which not to exceed \$8,241,000 is for foundation aid for 1977 summer school programs.

(b) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$58,150,000 for the payment of the final foundation aid distribution for fiscal year 1978, of which not to exceed \$8,850,000 is for foundation aid for 1978 summer school programs.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 24. **EFFECTIVE DATE.** Section 14 of this article is effective the day following final enactment. Section 10 of this article is effective July 1, 1979.

ARTICLE II

TRANSPORTATION AID PROGRAM

Section 1. Minnesota Statutes 1976, Section 124.14, Subdivision 1, is amended to read:

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION. *Subdivision 1.* The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids. It shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The

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audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly. A reduction of foundation or transportation aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Sec. 2. Minnesota Statutes 1976, Section 124.222, Subdivision 1a, is amended to read:

Subd. 1a. **COMPUTATION.** For the ~~1975-1976~~ 1977-1978 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid:

(1) The lesser product of either:

(a) The actual net operating cost per eligible pupil transported during the ~~1976~~ 1978 fiscal year times the number of eligible pupils transported during the ~~1976~~ 1978 fiscal year; or

(b) One hundred ~~eighteen~~ seventeen percent of the actual net operating cost per eligible pupil transported during the ~~1974~~ 1976 fiscal year, times the number of eligible pupils transported during the ~~1976~~ 1978 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year ~~1975~~ 1977;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of 12 1/2 percent per year of the cost of the fleet: ~~The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated value of that bus and depreciated over the remainder of the depreciation term for that bus;~~

(4) Plus, the amount of depreciation for one year on school buses reconditioned by the department of corrections. This depreciation shall be computed by the department of education on a straight line basis at the rate of 33 1/3 percent per year of the cost to the district of the reconditioning.

Sec. 3. Minnesota Statutes 1976, Section 124.222, Subdivision 1b, is amended to read:

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Subd. 1b. **COMPUTATION.** For the ~~1976-1977~~ 1978-1979 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid:

(1) The lesser product of either:

(a) ~~The actual net operating cost per eligible pupil transported during the 1977~~ 1979 fiscal year times the number of eligible pupils transported during the ~~1977~~ 1979 fiscal year; or

(b) One hundred ~~twenty-four~~ twenty-seven percent of the actual net operating cost per eligible pupil transported during the ~~1974~~ 1976 fiscal year, times the number of eligible pupils transported during the ~~1977~~ 1979 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year ~~1976~~ 1978;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of 12 1/2 percent per year of the cost of the fleet: ~~The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated value of that bus and depreciated over the remainder of the depreciation term for that bus;~~

(4) Plus, the amount of depreciation for one year on school buses reconditioned by the department of corrections. This depreciation shall be computed by the department of education on a straight line basis at the rate of 33 1/3 percent per year of the cost to the district of the reconditioning.

Sec. 4. Minnesota Statutes 1976, Section 124.222, Subdivision 2a, is amended to read:

Subd. 2a. **HANDICAPPED PUPIL TRANSPORTATION; COST.** (1) In addition to the amounts authorized in subdivision 1a, if the actual net operating cost per eligible handicapped pupil transported during the ~~1976~~ 1978 fiscal year exceeds ~~128~~ 127 percent of the actual net operating cost per eligible handicapped pupil transported during the ~~1974~~ 1976 fiscal year, the state shall pay to the district 80 percent of the cost for this handicapped transportation in excess of this ~~128~~ 127 percent.

(2) In addition to the amounts authorized in subdivision 1b, ~~if the~~ the actual net operating cost per eligible handicapped pupil transported during the ~~1977~~ 1979 fiscal year exceeds ~~134~~ 137 percent of the actual net operating cost per eligible handicapped pupil transported during the ~~1974~~ 1976 fiscal year, the state shall pay to the district 80 percent of the costs for this handicapped transportation in excess of this ~~134~~ 137 percent.

Sec. 5. Minnesota Statutes 1976, Section 124.222, Subdivision 3, is amended to read:

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Subd. 3. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: ~~September 30~~ August 31, December 31, and March 31. The amount of transportation aid for school bus depreciation shall be paid on or before September 30. ~~The actual balancee due the final aid distribution to each district shall be paid made~~ on or before ~~August~~ October 31 of the following fiscal year.

Sec. 6. Minnesota Statutes 1976, Section 124.222, Subdivision 6, is amended to read:

Subd. 6. **BASE COST ADJUSTMENTS.** For the purposes of payment of transportation aids in the ~~1976~~ 1978 fiscal year and thereafter, the commissioner of education may adjust the base cost per eligible pupil transported during the ~~1974~~ 1976 fiscal year to reflect changes in costs resulting from the following:

(a) Alterations in school district boundaries if application is made prior to December 15 of the school year following the year in which the alterations are made;

(b) Omissions in school district reports if application is made prior to December 15, 1977;

(c) The addition by the district of an authorized transportation aid category if that category of transportation was not provided during the 1976 fiscal year if application is made prior to December 15 of the school year following the year in which the additional transportation is provided;

(d) Omissions in school district reports determined by the legislative auditor;

(e) Increased costs resulting from changes in transportation patterns required by a schoolhouse closing provided that (1) the cost increases can be demonstrated to be a direct result of the closing; (2) the increases result in costs above the formula limitation; and (3) application is made prior to December 15 of the school year following the last school year in which the schoolhouse is open.

In the 1978 fiscal year and thereafter, the commissioner shall appropriately adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in the treatment of depreciation and qualification for depreciation aid resulting from changes in school bus fleet ownership from district owned and managed to privately owned and contracted or from privately owned and contracted to district owned and managed. Districts shall report any such changes to the commissioner within 60 days of the date the changes are made.

Prior to making any base cost change pursuant to this subdivision, the department shall examine the appropriate factors that relate to the determination of the authorized transportation costs and aid for that district.

Sec. 7. Minnesota Statutes 1976, Section 124.223, is amended to read:

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124.223 **TRANSPORTATION AID AUTHORIZATION.** For the ~~1974-1975~~ 1977-1978 school year and thereafter, school transportation and related services for which state transportation aid is authorized are:

(1) Transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils;

(2) Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation ~~for residents~~ to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) Transportation or board and lodging of a handicapped pupil when ~~he~~ that pupil cannot be transported on a regular school bus, and the conveying of handicapped pupils between home and school and within the school plant;

(5) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

~~(6) Transportation for resident pupils to and from an instructional community based employment station which is part of an approved occupational experience secondary vocational program;~~

~~(7)~~ (6) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education;

~~(8)~~ (7) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

~~(9)~~ (8) Services described in clauses (1) to ~~(8)~~ (7) when provided in conjunction with a state board approved summer school program; and

(9) Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes for resident pupils of any of these districts, if this transportation is provided in conjunction with transportation of resident pupils to a state board approved secondary vocational center.

Sec. 8. Minnesota Statutes 1976, Section 275.125, is amended by adding a subdivision to read:

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Subd. 5a. Upon approval of the commissioner, a district may levy for increased transportation costs above the formula limitation resulting from changes in transportation patterns required by leasing a school in another district provided that the cost increases are estimated to be a direct result of leasing that school and the increases result in costs above the formula limitation. The commissioner shall approve a specific dollar amount which may be levied because of these increased costs. The levy authorized by this subdivision may be computed on the basis of estimated increased costs. In the first year a district makes the levy authorized by this subdivision, the commissioner may authorize a levy sufficient to pay for estimated increased costs resulting from leasing for two years. The amount provided by this levy shall not be included in the computation of the actual net operating cost per pupil transported in future years.

Sec. 9. REPEALER. Minnesota Statutes 1976, Section 124.222, Subdivisions 4 and 5, are repealed.

Sec. 10. BUS RECONDITIONING APPROPRIATION. There is appropriated from the general fund to the department of corrections the sum of \$200,000 for the year ending June 30, 1978 and the sum of \$216,000 for the year ending June 30, 1979 for the reconditioning of school district owned buses by that department. The appropriations in this section include \$50,000 in 1978 and \$25,000 in 1979 for start-up costs incurred for this program. School buses reconditioned by the department of corrections shall be eight years old or older or have high mileage or be in extensive need of repair. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 11. TRANSPORTATION AID APPROPRIATIONS. Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. For transportation aid there is appropriated:

\$74,815,000.....1978

\$78,310,000.....1979

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$6,546,400 for the payment of the final transportation aid distribution to each district for fiscal year 1977.

(b) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$6,947,000 for the payment of the final transportation aid distribution to each district for fiscal year 1978.

(c) The appropriations in this subdivision also include not to exceed \$500,000 in 1978 and \$600,000 in 1979 for transportation aid pursuant to section 124.222, subdivision 2a. These amounts are the total appropriations for this purpose for each year.

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(d) The appropriations in this subdivision also include not to exceed \$150,000 in each year indicated for transportation aid pursuant to section 7, clause (9) of this article. These amounts are the total appropriations for this purpose for each year.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount indicated for either year in subdivision 2, clause (c) or (d) of this section, is insufficient for the purpose indicated, the aid for that year for that purpose shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriation for that purpose.

Sec. 12. **EFFECTIVE DATE.** Section 5 of this article is effective the day following final enactment.

ARTICLE III

SPECIAL EDUCATION AID PROGRAM

Section 1. Minnesota Statutes 1976, Section 120.17, Subdivision 1, is amended to read:

120.17 HANDICAPPED CHILDREN. Subdivision 1. **SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN OF SCHOOL AGE.** Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. School age means the ages of four years to 21 years for children who are handicapped as defined in section 120.03 and shall not extend beyond secondary school or its equivalent. For purposes of this subdivision, the age of a handicapped child shall be his age as of September 1 of the calendar year in which the school year for which he seeks special instruction and services commences. Every district may provide special instruction and services for handicapped children who have not attained school age. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full sequence of programs for education, training and services for handicapped children as defined in section 120.03.

Sec. 2. Minnesota Statutes 1976, Section 120.17, Subdivision 1a, is amended to read:

Subd. 1a. School districts may provide special instruction and services through the school year in which the pupil reaches age 25 for trainable mentally retarded pupils as defined in section 120.03, subdivision 4, who have attended public school less than nine years ~~prior to September, 1975.~~

Any district may provide special instruction and services for these trainable mentally retarded pupils living within the district, including nonresident pupils temporarily placed in the district pursuant to section 120.17, subdivision 6 or 7. Prior to

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October 1 or 30 days after placement, whichever is later in the school year, the providing district shall give notice to the district of residence of any nonresident pupil placed in the district pursuant to subdivision 6 or 7, of its intention to provide the special instruction and services and bill the district of residence for the actual unreimbursed costs of providing the special instruction and services. The unreimbursed actual cost of providing the special instruction and services for eligible nonresident pupils shall be billed to the district of the pupil's residence and shall be paid by the resident district. The district of residence may claim state aid for these pupils as if the pupils were under 21 years of age.

This subdivision shall expire on June 30, 1983.

Sec. 3. Minnesota Statutes 1976, Section 120.17, Subdivision 5a, is amended to read:

Subd. 5a. Every district may provide summer programs for handicapped children living within the district, including nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7. Prior to March 31 or 30 days after the handicapped child is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7, of its intention to provide these programs. Notwithstanding any contrary provisions in subdivisions 6 and 7, the school district providing the special instruction and services shall apply for all state aid for the summer program, including special state aid pursuant to section 124.32, foundation aid and transportation aid. For the purposes of computing foundation aid for these programs, all pupils enrolled in these programs shall be construed to be residents of the district providing the programs. The unreimbursed actual cost of providing the program for nonresident handicapped children may be billed to the district of the child's residence and shall be paid by the resident district. ~~This subdivision shall be effective March 1, 1976.~~

Sec. 4. Minnesota Statutes 1976, Section 120.17, Subdivision 7a, is amended to read:

Subd. 7a. **ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.** Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which his parent or guardian resides;

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that the amount of tuition charged shall not exceed \$2,000 for any school year. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. All tuition so received shall be deposited in the state treasury, subject to the order of the state board;

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(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law;

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

Sec. 5. Minnesota Statutes 1976, Section 123.581, Subdivision 1, is amended to read:

123.581 IN-SERVICE TRAINING PROGRAMS. Subdivision 1. **ESTABLISHMENT.** ~~Pilot~~ Programs for in-service training for regular classroom teachers, assistant principals and principals in techniques of education of ~~mildly learning disabled and retarded~~ handicapped pupils shall be established in school districts designated by the state board of education. Funds for these ~~pilot~~ programs shall be granted by the state board upon the recommendation of the advisory council for ~~special education of mildly learning disabled pupils and mildly retarded pupils~~ in-service training in techniques of education of handicapped pupils. Handicapped pupils for the purposes of section 123.581, are those defined in section 120.03.

Sec. 6. Minnesota Statutes 1976, Section 123.581, Subdivision 2, is amended to read:

Subd. 2. **ADVISORY COUNCIL.** There is hereby established the advisory council for ~~special education of mildly learning disabled pupils and mildly retarded~~ in-service training in techniques of education of handicapped pupils, which shall be responsible for recommending grants for and assisting the districts in developing the ~~pilot~~ programs of in-service teacher training.

Sec. 7. Minnesota Statutes 1976, Section 123.581, Subdivision 3, is amended to read:

Subd. 3. **MEMBERSHIP.** The advisory council shall consist of 12 members who shall be appointed by the commissioner of education. Nine members shall be professionally qualified in the fields of special or general education, and three shall be public members. ~~The professionally qualified members shall be representative of teacher training departments or institutions, educators acting as consultants in the field of special~~

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learning behavior problems, mental retardation, and other educational handicaps and the department of education. The public members shall be representative of associations and organizations concerned with the problems of learning disabled pupils and retarded handicapped pupils.

Sec. 8. Minnesota Statutes 1976, Section 123.581, Subdivision 6, is amended to read:

Subd. 6. **REQUIREMENTS FOR PROGRAMS.** A grant received by the district shall be used solely for costs incurred in the in-service training of the teachers and shall not be used for any other general education or special education functions. Applications for grants may be considered from districts initiating an in-service training program or continuing an existing program. A single district may initiate or continue a program or may join with another district or other districts. A district may cooperate with other districts in a special educational regional council, educational service area, or educational cooperative service unit wherever such arrangement is available. Distribution of funds between or among the pilot programs shall depend upon the needs of the district, its population, and the number of teachers to be trained in the program. There is no requirement that funds be equally distributed.

Sec. 9. Minnesota Statutes 1976, Section 124.32, is amended to read:

124.32 **HANDICAPPED CHILDREN.** Subdivision 1. The state shall pay to any district: (a) for the employment in its educational program for handicapped children, ~~no less than \$5 and nor more than 75~~ 60 percent of the salary of essential personnel in 1977-1978 and 65 percent of the salary of essential personnel in 1978-1979, but this amount shall not exceed ~~\$4,000~~ \$11,500 in 1977-1978 or \$12,000 in 1978-1979 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district;

(b) plus ~~10~~ five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children;

(c) ~~less 25 percent of the foundation aid formula allowance for each handicapped child in average daily membership who receives special instruction and services for more than 50 percent of the time school is in session, except that no portion of the foundation aid formula allowance shall be deducted for pre-school handicapped children.~~

The state board shall promulgate rules establishing the method and criteria by which districts shall determine the percentage of time that handicapped children receive special instruction and services. The actual percent of the salaries of essential personnel to be applied by the state pursuant to clause (a) shall be determined by the commissioner within the limits of the appropriation for special education for the school year and shall be the same for all school districts in the state.

Subd. 1a. For purposes of this section, for the ~~1976-1977~~ 1977-1978 school year, the

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foundation aid formula allowance per pupil unit shall be the lesser of ~~\$960~~ \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 7~~b~~ 6b, clause (2). For the 1978-1979 school year, the foundation aid formula allowance per pupil unit shall be \$1,090. Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Subd. 1b. For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district:

(1) ~~the 60 percent of the difference between the amount of the contract which is equal to the actual percent of the salaries of essential personnel paid by the state pursuant to subdivision 1, clause (a);~~

(2) ~~less 25 percent of and~~ the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

Subd. 2. The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to one-half of the sum actually expended by the district but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Subd. 3a. ~~The purpose of this subdivision is to change the method of funding of educational programs for handicapped children from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1976, the state shall not reimburse expenditures from the 1975-1976 school year programs, including 1976 summer school programs; but shall pay aids for the 1976-1977 school year programs and for each year thereafter on a current funding basis. The aids provided for educational programs for handicapped children shall be paid on a current funding basis.~~

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children in the school year for which the aid is paid.

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed the 60 percent of instructional costs charged to the resident district ~~which is equal to the actual percent of the salaries of essential personnel paid by the state pursuant to subdivision 1, clause (a), less the foundation aid formula allowance~~ in the resident district for each handicapped child placed in a residential facility. Not more than ~~\$400,000~~ \$500,000 for 1977-1978 and \$600,000 for 1978-1979 shall be spent annually paid for the purposes of ~~implementing~~ this subdivision. If that amount does not

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suffice, the aid shall be prorated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children, either within or outside of the state, or, a state residential school outside of the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children either within or outside of the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Subd. 6. The state shall pay each district the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following such procedure as requested by the commissioner of education a district providing instruction and services for such handicapped child may bill the state the actual cost incurred in providing said services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of the foundation aid formula allowance for the child and the special education aid, transportation aid, and any other aid earned in behalf of such child, such action pursuant to limits set forth in subdivision 4.

Subd. 7. Before ~~June 1, 1976~~ and before May 1 of each year thereafter, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children ~~in average daily membership~~ in the district who will receive special instruction and services ~~for more than 50 percent of the time school is in session~~ during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. On or before August 1, 1976 and before July 1 of each year thereafter, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the

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estimated level amount of aid for the programs ~~determined pursuant to subdivision 1.~~ The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district.

Subd. 8. When planning programs for the education of handicapped children in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure successful mainstreaming.

Subd. 9. Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program the state shall pay to each school district 30 percent of its estimated special education aid for the school year on or before each of the following dates: September 30, December ~~30~~ 31 and March 31. The final aid distribution to the district shall be made on or before ~~August 31~~ October 31 of the following year.

Subd. 10. The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1977 1978, the state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before March 15, 1977, and March 15 of each year thereafter, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1, 1977, and May 1 of each year thereafter, the commissioner shall approve, disapprove or modify the applications and notify the districts of his action and of the estimated level amount of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.

Subd. 11. ~~(1) Notwithstanding the provisions of subdivision 3a, Special School District No. 1 shall implement the change from reimbursement to current funding for aid to handicapped children as follows:~~

(a) ~~The total amount of aid to handicapped children paid to the district each year shall be equal to the amount computed according to the current funding provisions of this section.~~

(b) ~~The district may account for \$4,700,000 of the amount in clause (a) on a reimbursement basis until such time as the district is required to account for aid to handicapped children on a current basis pursuant to clause (3).~~

(c) ~~For purposes of revenue recognition the \$4,700,000 designated in clause (b) shall be recognized as revenue of the fiscal year preceding the fiscal year of receipt. The amount calculated pursuant to clause (a) less the \$4,700,000 designated in clause (b) shall be recognized as revenue of the fiscal year of receipt.~~

(2) (a) ~~Special School District No. 1 shall establish an "account for special education statutory operating debt" and a "reserve account for current financing of special education". These accounts shall be established immediately following April 14,~~

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1976.

(b) The "account for special education statutory operating debt" shall reflect the \$4,700,000 accounted for on a reimbursement basis pursuant to clause (1) (b). The special education statutory operating debt reflected in this account shall be in addition to the statutory operating debt of the district determined pursuant to section 121.914.

(c) Notwithstanding the provisions of section 275.125, subdivision 9a, clause (2) the "reserve account for current financing of special education" rather than the "reserve account for purposes of reducing statutory operating debt" shall reflect the proceeds of the levy authorized pursuant to section 275.125 and the amount deposited pursuant to Laws 1976, Chapter 274, Section 94 until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount reflected in the "account for special education statutory operating debt". Thereafter, the proceeds of the levy authorized pursuant to section 275.125, subdivision 9a shall be reflected in the "reserve account for purposes of reducing statutory operating debt".

(d) Until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount reflected in the "account for special education statutory operating debt"; the amount reflected in the "reserve account for current financing of special education" shall be used for the purposes for which special education aid may be used; however the amount reflected in this account shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's special education expenditures or budgets.

(e) Until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount reflected in the "account for special education statutory operating debt"; Special School District No. 1 may, in each year, issue certificates of indebtedness in anticipation of receipt of aid to handicapped children in an amount not to exceed \$4,700,000 less an amount equal to the amount reflected in the "reserve account for current financing of special education".

(3) When the amount reflected in the "account for special education statutory operating debt" equals the amount reflected in the "reserve account for current financing of special education" the district shall thereafter receive and account for aid to handicapped children on a current funding basis. Special School District No. 1 shall be allowed to maintain as an appropriated fund balance in its general fund on June 30, 1977 the unexpended balance of the \$4,700,000 deficit financing authorized by Minnesota Statutes 1976, Section 124.32, Subdivision 11. This appropriated fund balance amount shall be treated by the commissioner the same as he would treat any appropriated fund balance amount for the purpose of calculating operating debt pursuant to section 121.914. Moreover, this amount shall only be available to finance the 1977-1978 special education budget of the district.

This subdivision shall expire on July 1, 1978.

Sec. 10. Minnesota Statutes 1976, Section 128A.02, Subdivision 2, is amended to

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read:

Subd. 2. The state board ~~shall~~ may promulgate rules regarding the ~~maintenance and conduct~~ operation of both schools and the individuals in attendance, and shall perform all duties necessary to provide the most beneficial and least restrictive program of education for each child handicapped by visual disability or hearing impairment.

Sec. 11. Minnesota Statutes 1976, Section 128A.02, Subdivision 3, is amended to read:

Subd. 3. The state board may employ central administrative staffs and other personnel as necessary to provide and support programs and services in each school. These schools shall be deemed to be public schools for the purposes of sections 125.03 and 125.04, and all teachers as defined in those sections who are employed at these schools shall be subject to the standards of the board of teaching and the state board of education; provided that any teacher who does not meet these standards as of July 1, 1977 shall be required to meet these standards by September 15, ~~1978~~ 1980 in order to continue in employment.

Sec. 12. Minnesota Statutes 1976, Section 128A.06, is amended to read:

128A.06 **ADMITTANCE AND DISCHARGE.** Subdivision 1. The admissions and discharge committee of each school shall include ~~the field consultant of the applicable school and four~~ five members who are knowledgeable in the fields of hearing impairment or visual disability, as applicable, to be appointed by the state board.

Subd. 2. ~~Preliminary~~ Application for admission shall be made by the district of the child's residence to the admissions and discharge committee ~~by June~~ + upon the ~~appropriate forms provided by the field consultant of the district superintendent commissioner of education.~~ The admissions and discharge committee shall ~~make its decisions by July~~ + ~~decide whether to admit a child~~ on the basis of a review of the educational record and needs of the child, including the record of the decision by the child's district of residence pursuant to sections 120.17 and 128A.05, subdivision 1 or 2, to apply for the child's admission. ~~An admittance shall be provisional until it is determined that that individual comes within the provisions of section 128A.05, subdivisions 1 or 2.~~

Subd. 3. An individual in attendance at either school prior to July 1, 1977, shall be entitled to continue in attendance without reapplication provided that it is determined by ~~September 1, 1977~~ July 1, 1978 that that individual comes within the provisions of section 128A.05, subdivision 1 or 2.

Subd. 4. The admissions and discharge committee shall determine whether any child in attendance at the applicable school can also benefit from public school enrollment. This decision shall be subject to ~~the provisions of section 120.17, and shall be made only after consultation with the parents and the school district of residence~~ procedural safeguards contained in the rules of the state board.

Subd. 5. The progress of an individual in attendance at either school shall be ~~Changes or additions indicated by underline deletions by strikeout~~

periodically evaluated by the professional staff of that school as provided by the rules of the state board. The individual shall be returned to the district of residence when deemed appropriate by the admissions and discharge committee.

Subd. 6. The actions and decisions of the admissions and discharge committee shall be subject to state board rules. Decisions concerning admittance ~~and~~, discharge ~~and~~ an individual's educational program shall be subject to appeal to the commissioner by the child's parent or guardian or school district of residence pursuant to rules promulgated by the state board; ~~and shall be made only after consultation with the parents and the school district of residence.~~

Sec. 13. Laws 1976, Chapter 271, Section 94, is amended to read:

Sec. 94. Notwithstanding the provisions of section 90 of this act, Special School District No. 1 may retain the amount of \$1,100,000 received in settlement of a proceeding before the tax court regarding the determination of the 1973 and 1974 adjusted assessed valuation of the property in the district by the equalization aid review committee. The amount retained pursuant to this section shall be deposited in the ~~"reserve account for current financing of special education"~~ established pursuant to section 52, subdivision 11, of this act "appropriated fund balance reserve account for purposes of reducing statutory operating debt" established pursuant to Minnesota Statutes, Section 275.125, Subdivision 9a.

Sec. 14. **APPROPRIATION.** There is appropriated from the general fund to the department of education for the purposes of section 123.581 the sum of \$1,500,000 to be available until July 1, 1979. Of this amount, \$16,200 shall be available for the year ending June 30, 1978 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department of education; \$16,200 shall be available for the year ending June 30, 1979 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department; and \$2,800 shall be available until June 30, 1979 for the payment of other necessary expenses incurred in the administration of section 123.581.

Sec. 15. **DEFICIENCY APPROPRIATION.** The sum of \$3,889,150 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1977 for the payment of a deficiency in funds available for payment of special education aids in that fiscal year. This appropriation shall be added to the sums appropriated for fiscal year 1977 for special education aid in Laws 1975, Chapter 432, Section 96, Clause (3) and in Laws 1976, Chapter 271, Section 97, Subdivision 3.

Sec. 16. **SPECIAL EDUCATION AID; APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. For special education aid there is appropriated:

\$66,225,000.....1978,

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\$78,140,000.....1979.

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$8,177,000 for the payment of the final special education aid distribution to each district for fiscal year 1977, of which not to exceed \$2,800,000 is for special education aid for 1977 summer school programs.

(b) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$10,373,317 for the payment of the final special education aid distribution to each school district for fiscal year 1978, of which not to exceed \$3,780,000 is for special education aid for 1978 summer school programs.

(c) The appropriations in this subdivision include not to exceed \$500,000 in 1978 and \$600,000 in 1979 for aid pursuant to section 124.32, subdivision 5. These amounts are the total appropriations for this purpose for each year.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 17. EFFECTIVE DATE. Sections 3, 5, 6, 7, 8, 14 and 15 and section 9, subdivisions 7, 9 and 10 of this article shall be effective the day following final enactment. Section 2 of this article shall be effective August 15, 1977.

ARTICLE IV

COMMUNITY AND ADULT EDUCATION AID PROGRAMS

Section 1. Minnesota Statutes 1976, Section 121.88, is amended to read:

121.88 DISTRICT PROGRAMS; CITIZENS ADVISORY COUNCIL. Subdivision 1. The board of education of each school district of the state is hereby authorized to initiate a community school program in its district and to provide for the general supervision of said program. Each board may, as it considers appropriate, employ community school directors and coordinators to further the purposes of the community school program. The salaries of the directors and coordinators shall be paid by the board.

Subd. 2. Each board shall provide for a citizens advisory council to consist of members who represent; the various service organizations; churches; private schools; local government; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community school program in the school district.

Subd. 3. The council shall function in cooperation with the community school

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director in an advisory capacity in the interest of promoting the goals and objectives of sections 121.85 to 121.88.

Subd. 4. Each council shall adopt a policy to reduce and eliminate program duplication within the district.

Sec. 2. Minnesota Statutes 1976, Section 124.26, Subdivision 1, is amended to read:

124.26 **EDUCATION PROGRAMS FOR ADULTS.** Subdivision 1. For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. ~~Beginning July 1, 1975, The state shall not reimburse expenditures from the 1974-1975 school year programs, but shall pay these aids for the 1975-1976 school year programs and for each year thereafter~~ on a current funding basis. The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to \$8,000 per year based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies, or G.E.D. tests. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 3. Minnesota Statutes 1976, Section 124.26, Subdivision 4, is amended to read:

Subd. 4. The state shall pay to each school district 30 percent of its estimated adult education aid entitlement for the fiscal year on or before each of the following dates: ~~September 30~~ August 31, December 31, and March 31. ~~The actual balance due the final aid distribution to each district shall be paid made on or before August~~ October 31 of the following fiscal year.

Sec. 4. Minnesota Statutes 1976, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1977~~ 1978 and each year thereafter, the state shall pay 50 cents per capita to each school district which is operating a community school program in compliance with the rules ~~established promulgated~~ by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 5. Minnesota Statutes 1976, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) ~~In 1975, and each year thereafter, a district with a population of more~~
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than 15,000 persons which has established a community school advisory council pursuant to section 121.88 may levy an amount of money raised by the greater of (A) \$1 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1973 to raise \$1 per capita in 1973. In 1975 1977, and each year thereafter, a district with a population of fewer than 15,000 persons which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) \$2 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1975 to raise \$2 per capita in 1975 amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including summer school, nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

(2) A district which provides 95 percent or more of the cost of the recreation program for the municipalities and townships in which the district or any part thereof is located and which levied pursuant to this clause in 1975 may, with the approval of the commissioner, levy an additional amount, not to exceed one mill times the adjusted assessed valuation of the district for the preceding year, to be used for the costs of the recreation program; provided that no district may levy pursuant to this clause an amount greater than its actual cost for providing these programs in the previous September to September period. In 1977 and each year thereafter, only Independent School Districts No. 77 and No. 624 shall be authorized to levy pursuant to this clause. Any district which levied pursuant to this clause in 1975 shall report to the department of education prior to January 15, 1977, on how these funds were expended.

(3) (2) A school district shall be authorized to make a levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education, certifying that members of the school board have met with members of the governing bodies of the county, municipality or township in which the school district, or any part thereof, is located, in order to discuss methods of increasing mutual cooperation between such bodies. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to make a levy pursuant to this subdivision.

(4) (3) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 6. REPEALER. Minnesota Statutes 1976, Section 124.271, Subdivision 1, is repealed.

Sec. 7. APPROPRIATIONS. Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years

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ending June 30 in the years designated.

Subd. 2. ADULT EDUCATION AID. For adult education aid pursuant to section 124.26, there is appropriated:

\$594,000.....1978,

\$600,000.....1979.

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$54,000 for the payment of the final adult education aid distribution to the districts for fiscal year 1977.

(b) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$60,000 for the payment of the final adult education aid distribution to the districts for fiscal year 1978.

Subd. 3. G.E.D. REIMBURSEMENT AID. For G.E.D. reimbursement aid pursuant to section 124.26, subdivision 3, there is appropriated:

\$80,000.....1978,

\$80,000.....1979.

Subd. 4. COMMUNITY EDUCATION AID. For community education aid pursuant to section 124.271, there is appropriated:

\$1,600,000.....1978.

\$1,700,000.....1979.

Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 8. EFFECTIVE DATE. Section 3 of this article shall be effective the day following final enactment.

ARTICLE V

VOCATIONAL EDUCATION

Section 1. Minnesota Statutes 1976, Section 123.351, Subdivision 4, is amended to read:

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Subd. 4. **POWERS AND DUTIES.** (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district ~~and~~; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services agreed upon by the participating districts. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for high school secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 2. Minnesota Statutes 1976, Section 123.351, Subdivision 5, is amended to read:

Subd. 5. **FINANCING.** (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. No participating school district shall have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess

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and certify to each participating school district its proportionate share of any and all expenses. This share shall be based upon an equitable distribution formula agreed upon by the participating districts and approved by the state commissioner of education with approval by the state board of vocational education. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 3. Minnesota Statutes 1976, Section 124.562, Subdivision 1, is amended to read:

124.562 POST-SECONDARY VOCATIONAL FOUNDATION AID. Subdivision 1. ~~For the 1976-1977 school year~~ A district shall receive post-secondary vocational foundation aid in the amount of ~~\$2,000~~ \$2,120 for fiscal year 1978 and \$2,240 for fiscal year 1979, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, (2) the amount raised by the minimum levy required ~~in 1975~~ by section 275.125, subdivision 13, for collection in the calendar year ending in that fiscal year, and (3) any amounts received for post-secondary vocational programs as federal vocational categorical aid and as special grants from state allocations of federal vocational funds, unless these grants are used to fund additional services beyond the normal program.

Sec. 4. Minnesota Statutes 1976, Section 124.563, Subdivision 1, is amended to read:

124.563 POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID. Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. No district shall qualify for post-secondary vocational categorical aid unless it has certified the minimum levy required by section 275.125, subdivision 13. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended.

Sec. 5. Minnesota Statutes 1976, Section 124.563, Subdivision 3, is amended to read:

Subd. 3. Post-secondary vocational categorical and capital expenditure aid shall be apportioned by the state board for vocational education at the consolidated public hearing held pursuant to section 124.561, subdivision 3. All post-secondary vocational categorical and capital expenditure aid approved at this public hearing shall be distributed to the districts on or before August 1, December 1, March 1 and June 1 of each year.

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Additional post-secondary vocational categorical and capital expenditure aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a. On the date of each post-secondary vocational categorical and capital expenditure aid payment, the state board shall report to the appropriate committees of the legislature on the distribution of post-secondary vocational categorical and capital expenditure aid. A separate report shall be submitted for each distribution of each aid. The report shall include (a) the recipients of the aid; (b) the amounts distributed, and (c) the specific reasons for these distributions to each district.

Sec. 6. Minnesota Statutes 1976, Section 124.565, Subdivision 1, is amended to read:

124.565 POST-SECONDARY VOCATIONAL EDUCATION TUITION. Subdivision 1. Any Minnesota resident who is under 21 years of age may attend a post-secondary vocational-technical school ~~without tuition~~, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Sec. 7. Minnesota Statutes 1976, Section 124.565, Subdivision 3, is amended to read:

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil ~~who does not come within the exemptions provided in subdivisions 1 and 2;~~ shall be two dollars per day for each school day the pupil is enrolled.

Sec. 8. Minnesota Statutes 1976, Section 124.57, is amended to read:

124.57 AID FOR VOCATIONAL EDUCATION. Subdivision 1. Whenever any district shall have established a vocational school, department, or classes in accordance with the rules and regulations established by the state board adopted by that board, ~~and the plan for vocational education; and approved by the United States office of education or other federal agency to which its functions are assigned;~~ the state board shall reimburse such district or state tax supported institution for its expenditures for salaries and necessary travel of vocational teachers or other reimbursable expenditures from federal funds and may supplement such federal funds with such state aid as it may deem desirable under such rules as it may adopt, provided, however, that in the event of such funds not being sufficient to make such reimbursement in full, the state board shall prorate the respective amounts available to the various districts entitled to receive reimbursement. All instruction may be given at the place of the abode of the pupils; ~~and adults may be given instruction in adjoining or nearby districts.~~

In like manner the state board shall have power to reimburse other governmental agencies for expenditures for salaries and necessary travel expenses of vocational teachers from federal funds; according to rules and regulations adopted by the state board. There shall be no reimbursement pursuant to this section for the salary or necessary travel of any vocational teacher who does not meet the work experience requirements for licensure pursuant to the state plan for vocational education.

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Subd. 2. When local districts desire but cannot provide vocational instruction for the related training required by apprentices and other learners in the trade, industrial, and distributive fields, the state board is empowered upon request of such local district or districts to employ itinerant vocational teachers to provide this service and pay the salary and necessary travel expense from authorized federal and state vocational aid funds under such rules as it may adopt. An itinerant vocational teacher in this section is defined as a vocational teacher employed to give part-time or periodic vocational instruction in one or more districts.

This section Subd. 3. Subdivision 1 shall apply only to secondary ~~and adult~~ vocational education programs in the 1977-1978 school year. Sections 124.561 to 124.565 shall not apply to secondary and adult vocational education programs. ~~Laws 1975, Chapter 432, Section 68 shall be effective July 1, 1976.~~

Sec. 9. Minnesota Statutes 1976, Section 124.572. is amended to read:

124.572 CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.
Subdivision 1. The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, the state shall not reimburse expenditures from the 1976-1977 school year programs, but shall pay aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.

Subd. 2. In the 1977-1978 school year and thereafter, the state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The aid paid by the state for salaries and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for adult vocational education programs.

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, these rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. Except as provided in section 125.185, subdivision 4, by 1978-1979 rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.

Subd. 4. Boards may charge tuition for participation in adult vocational education programs. Nothing in this section shall prohibit the charging of differential tuition rates for residents or nonresidents of a district. If adult vocational education is provided by another district or a cooperative center by contract pursuant to subdivision 5, the contract shall provide for this issue.

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Subd. 5. Any board may contract with the board of a district containing a post-secondary vocational-technical school or the board of a cooperative center for the provision of adult vocational education services. The board providing these services may also act as fiscal agent for the other contracting district if so agreed. Information copies of all contracts shall be provided to the state department.

Subd. 6. All adult vocational education aid shall be paid to the district or cooperative center providing the services. The district providing the services may bill the contracting district for any unpaid costs incurred in providing these services if so agreed in the contract.

Subd. 7. Each district providing adult vocational education shall establish and maintain separate accounts for the receipt and disbursement of all funds related to these adult vocational education programs. All adult vocational education aid received by the district from any source shall be utilized solely for the purposes of adult vocational education programs.

Subd. 8. The state shall pay to each school district 30 percent of its estimated adult vocational education aid for the school year on or before the following dates: August 31, December 31 and March 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All adult vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Subd. 9. Effective July 1, 1978, any individual enrolled in an adult farm management program for longer than six years shall be charged a tuition rate equal to the full cost of the program attributable to that individual.

Sec. 10. Minnesota Statutes 1976, Section 124.573, is amended to read:

124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION, Subdivision 1. The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, the state shall not reimburse expenditures from the 1977-1978 school year programs, but shall pay aids for the 1978-1979 school year programs and for each year thereafter on a current funding basis.

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center 50 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary equipment for these programs and 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers. The aid paid by the state for salaries, equipment and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for secondary vocational education programs.

Subd. 3. This aid shall be paid only for services rendered or for the costs
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designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid, but shall not require any minimum number of program offerings or administrative staff or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. Except as provided in section 125.185, subdivision 4, rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the state plan for vocational education.

Subd. 4. All secondary vocational education aid shall be paid to the district or cooperative center providing the services. All secondary vocational education aid received by a district or center from any source shall be utilized solely for the purposes of secondary vocational education programs.

Subd. 5. The state shall pay to each school district and center 30 percent of its estimated secondary vocational education aid for salaries and travel for the school year on or before the following dates: August 31, December 31 and March 31. The state shall pay 90 percent of a district's estimated secondary vocational education aid for equipment for the school year on or before August 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All secondary vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Sec. 11. Minnesota Statutes 1976, Chapter 136A, is amended by adding a section to read:

[136A.236] TUITION SUBSIDIES FOR POST-SECONDARY VOCATIONAL-TECHNICAL SCHOOL STUDENTS. Subdivision 1. The higher education coordinating board shall supervise a program of tuition subsidies for certain students attending public post-secondary vocational-technical schools established pursuant to section 121.21.

Subd. 2. Effective July 1, 1978, any Minnesota resident who is under 21 years of age, who attends a public post-secondary vocational-technical school, and who is not receiving a state scholarship or grant-in-aid for the current year of attendance, shall be eligible to apply for a tuition subsidy pursuant to this section of this article.

Subd. 3. Recipients of these tuition subsidies shall be selected by the public post-secondary vocational-technical school of attendance, in accordance with rules and procedures adopted by the higher education coordinating board.

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Subd. 4. A student attending a public post-secondary vocational-technical school may delay tuition payments for the period of enrollment during which his application for a tuition subsidy pursuant to this section is being processed. If his application for a subsidy is denied and he therefore promptly withdraws from the school, his tuition for that period shall be forgiven.

Subd. 5. The amount of any tuition subsidy award shall be based on the need of the applicant determined by the school in accordance with rules adopted by the higher education coordinating board, but the amount of an award shall not exceed 75 percent of the cost of tuition for the student's program pursuant to section 124.565.

Subd. 6. Tuition subsidies pursuant to this section shall be awarded for the lesser of one year or the period approved by the state board of education for completion of the program, in accordance with rules and procedures of the higher education coordinating board. Awards shall not be renewable but the recipient of an award may apply for additional awards for subsequent periods or years.

Subd. 7. Funds appropriated for tuition subsidies pursuant to this section of this article shall be distributed to the public post-secondary vocational-technical schools by the higher education coordinating board according to rules and procedures adopted by the board.

Sec. 12. Minnesota Statutes 1976, Section 275.125, Subdivision 13, is amended to read:

Subd. 13. Districts maintaining a post-secondary vocational-technical school shall levy for post-secondary vocational-technical purposes as follows:

(1) For districts in cities of the first class, a ~~minimum~~ of one-half mill ~~up to a maximum of one mill~~, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(2) For districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060 as amended, a ~~minimum~~ of one-half mill ~~up to a maximum of one mill~~, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(3) For other districts maintaining post-secondary vocational schools, a ~~minimum~~ of one mill ~~up to a maximum of three mills~~, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

Sec. 13. Laws 1967, Chapter 822, Section 7, as amended by Laws 1969, Chapter 945, Section 2, and Laws 1975, Chapter 432, Section 84, is amended to read:

Sec. 7. TAX LEVIES. The joint school board shall each year, for the purpose of ~~Changes or additions indicated by underline deletions by strikeout~~

paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in Minnesota Statutes, Section 76 275.125, Subdivision 13, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under Minnesota Statutes, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which ~~are~~ is then not collected and not delinquent.

Sec. 14. Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended by Laws 1971, Chapter 267, Section 3, and Laws 1975, Chapter 432, Section 85, is amended to read:

Subd. 2. The intermediate school board shall in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in Minnesota Statutes, Section 76 275.125, Subdivision 13, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to Minnesota Statutes, Section 124.02. Upon such certification the ~~county auditor or auditors and other appropriate county officials shall levy and collect~~ such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under Minnesota Statutes, Section 275.125. After such levies have been certified to the appropriate county officials the intermediate school board may issue and sell by negotiation or at public sale its certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amount such as will not exceed the portion of such tax levy which is then not collected and not delinquent.

Sec. 15. Laws 1969, Chapter 1060, Section 7, as amended by Laws 1975, Chapter 432, Section 86, is amended to read:

Sec. 7. **TAX LEVIES.** The joint school board shall each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in Minnesota Statutes, Section 76 275.125, Subdivision 13, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary

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vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under Minnesota Statutes, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which ~~are~~ is then not collected and not delinquent.

Sec. 16. **REPEALERS.** Minnesota Statutes 1976, Sections 124.562, Subdivisions 5 and 6; 124.563, Subdivision 4; and 124.565, Subdivision 5, are repealed.

Sec. 17. **REPEALERS.** Minnesota Statutes 1976, Sections 124.565, Subdivision 2; and 124.57, Subdivisions 1 and 3, as added by section 8 of this article, are repealed effective July 1, 1978.

Sec. 18. **NEEDS ASSESSMENT APPROPRIATION.** The state board of education shall conduct a statewide needs assessment for the purpose of determining future program needs for services to handicapped or disadvantaged students in vocational-technical education. Information for this needs assessment shall include data collected by the division of special and compensatory education, and the division of vocational-technical education, concerning the vocational-technical training needs of handicapped and disadvantaged students. The results of this assessment shall be reported to the state legislature by February, 1978. The sum of \$15,000 is appropriated from the general fund to the department of education for the purposes of this section to be available until March 1, 1978.

Sec. 19. **TUITION SUBSIDIES APPROPRIATION.** There is appropriated from the general fund to the higher education coordinating board for the biennium ending June 30, 1979, the sum of \$3,600,000 for the program of tuition subsidies established pursuant to section 11 of this article. This amount includes \$15,000 for the expenses of the higher education coordinating board in administering the program.

Sec. 20. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. POST-SECONDARY VOCATIONAL FOUNDATION AID. For post-secondary vocational foundation aid, there is appropriated:

\$59,675,000.....1978,

\$56,100,000.....1979.

Subd. 3. POST-SECONDARY VOCATIONAL CATEGORICAL AID. For post-secondary vocational categorical aid, there is appropriated:

\$7,668,000.....1978,

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\$7,645,000.....1979.

These appropriations are based on the assumption that the state will spend for post-secondary vocational categorical aid an amount equal to \$4,732,000 in fiscal year 1978 and \$4,755,000 in fiscal year 1979, of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 4. POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID. For post-secondary vocational capital expenditure aid, there is appropriated:

\$6,000,000.....1978,

\$6,000,000.....1979.

Subd. 5. POST-SECONDARY VOCATIONAL DEBT SERVICE AID. For post-secondary vocational debt service aid, there is appropriated:

\$7,608,380.....1978,

\$7,814,865.....1979.

Subd. 6. POST-SECONDARY VOCATIONAL DEFICIT PAYMENT. For the post-secondary vocational deficit payment, there is appropriated:

\$1,188,925.....1978.

Subd. 7. ADULT VOCATIONAL EDUCATION AID. For adult vocational education aid there is appropriated:

\$ 4,500,000.....1978,

\$ 5,450,000.....1979.

(a) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$500,000 for the payment of the final adult vocational education aid distribution to each district for fiscal year 1978 of which not to exceed \$18,000 is for necessary travel.

(b) The appropriations in this subdivision also include not to exceed \$162,180 in 1978 and \$177,500 in 1979 for necessary travel.

Subd. 8. VETERAN FARMER COOPERATIVE TRAINING PROGRAMS. For veteran farmer cooperative training programs there is appropriated:

\$ 1,729,660.....1978,

\$ 1,218,200.....1979.

These appropriations are for state reimbursement for the veteran farmer
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cooperative training program established under the Veterans Readjustment Benefits Act of 1966, as amended.

Subd. 9. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid there is appropriated:

\$16,000,000.....1978,

\$16,200,000.....1979.

(a) The appropriation in this subdivision for 1978 is based on expenditures in the 1976-1977 school year and the appropriation in this subdivision for 1979 is aid for 1979, payable on a current funding basis.

(b) The appropriations in this subdivision include not to exceed \$1,120,000 in 1978 and not to exceed \$1,134,000 in 1979 for aid for equipment for secondary vocational education programs.

Subd. 10. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 21. EFFECTIVE DATE. Sections 6 and 7 of this article shall be effective July 1, 1978.

ARTICLE VI

OTHER AID AND LEVY PROGRAMS

Section 1. Minnesota Statutes 1976, Section 123.742, Subdivision 1, is amended to read: .

123.742 ASSISTANCE TO LOCAL SCHOOL DISTRICTS. Subdivision 1. Insofar as possible, the state board of education and educational cooperative service units shall make technical assistance for planning and evaluation available to school districts upon request during the 1976-1977 school year. The department shall collect the annual evaluation reports from local districts as provided in section 123.741, subdivision 5, and shall make this data available upon request to any district seeking to use it for purposes of comparisons of student performance.

Sec. 2. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.214] AID ADJUSTMENTS. No adjustments to any aid payments made
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pursuant to chapter 124, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year, unless otherwise specifically provided by law.

Sec. 3. Minnesota Statutes 1976, Section 124.24, is amended to read:

124.24 **EMERGENCY AID.** Subdivision 1. Emergency aid is money paid by the state to a district which by reason of physical calamity; high tax delinquency or excessive debt; or a combination thereof; or by other justifiable cause is unable by taxation to collect sufficient revenue to maintain its schools therefrom on in compliance with minimum standards established by the state board. Such aid will be paid only when specifically directed by the state board.

Subd. 2. Any school district which applies for aid under this section shall be subject to a review of its total financial condition by representatives of the state board of education to determine the need for assistance.

Sec. 4. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.245] CAPITAL EXPENDITURE EQUALIZATION AID. Subdivision 1. The state shall pay a school district the difference by which an amount equal to \$75 per pupil unit in that school year or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit in that school year, exceeds the amount raised by 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in any year, a district must have levied the full 10 EARC mills for use for capital expenditures in that year pursuant to section 124.04 or section 9 of this article.

Subd. 2. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7).

Subd. 3. All capital expenditure equalization aid shall be distributed prior to November 1 of each year.

Sec. 5. Minnesota Statutes 1976, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. "Maximum effort debt service levy" means the lesser of (1) a levy in a total dollar amount computed as 20 mills on the adjusted assessed value; except that the maximum effort debt service levy of or (2) a levy in whichever of the following amounts is applicable:

(a) In any school district having which received a debt service or capital loan from the state before January 1, 1965, shall be a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967; and except that the maximum effort debt service levy of

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(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, shall be a levy in a total dollar amount computed as 5 1/2 mills on the market value in each year, until and unless the district receives an additional loan; ~~and except that the maximum effort debt service levy of or~~

(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975 shall be a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan.

Sec. 6. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.646] SCHOOL LUNCH AID. Subdivision 1. School districts shall be paid by the state in the amount of four cents for each full paid student type "A" lunch served to students in the district.

Subd. 2. School districts shall not be paid by the state for free or reduced price type "A" lunches served by the district.

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

Sec. 7. Minnesota Statutes 1976, Section 273.138, Subdivision 3, is amended to read:

Subd. 3. Each school district shall receive reimbursement in 1974 and subsequent years in an amount equal to the product of its 1972 assessed value of real property exempted from taxation by ~~section 272.02, subdivision 1~~ Laws 1973, Chapter 650, Article XXIV, Section 1, times the sum of its 1972 payable 1973 mill rates for the following levies:

~~(1) A levy for capital outlay, pursuant to section 124.04;~~

~~(2) (1) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes 1974 1971, Section 275.125, Subdivision 3 (7), Clause (6) (c);~~

~~(3) (2) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes 1971, Section 124.42;~~

~~(4) (3) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes 1971, Section 124.43;~~

~~(5) (4) A levy to pay amounts required in support of a teacher retirement fund, pursuant to Minnesota Statutes 1971, Section 422A.08 422.13;~~

~~(6) (5) A levy for additional maintenance cost in excess of 29 30 mills times the adjusted assessed valuation of the school district, pursuant to Minnesota Statutes 1971,~~

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section 275.125, ~~subdivisions 6 or 7~~ Subdivision 3, Clause (4).

For the purpose of this subdivision, a school district mill rate for any of the forementioned levies which was not applied to the total taxable value of such school district shall be added to the forementioned sum of mill rates as if it had been applied to the entire taxable value of the school district.

Sec. 8. Minnesota Statutes 1976, Section 275.125, Subdivision 4, is amended to read:

Subd. 4. A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974; the amounts necessary for repayment of debt service loans and capital loans; ~~the amount authorized for capital expenditures pursuant to section 124.04; and the amounts necessary to pay the district's obligations under section 6.62;~~ the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; and the amounts necessary to pay the district's obligations under section 127.05.

Sec. 9. Minnesota Statutes 1976, Section 275.125, is amended by adding a subdivision to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware, computer terminals and telecommunications equipment, and related proprietary software. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state

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board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 10. Minnesota Statutes 1976, Section 275.125, Subdivision 12, is amended to read:

Subd. 12. When a district finds it economically advantageous to rent or lease existing school buildings for instructional purposes, and the proceeds of the levy permitted under section 124.04 or section 9 of this article are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this clause shall contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this clause shall include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and regulations of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner shall not authorize a levy under this clause in an amount greater than the cost to the district of renting or leasing a school building for approved purposes. The proceeds of this levy shall not be used for custodial or other maintenance services.

Sec. 11. Minnesota Statutes 1976, Section 466.06, is amended to read:

466.06 LIABILITY INSURANCE. The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability; and such insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or millage tax limitation imposed by statute or charter; provided, a school district may not levy for premium costs pursuant to this section. Any independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the

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policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 12. EDUCATIONAL AIDS FOR NONPUBLIC SCHOOL CHILDREN. Notwithstanding any law to the contrary, the state board shall not, prior to July 1, 1979, enforce or allot funds pursuant to Minnesota Statutes, Sections 123.934 and 123.935 or any rules promulgated under those sections.

Sec. 13. REPEALER. Minnesota Statutes 1976, Sections 124.04; 124.215, Subdivisions 2a, 3, 4, 5, 7 and 8; 124.221; 124.23; 124.25; 124.30; 126.021; 126.022; 126.024; 273.138, Subdivision 7; 473.633; and 473.635 are repealed. Minnesota Statutes 1976, Section 123.40, Subdivision 7 is repealed effective December 31, 1979.

Sec. 14. APPROPRIATION. There is appropriated from the general fund to the department of education the sum of \$100,000 for the year ending June 30, 1978 and the sum of \$100,000 for the year ending June 30, 1979. The department shall pay this sum to Independent School District No. 625 for its career study centers programs upon receipt of a resolution by the school board of that district that (1) it will establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these career study center programs, (2) that the full foundation aid formula allowance per pupil unit attributable to each student enrolled in a career studies program, including that portion earned pursuant to Minnesota Statutes, Section 124.17, Subdivision 1, Clauses (4) and (5), will be deposited by the district in that account, and (3) that the moneys deposited in that account shall be used solely for the purposes of the career study centers programs. For the purposes of this section, the foundation aid formula allowance per pupil unit for Independent School District No. 625 shall be \$1,030 for the 1977-1978 school year and \$1,090 for the 1978-1979 school year.

Sec. 15. APPROPRIATION. There is appropriated from the general fund to the department of education the sum of \$320,000 for the year ending June 30, 1977, the sum of \$160,000 for the year ending June 30, 1978 and the sum of \$80,000 for the year ending June 30, 1979. Of these amounts, the department shall pay the following sums to the following school districts for the fiscal year designated: to Independent School District No. 691, \$120,000 for 1977, \$60,000 for 1978, and \$30,000 for 1979; to Independent School District No. 694, \$88,000 for 1977, \$44,000 for 1978, and \$22,000 for 1979; to Independent School District No. 695, \$40,000 for 1977, \$20,000 for 1978, and \$10,000 for 1979; to Independent School District No. 699, \$72,000 for 1977, \$36,000 for 1978, and \$18,000 for 1979. These amounts shall be paid to replace and phase out aids these districts would have received pursuant to Minnesota Statutes 1974, Sections 124.801 to 124.806 were it not for the provisions of Laws 1975, Chapter 432, Section 98. The state shall never be obligated for any further payments for this purpose.

Sec. 16. DEFICIENCY APPROPRIATION. The sum of \$70,000 is appropriated from the general fund to the department of education for the year ending June 30, 1976 and the sum of \$116,000 is appropriated for the year ending June 30, 1977. These appropriations are for the payment of a deficiency in funds available for payment of state aid for extraordinary tax delinquency pursuant to section 124.241 in those years, and shall be added to the sums appropriated for that purpose for those years in Laws 1975, Chapter

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432, Section 96, Clause (19).

Sec. 17. **APPROPRIATION.** There is appropriated to the department of education from the general fund the sum of \$200,000 for the biennium ending June 30, 1979 for the purpose of providing operational educational cooperative service units with funds to assist in meeting the costs of rendering technical assistance to local school districts for planning and evaluation pursuant to Minnesota Statutes, Section 123.742. Each ECSU shall receive up to \$20,000, except that the ECSU whose boundaries coincide with the boundaries of development region 11 shall receive up to \$40,000.

Sec. 18. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. EDUCATIONAL COOPERATIVE SERVICE UNITS. For educational cooperative service units, there is appropriated:

\$499,950.....1978,

\$499,950.....1979.

Each year funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$45,450 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of development region 11 shall receive \$90,900 each year.

Subd. 3. STATE AID FOR EXTRAORDINARY TAX DELINQUENCY. For state aid for extraordinary tax delinquency pursuant to section 124.241, there is appropriated:

\$200,000.....1978,

\$200,000.....1979.

Subd. 4. CAPITAL EXPENDITURE EQUALIZATION AID. For capital expenditure equalization aid, pursuant to section 4 of this article there is appropriated:

\$560,000.....1978,

\$300,000.....1979.

Subd. 5. ELIGIBLE TEACHER PROGRAM. For eligible teacher program aid, there is appropriated:

\$112,500.....1978,

\$60,000.....1979.

Subd. 6. EMERGENCY AID. For emergency aid pursuant to section 124.24 there

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is appropriated:

\$400,000.....1978.

Subd. 7. **GROSS EARNINGS AID.** For gross earnings aid pursuant to sections 124.28, 124.281 and 124.29, there is appropriated:

\$300,000.....1978,

\$300,000.....1979.

Subd. 8. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 19. **EFFECTIVE DATE.** Sections 15 and 16 of this article shall be effective the day following final enactment.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1976, Chapter 6, is amended by adding a section to read:

[6.515] AUDIT OF FEDERAL MONEYS. The state auditor, in respect to any political subdivision over which he has audit jurisdiction provided by chapter 6, is empowered to examine all accounts and records of the subdivision relating to funds consisting in whole or part of moneys received from the federal government or any agency thereof.

Sec. 2. Minnesota Statutes 1976, Section 120.10, Subdivision 1, is amended to read:

120.10 COMPULSORY ATTENDANCE. Subdivision 1. **AGES AND TERM.** Every child between seven and 16 years of age shall attend a public school, or a private school, for a minimum term, as defined by the state board, during the entire time that the school is in session during any school year. No child shall be required to attend a public school more than a maximum term, as defined by the state board 200 days or their equivalent, during any school year.

Sec. 3. Minnesota Statutes 1976, Section 120.10, Subdivision 2, is amended to read:

Subd. 2. **SCHOOL.** A school, to satisfy the requirements of compulsory attendance, must be one: (1) in which all the common branches are taught in the English

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language, from textbooks written in the English language, and taught by teachers whose qualifications are essentially equivalent to the minimum standards for public school teachers of the same grades or subjects and (2) which is in session each school year for at least 175 days or their equivalent. A foreign language may be taught when such language is an elective or a prescribed subject of the curriculum, but not to exceed one hour in each day.

Sec. 4. Minnesota Statutes 1976, Section 121.11, Subdivision 5, is amended to read:

Subd. 5. **UNIFORM SYSTEM OF RECORDS AND OF ACCOUNTING.** The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system adopted pursuant to section 121.902. With the cooperation of the legislative state auditor, the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 5. Minnesota Statutes 1976, Section 121.902, is amended to read: .

121.902 **COUNCIL RECOMMENDATIONS.** Subdivision 1. The council shall recommend to the state board uniform financial accounting and reporting standards for school districts. ~~Prior to October 1, 1976, The state board shall adopt and maintain~~ uniform financial accounting and reporting standards which are consistent with sections 121.90 to 121.92 and with generally accepted accounting principles and practices. The standards so adopted shall be known as the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2. The state board shall meet the requirements of chapter 15 in the initial adoption ~~and maintenance~~ of these standards. ~~In periodically revising these standards, the board need not meet the requirements of chapter 15, but these revisions shall not be effective until 20 days after their publication in the state register. Any interested person may petition the state board for revision of these standards. Upon receipt of such a petition, the state board shall proceed according to section 15.0412.~~

Sec. 6. ~~Notwithstanding the provisions of sections 15.0412 or 121.914, subdivision 2, the state board may promulgate emergency rules relating to standards for the establishment of a uniform auditing or other verification procedure to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977, without compliance with the provisions of section 15.0412, subdivision 4. These rules are to be effective for not longer than 75 days and may be reissued or continued in effect for an additional 75 days, but may not immediately be reissued thereafter without following the procedure of section 15.0412, subdivision 4. These emergency rules shall be published in the state register as soon as practicable.~~

Sec. 7. Minnesota Statutes 1976, Section 121.908, is amended by adding a

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subdivision to read:

Subd. 3a. Prior to July 1, 1978 and July 1 of each year thereafter, the school board of each district shall approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted shall be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures.

Sec. 8. Minnesota Statutes 1976, Chapter 121, is amended by adding a section to read:

[121.912] PERMANENT FUND TRANSFERS. Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund; provided, however, that permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year and permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued.

Subd. 2. As used in this section, "operating fund" and "nonoperating fund" shall have the meanings specified in the uniform financial accounting and reporting system for Minnesota school districts. Any transfer for a period in excess of one year shall be deemed to be a permanent transfer.

Sec. 9. Minnesota Statutes 1976, Section 121.914, Subdivision 1, is amended to read:

121.914 STATUTORY OPERATING DEBT. Subdivision 1. The "statutory operating debt" of a school district means the net negative unappropriated fund balance in all school district funds, other than capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Sec. 10. Minnesota Statutes 1976, Section 121.914, Subdivision 2, is amended to read:

Subd. 2 3. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. This procedure shall also identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt. The standards for this uniform auditing or verification procedure shall be promulgated by the state board pursuant to chapter 15. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the

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school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 11. Minnesota Statutes 1976, Section 121.914, Subdivision 3, is amended to read:

Subd. ~~3~~ 4. If an audit or other verification procedure conducted pursuant to subdivision ~~2~~ 3 determines that a statutory operating debt exists ~~and does not come within the provisions of subdivision 4~~, a district shall follow the procedures set forth in section 275.125, subdivision 9a to eliminate this statutory operating debt.

Sec. 12. Minnesota Statutes 1976, Section 121.914, Subdivision 4, is amended to read:

Subd. ~~4~~ 2. If the amount of the statutory operating debt ~~verified pursuant to subdivision 2~~ is less more than two and one-half percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative unappropriated fund balance shall ~~not qualify be defined as statutory operating debt "statutory operating debt"~~ for the purposes of this section and sections 121.917 and 275.125, subdivision 9a.

Sec. 13. Minnesota Statutes 1976, Section 121.917, Subdivision 1, is amended to read:

121.917 **EXPENDITURE LIMITATIONS.** Subdivision 1. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 121.914 shall limit its expenditures in each fiscal year to the amount of revenue recognized in the same fiscal year in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

(~~b~~) The expenditures of a district for each fiscal year shall be limited so that the amount of its statutory operating debt calculated for at the end of that fiscal year pursuant to section ~~121.914~~ is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner,

(~~1~~) reduced by an amount equal to the cumulative entries to that district's "reserve account for reducing operating debt";

(~~2~~) increased by an amount equal to two and one-half percent of that district's operating expenditures for the fiscal year immediately preceding the fiscal year for which the statutory operating debt calculation is being made.

(~~e~~) (b) When a district is no longer required to levy pursuant to section 275.125, subdivision 9a, subdivision 2 of this section shall be applicable.

Sec. 14. Minnesota Statutes 1976, Section 121.917, Subdivision 2, is amended to read:

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Subd. 2. Beginning in fiscal year 1978 and each year thereafter, any district not subject to the provisions of subdivision 1 shall limit its expenditures so that its ~~appropriate~~ unappropriated fund balances shall not constitute statutory operating debt as defined ~~and limited~~ in section 121.914.

Sec. 15. Minnesota Statutes 1976, Section 122.21, Subdivision 6, is amended to read:

Subd. 6. Upon the effective date of the order, the detachment and annexation ordered therein is effected; ~~and~~ 2. All taxable property in the area so detached and annexed is remains taxable for payment of any school purpose obligations theretofore authorized by or on that date outstanding against the district ~~to from~~ which annexation is made detached. Such property is not by virtue of the order relieved from the obligation of any bonded debt theretofore incurred to which it was subject prior to the order. All taxable property in the area so detached and annexed is taxable for payment of any school district obligations authorized on or subsequent to the effective date of the order by the district to which annexation is made.

Sec. 16. Minnesota Statutes 1976, Section 123.335, Subdivision 2, is amended to read:

Subd. 2. The board may authorize an imprest fund for the purpose of advancing money to officers or employees to pay the actual and necessary expenses of such officer or employee in attending meetings outside of the district. The board shall appoint a custodian of such fund and he shall be responsible for its safekeeping and disbursement according to law. ~~Attendance at such meetings shall be authorized in advance by the board.~~ At the first regular meeting of the board after such meeting, the ~~officer or employee~~ custodian shall submit an itemized claim for the actual and necessary expenses incurred and paid ~~by him in attending such meeting~~. The board shall act upon it as in the case of other claims and an order shall be issued to the ~~officer or employee~~ custodian for the amount allowed. The ~~officer or employee~~ custodian shall use the proceeds of the order to repay the amount advanced from the fund; ~~and if the amount approved by the board is insufficient to repay the advance, he shall be personally responsible for the difference and make final settlement with the officer or employee.~~ As an alternative the board may authorize travel advances if control is maintained by use of a travel advance account, the balance of which is supported by names of employees to whom money has been advanced

Sec. 17. Minnesota Statutes 1976, Section 123.71, Subdivision 1, is amended to read:

123.71 PUBLICATION OF SCHOOL DISTRICT FINANCIAL INFORMATION.

Subdivision 1. Every school board shall, ~~within 30 days after its adoption of a budget for the current school year, but in no event later than September 1~~ ; publish a summary of the disbursements of funds showing the actual expenditures for the prior fiscal year and proposed expenditures for the current fiscal year the revenue and expenditure budgets submitted to the commissioner of education in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances

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for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a newspaper of general circulation and holding a U. S. Post Office Department second class mailing permit or a legal newspaper located in the district, or if there be no such newspaper within the district then in the legal newspaper outside the district which has a general circulation in the district.

Sec. 18. Minnesota Statutes 1976, Section 123.71, Subdivision 2, is amended to read:

Subd. 2. It shall also publish at the same time a summary of bonds outstanding, paid, and sold; a summary of orders not paid for want of funds; ~~and~~ certificates of indebtedness for the year ending June 30; the statutory operating debt of the district as defined and certified pursuant to section 121.914; and the balance amount of the appropriated fund balance reserve account for purposes of reducing statutory operating debt established pursuant to section 275.125.

Sec. 19. Minnesota Statutes 1976, Section 123.71, is amended by adding a subdivision to read:

Subd. 4. It shall also publish at the same time the average cost per pupil in average daily membership educated in that district in the preceding year. This computation shall be made exclusive of debt service or capital outlay costs.

Sec. 20. Minnesota Statutes 1976, Section 125.08, is amended to read:

125.08 **TEACHERS' AND ADMINISTRATORS' LICENSES, FEES.** Each application for the issuance, renewal, or extension of a license to teach shall be accompanied by a processing fee in an amount set by the board of teaching by rule, which shall not be less than \$10. Each application for the issuance, renewal or extension of a superintendent's or principal's license shall be accompanied by a processing fee in an amount set by the state board of education by rule. Except as otherwise provided in this section, ~~such fee~~ these fees shall be paid to the commissioner, who shall deposit them with the state treasurer, as provided by law, and report each month to the commissioner of finance the amount of fees collected. The ~~fee fees~~ as set by the ~~board boards~~ shall be nonrefundable for applicants not qualifying for a license, provided however, that ~~the a~~ fee shall be refunded by the state treasurer in ~~those cases~~ any case in which the applicant already holds a valid unexpired license.

Sec. 21. Minnesota Statutes 1976, Section 125.12, Subdivision 3, is amended to read:

Subd. 3. **PROBATIONARY PERIOD.** The first and second consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the

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probationary period in each school district in which he is thereafter employed shall be one year. A teacher who has complied with the then applicable probationary requirements in a school district prior to July 1, 1967, shall not be required to serve a new probationary period in the said district subsequent thereto. During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before ~~April~~ June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during his employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.14, subdivision 4, or section 123.35, subdivision 5.

Sec. 22. Minnesota Statutes 1976, Section 125.12, Subdivision 4, is amended to read:

Subd. 4. TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.

A teacher who has completed his probationary period in any school district, and who has not been discharged or advised of a refusal to renew his contract pursuant to subdivision 3, shall have a continuing contract with such district. Thereafter, the teacher's contract shall remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board ; prior to April 1 upon one of the grounds specified in ~~subdivisions~~ subdivision 6 or prior to June 1 upon one of the grounds specified in subdivisions 6a or 6b, or until the teacher is discharged pursuant to subdivision 8, or by the written resignation of the teacher submitted prior to April 1; provided, however, that if an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179.61 to 179.77 prior to March 1, the teacher's right of resignation shall be extended to the 30th calendar day following the adoption of said contract in compliance with section 179.70, subdivision 2. Such written resignation by the teacher shall be effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board shall notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section shall not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 23. Minnesota Statutes 1976, Section 125.12, Subdivision 10, is amended to read:

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Subd. 10. **DECISION.** After the hearing, the board shall issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision shall include findings of fact based upon competent evidence in the record and shall be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination for grounds specified in subdivision 6, prior to June 1 for grounds specified in subdivision 6a or 6b, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings shall be dismissed and the decision entered in the board minutes, and all references to such proceedings shall be excluded from the teacher's record file.

Sec. 24. Minnesota Statutes 1976, Section 125.17, Subdivision 3, is amended to read:

Subd. 3. **PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.** After the completion of such probationary period, without discharge, such teachers as are thereupon re-employed shall continue in service and hold their respective position during good behavior and efficient and competent service and shall not be discharged or demoted except for cause after a hearing.

Any probationary teacher shall be deemed to have been re-employed for the ensuing school year, unless the school board in charge of such school shall give such teacher notice in writing before ~~April~~ June 1 of the termination of such employment. In event of such notice the employment shall terminate at the close of the school sessions of the current school year.

Sec. 25. Minnesota Statutes 1976, Section 275.124, is amended to read:

275.124 **REPORT OF CERTIFIED LEVY.** Prior to March 1 of each year, each county auditor shall report to the commissioner of education on forms furnished by the commissioner, the amount of the certified levy made by each school district within the county which has taxable property. ~~The reports shall also contain the amount payable to each district pursuant to section 124.03.~~

Sec. 26. Minnesota Statutes 1976, Section 275.125, Subdivision 9a, is amended to read:

Subd. 9a. (1) In ~~1977~~ 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. When the

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cumulative proceeds of the levies made pursuant to this subdivision equal an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated “ appropriated fund balance reserve account for purposes of reducing statutory operating debt” on its books and records. This account shall reflect the ~~proceeds of the levy~~ authorized pursuant to this subdivision. The proceeds of this levy; ~~as reflected in this account~~, shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under subdivision 2a, clause (1) or (2) in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 27. Minnesota Statutes 1976, Section 475.61, Subdivision 4, is amended to read:

Subd. 4. All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance levy authorized pursuant to section 275.125, subdivision 2a.

Sec. 28. Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended by Laws 1975, Chapter 432, Section 88, is amended to read:

Subd. 17. The provisions of this section shall expire July 1, ~~1979~~ 1981. At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care, management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

Sec. 29. Laws 1976, Chapter 20, Section 3, is amended to read:

Sec. 3. **STATUTORY OPERATING DEBT.** Subdivision 1. The “ **statutory operating debt**” of Independent School District No. 625 means the net negative unappropriated fund balances in all school district funds, other than the capital expenditure and building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30, ~~1976~~ of each year in

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accordance with the principles of the uniform financial accounting and reporting system.

Subd. 1a. If the amount of the district's operating debt is more than two and one-half percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative unappropriated fund balance shall qualify as "statutory operating debt" for the purposes of Laws 1976, Chapter 20, as amended.

Subd. 2. The legislative auditor shall certify the amount of statutory operating debt of the district as of June 30, 1976. He may adjust this amount on the basis of corrected figures until June 30, 1978.

Sec. 30. Laws 1976, Chapter 20, Section 7, is amended to read:

Sec. 7. EXPENDITURE LIMITATIONS. In the 1977 fiscal year or in any fiscal year thereafter, Independent School District No. 625 shall not spend any amount in that fiscal year which the district receives from the foundation aid in Minnesota Statutes, Section 124.212, plus the levy allowable under Minnesota Statutes, Section 275.125, Subdivision 2a, plus the levy allowable under Minnesota Statutes, Section 275.125, Subdivision 6, which exceeds the amount which the district would otherwise be entitled to receive from these same sources if it were not using tax anticipation certificates or other methods of borrowing to borrow against tax revenues for the next fiscal year or if it were not using tax receipts intended for the next fiscal year in the prior fiscal year. Beginning in the fiscal year 1977 and in each year thereafter, Independent School District No. 625 shall limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of its statutory operating debt as of June 30, 1976, as certified and adjusted by the legislative auditor, increased by an amount equal to two and one-half percent of its operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

Sec. 31. Laws 1976, Chapter 271, Section 8, Subdivision 1, is amended to read:

Sec. 8. ADVISORY TASK FORCE. Subdivision 1. The governor shall appoint a five member advisory task force on nonpublic schools within 30 days of the effective date of this section. The five members shall be representative of the various areas of the state and shall be knowledgeable about nonpublic schools. The task force shall expire May 15, 1977 and the compensation, removal of members and filling of vacancies shall be as provided in Minnesota Statutes, Section 15.059.

Sec. 32. EFFECTIVE DATE. Sections 29 and 30 of this article are effective the day following final enactment. Section 31 is effective retroactively on May 15, 1977.

ARTICLE VIII

EARLY CHILDHOOD AND FAMILY EDUCATION

PROGRAMS

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Section 1. Minnesota Statutes 1976, Section 3.9271, is amended to read:

3.9271 EARLY CHILDHOOD IDENTIFICATION AND EDUCATION PROGRAMS. Subdivision 1. For the ~~1975-1976~~ 1977-1978 and ~~1976-1977~~ 1978-1979 school years, the council on quality education shall make grants to no fewer than ~~ten~~ 22 pilot early childhood ~~identification~~ and family education programs. Early childhood ~~identification~~ and family education programs are programs for children before kindergarten and below age six which may include the following: identification of potential barriers to learning, education of parents on child development, libraries of educational materials, family services, education for parenthood programs in secondary schools, in-center activity, home-based programs, and referral services.

Notwithstanding section 3.926, subdivision 2, every early childhood ~~identification~~ and family education program proposal shall be submitted to the council on quality education not less than six weeks before the planned commencement of the program. These programs or grants shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area. No more than two of these programs shall receive these grants in any one school district. Each pilot program shall serve one elementary school attendance area in the local school district or a combination of attendance areas if deemed appropriate by the council.

The council on quality education shall prescribe the form and manner of application and shall determine the participating pilot programs. In the determination of pilot programs, programs shall be given preference for their ability to coordinate their services with existing programs and other governmental agencies. The council on quality education shall report on the programs annually to the committees on education of the senate and house of representatives.

Subd. 2. *Each district providing pilot programs shall establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these early childhood ~~identification~~ and family education programs.*

Subd. 3. A school district providing early childhood ~~identification~~ and family education programs shall be eligible to receive funds for these programs from other government agencies and from private sources when such funds are available.

Subd. 4. A district may charge reasonable fees for early childhood ~~identification~~ and family education services; however, a district shall waive the charge or fee if any pupil, his parent or guardian is unable to pay it.

Sec. 2. Minnesota Statutes 1976, Section 3.9272, is amended to read:

3.9272 ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS. The council on quality education shall appoint an advisory ~~committee~~ task force on early childhood ~~identification~~ and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task force shall advise the council in the

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administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1979.

Sec. 3. Minnesota Statutes 1976, Section 3.9275, is amended to read:

3.9275 **VOLUNTARY PARTICIPATION.** All participation by parents and children in these early childhood ~~identification~~ and family education programs shall be voluntary, and shall not preclude participation in any other state or local program. All pilot programs shall provide services to all qualified children, regardless of race, religion or ethnic background, and no such programs shall be used in whole or in part for religious worship or instruction.

Sec. 4. The council on quality education and the advisory task force on early childhood and family education programs shall conduct a study of policy issues involved in the provision of early childhood and family education and shall submit a final report on the study to the legislature no later than January 15, 1979.

Sec. 5. There is appropriated from the general fund to the department of education the sum of \$854,000 for the year ending June 30, 1978, and the sum of \$854,000 for the year ending June 30, 1979, for the purpose of pilot early childhood and family education programs pursuant to section 3.9271. These appropriations include not to exceed \$77,000 in fiscal year 1978 and not to exceed \$77,000 in fiscal year 1979 to be used for administrative costs; provided, these amounts may be used to hire not to exceed three professional employees and one clerical employee beyond the existing complement of the department in these years. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium.

ARTICLE IX

TEACHER MOBILITY INCENTIVES

Section 1. [125.60] EXTENDED LEAVES OF ABSENCE. Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents.

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary or secondary school teacher who has been employed by the district for at least ten but no more than 20 years of allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association, and who has not attained the age of 55 years or over. Extended leaves of absence pursuant to this section shall not exceed five years in duration. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Subd. 3. A teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of

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any of the first five school years after his extended leave of absence begins, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.17 or 125.12 while he is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of his intention to return before February 1 in the school year preceding the school year in which he wishes to return.

Subd. 4. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though he had been teaching in the district during the period when he was on the extended leave.

Subd. 5. The years spent by a teacher on an extended leave of absence pursuant to this section shall not be included in the determination of his salary upon his return to teaching in the district. The credits earned by a teacher on an extended leave of absence pursuant to this section shall not be included in the determination of his salary upon his return to teaching in the district for a period equal to the time of the extended leave of absence.

Subd. 6. Nothing within the provisions of this section shall be construed to limit the authority of a school board to grant any teacher a leave of absence which is not subject to the provisions of this section and sections 3 and 6 of this article.

Sec. 2. [125.61] TEACHER EARLY RETIREMENT INCENTIVE PROGRAM.

Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in Minnesota Statutes, Section 125.03, Subdivision 1, who is employed in the public elementary or secondary schools in the state, who has not less than 15 years of full time teaching service therein, and who has or will have attained the age of 55 years but less than 65 years as of the end of the school year during which an application for an early retirement incentive is made.

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to July 1, 1977 in the case of a teacher retiring at the end of the 1977-78 school year, prior to May 1, 1978 in the case of a teacher retiring at the end of the 1978-79 school year, or, thereafter, prior to May 1 of the year immediately preceding the school year at the end of which the teacher wishes to retire.

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of \$7,500. This amount shall be reduced by \$375 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,125 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the end of the school year during which the application for the early retirement incentive is made.

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Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement. The state shall reimburse the district for 10 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section upon receipt of a proper claim therefor accompanying the report required by subdivision 5. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Subd. 5. Each school district contracting for an early retirement incentive pursuant to this section shall report annually during the month of December to the department of education on forms prescribed by the department. The report shall cover the preceding school year and shall contain the number of teachers participating in the early retirement incentive program, the annual salary which would have been paid had the teacher not elected to participate, the amount paid by the district for early retirement incentives, the amount claimed as reimbursement from the state, and such other information as the department of education may require.

Subd. 6. No school board shall enter into an agreement for termination of services with an early retirement incentive without applying for and receiving authorization from the commissioner of finance. The commissioner of finance shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of this section.

Sec. 3. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.094] Subdivision 1. If a member is granted an extended leave of absence pursuant to section 1 of this article, he may receive allowable service credit toward annuities and other benefits under chapter 354, for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The employing district shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Subd. 2. Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave who pays employee contributions into the fund pursuant to subdivision 1 shall retain membership in the association for as long as he continues to pay employee contributions, under the same terms and conditions as if he had continued to teach in the district.

Subd. 3. A member on extended leave of absence pursuant to section 1 of this article who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354.

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Subd. 4. If a member who paid employee contributions into the fund for five years while on extended leave does not resume teaching in the sixth school year after the beginning of his extended leave, he shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354.

Subd. 5. The provisions of this section shall not apply to a member who is placed on unrequested leave of absence or whose contract is terminated pursuant to section 125.12 or 125.17 while he is on an extended leave of absence pursuant to section 1 of this article.

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Sec. 4. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.66] QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND.

Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents, principals, assistant principals or other supervisory employees as defined in section 179.63, subdivision 9.

Subd. 2. A teacher in the public elementary or secondary schools of the state who has 20 years or more of allowable service may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated at a rate not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Subd. 4. Notwithstanding any provision of chapter 354 relating to salary for contribution purposes or accrual of service credit to the contrary, employee and employer contributions to the fund, including the state's obligation therefor, and accrual of allowable service credit toward retirement pursuant to chapter 354 shall be continued during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would be payable or accrued were the teacher to have been employed on a full time basis. A teacher's contributions to the fund and accrual of allowable service credit during part time employment may not be continued pursuant to this subdivision for a period longer than 10 years.

Subd. 5. A teacher who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive

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allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Subd. 6. A board entering into an agreement authorized by this section shall take all steps necessary to assure continuance of any insurance programs furnished or authorized a full time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. Only teachers who are in the bargaining unit as defined in section 179.63, subdivision 17, during the year preceding the period of part time employment pursuant to this section shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4. Notwithstanding the provisions of section 179.63, subdivision 7, clauses (e) and (f), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 7, subdivision 4, of this article in more than one district at one time.

Subd. 9. A district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual for service credit pursuant to this section.

Subd. 10. Nothing within the provisions of this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for the continuation of contributions and accrual of service credit pursuant to this section.

Sec. 5. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.69] Each school district shall furnish to the appropriate retirement fund association all information and reports deemed necessary by the appropriate board of trustees to administer the provisions of this article.

Sec. 6. Minnesota Statutes 1976, Chapter 354A, is amended by adding a section to read:

[354A.091] TEACHERS ON EXTENDED LEAVE. Subdivision 1. Notwithstanding

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any provision of chapter 354A or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or secondary school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 1 of this article may receive allowable service credit toward annuities and other benefits under chapter 354A for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The employing district shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Subd. 2. A member on extended leave who pays employee contributions into the fund pursuant to subdivision 1 shall retain membership in the association for as long as he continues to pay employee contributions, under the same terms and conditions as if he had continued to teach in the district.

Subd. 3. A member on extended leave of absence pursuant to section 1 of this article who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354A and the bylaws of the retirement association.

Subd. 4. If a member who paid employee contributions into the fund for five years while on extended leave does not resume teaching in the sixth school year after the beginning of his extended leave, he shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354A and the bylaws of the retirement association.

Subd. 5. The provisions of this section shall not apply to a member who is discharged pursuant to section 125.17 while he is on an extended leave of absence pursuant to section 1 of this article.

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Sec. 7. Minnesota Statutes 1976, Chapter 354A, is amended by adding a section to read:

[354A.22] QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND.

Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents, principals, assistant principals or other supervisory employees as defined in section 179.63, subdivision 9.

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Subd. 2. A teacher in the public schools of a city of the first class who has 20 years or more of allowable service may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in the appropriate bylaws of the retirement associations covered by chapter 354A, and for which the teacher is compensated at a rate not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Subd. 4. Notwithstanding any provision of chapter 354A or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, employee and employer contributions to the fund, including the state's obligation pursuant to section 354A.12, and accrual of allowable service credit toward retirement pursuant to chapter 354A shall be continued during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would be payable or accrued were the teacher to have been employed on a full time basis. A teacher's contributions to the fund and accrual of allowable service credit during part time employment may not be continued pursuant to this subdivision for a period longer than 10 years.

Subd. 5. A teacher who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Subd. 6. A board entering into an agreement authorized by this section shall take all steps necessary to assure continuance of any insurance programs furnished or authorized a full time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. Only teachers who are in the bargaining unit as defined in section 179.63, subdivision 17, during the year preceding the period of part time employment pursuant to this section shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4. Notwithstanding the provisions of section 179.63, subdivision 7, clauses (e) and (f), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 4, subdivision 4, of this article in more than one district at one time.

Subd. 9. A district shall not assign a teacher to a part time teaching position

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qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual of service credit pursuant to this section.

Subd. 10. Nothing within the provisions of this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for the continuation of contributions and accrual of service credit pursuant to this section.

Sec. 8. APPROPRIATION; PART-TIME TEACHERS' RETIREMENT. To meet the state's obligation prescribed in sections 2, 4 and 7 of this article, there is appropriated from the general fund in the state treasury to the commissioner of finance the sum of \$1,000,000 for the fiscal year ending June 30, 1978, and the sum of \$2,000,000 for the fiscal year ending June 30, 1979.

(a) Any unexpended balance remaining from the appropriation in this section for fiscal year 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

(b) Notwithstanding the provisions of sections 354.43 and 354A.12, the state's obligation prescribed in sections 4 and 7 of this article shall not be financed out of standing appropriations for the state's obligations pursuant to chapter 354 or 354A.

ARTICLE X

EXPERIMENTAL PAIRING AND DISTRICT PLANNING

Section 1. [122.84] POLICY. It is the policy of the state to encourage experimental delivery systems and comprehensive educational planning that will afford better educational opportunities for all pupils, make possible a more economical and efficient operation of the schools and insure a more equitable distribution of public school revenue.

Sec. 2. [122.85] EXPERIMENTAL PAIRING. Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades kindergarten through 12 and the instruction in the other district of the pupils in the discontinued grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 217 and No. 220, No. 440 and No. 444, No. 649 and No. 650, No. 782 and No. 783, and No. 893

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and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1980.

Subd. 2. Districts entering into experimental agreements permitted in subdivision 1 shall count their resident pupils who are educated in the other district as resident pupils in the calculation of pupil units for all purposes, including foundation aid and levy limitations. Notwithstanding the provisions of Minnesota Statutes, Section 124.18, Subdivision 2, the agreements permitted in subdivision 1 shall provide for such tuition payments as the participating districts determine are necessary and equitable to compensate each district for the instruction of any nonresident pupils.

Subd. 3. The school board and exclusive bargaining representative of the teachers in each district discontinuing grades pursuant to an agreement permitted in subdivision 1 may negotiate a plan for the assignment or employment in the other district or the placement on unrequested leave of absence of any teachers whose positions are discontinued as a result of the agreement. The school board and exclusive bargaining representative of the teachers in each district providing instruction to nonresident pupils pursuant to an agreement permitted in subdivision 1 may negotiate a plan for the employment of teachers from the other district whose positions are discontinued as a result of the agreement. If such plans are negotiated in any pair of districts and if the plans are compatible with one another, the boards of those districts shall include the plans in their agreement.

Subd. 4. If compatible plans are not negotiated pursuant to subdivision 3 before the March 1 preceding any year of the agreement permitted in subdivision 1, the participating districts shall be governed by the provisions of this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by the other district or assigned to teach in the other district as exchange teachers pursuant to section 125.13. If necessary, teachers who are employed in affected grade levels in either district and who have acquired continuing contract rights shall be placed on unrequested leave of absence as provided in section 125.12, subdivision 6b, in fields in which they are licensed in the inverse order in which they were employed by either district, according to a combined seniority list of teachers in affected grades in both districts.

Subd. 5. As used in this section, the term "teacher" shall have the meaning given it in Minnesota Statutes, Section 125.12, Subdivision 1.

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, 124.222 and 124.223. This subdivision shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from the agreement.

Subd. 7. Each set of paired districts shall provide a report to the state department of education on August 1, 1978 and August 1, 1979. This report shall include an

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assessment of the fiscal and program impact of the experimental pairing experience.

Sec. 3. [122.86] EDUCATIONAL PLANNING TASK FORCES. Subdivision 1. CREATION. In order to provide for comprehensive and coherent planning for the delivery of educational services pursuant to sections 3 to 6 of this article, each educational cooperative service unit shall establish an educational planning task force. In the event an area has not established an ECSU by September 1, 1977, the commissioner shall establish a task force for that area.

Subd. 2. SCHOOL DISTRICT PARTICIPATION. The geographic location of the central administrative office of a school district on July 1, 1977 shall determine the participation of the total school district in a particular task force planning area. Each school district in the state shall be a member of the planning task force for its area.

Subd. 3. TASK FORCE MEMBERSHIP. Each task force shall consist of one member from each school district within its geographic boundaries. Each school board shall be responsible for selecting its own representative. This appointment shall be made no later than August 15, 1977, and the ECSU and the commissioner shall be notified of these appointments no later than September 1, 1977. Members of these task forces shall hold their offices from the dates of their selection until June 30, 1980. Vacancies on the task forces shall be filled by the representative school boards in the same manner as the original appointments.

Subd. 4. ORGANIZATION. The ECSU director shall call the first meeting of each task force at a time designated by him prior to September 30, 1977. In those areas in which an ECSU has not been formed, the commissioner shall call the initial meeting. At this meeting, each task force shall elect from its membership a chairman and such other officers as it may deem necessary, and conduct any other necessary organizational business.

Sec. 4. [122.87] LOCAL SCHOOL DISTRICT PLANNING. Subdivision 1. Each school district shall develop a plan for the efficient and effective delivery of educational programs and services.

Subd. 2. In the development of its plan, each district shall confer with interested faculty and residents within the district, hold such public meetings as may be necessary, and furnish to the public necessary information concerning its plan and recommendations.

Subd. 3. School districts may meet jointly to discuss plans which will cross school district boundaries.

Subd. 4. Each school district plan shall include:

(1) a statement of the goals and priorities of the district relating both to educational programs and services and to organization and management for the delivery of such programs and services; provided, goals and priorities relating to educational programs and services shall be developed as provided in section 123.741;

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(2) a description, analysis, and assessment of alternative methods of organization and management which shall include: a summary of opportunities for coordination and cooperation with other districts, a statement of the consideration given to such opportunities and the reason for their rejection, a summary of restrictions and impediments to coordination and cooperation, and an assessment of the relative costs and benefits thereof;

(3) a statement of the data and assumptions upon which the district's goals and priorities and consideration of alternatives are based, with respect to at least the following factors:

(a) Enrollments for the school district including projections for fiscal years 1981, 1983, and 1988;

(b) Educational programs, services and staffing in the school district;

(c) The financial status and ability of the school district to support educational programs, including projections of revenue and expenditure;

(d) The use, capacity, location and condition of school buildings in the district, and needed capital improvements in excess of \$200,000 for the period through fiscal year 1983;

(e) Transportation costs and routes in the district;

(f) Non-public school enrollments and programs and their impact on the district.

Subd. 5. The plan shall be for the period July 1, 1980, through June 30, 1983.

Subd. 6. The school district plan shall be delivered to the ECSU task force by December 1, 1978, with an informational copy sent to the commissioner.

Sec. 5. [122.88] TASK FORCE POWERS AND DUTIES. Subdivision 1. The task force shall meet as necessary to assess progress of the local district planning process and provide interdistrict communications.

Subd. 2. The task force shall recommend that the ECSU employ such professional, clerical and technical assistants as they deem necessary to accomplish the purpose of the task force. Members of the task force shall receive expenses deemed necessary to accomplish their purpose. An ECSU shall be designated as fiscal agent. Where an ECSU does not exist, the task force may designate a local school district to serve as fiscal agent.

Subd. 3. The task force shall review and comment on plans from each district. In addition, the task force shall develop an areawide plan, which shall include: (a) a description of the organization and management of educational services in the area through 1983; (b) a description of alternative methods of organization and management and the cost and benefits of each; (c) a summary of opportunities for coordination and cooperation among school districts in the area; and (d) a summary of restrictions and

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impediments to such coordination and cooperation. The task force shall transmit its plan and its comments on each district plan to each local school district in the area and to the state department of education by June 1, 1979.

Subd. 4. In the event a plan is not submitted by a school district, the task force shall prepare a plan for that district.

Sec. 6. [122.89] STATE DEPARTMENT OF EDUCATION. Subdivision 1. The state department of education shall receive and review the report of each ECSU planning task force. The state department shall no later than September 1, 1979, transmit the ECSU planning task force reports to the legislature.

Subd. 2. In the event a report is not submitted by an ECSU task force, the state department of education shall provide the report for that area.

Sec. 7. [122.90] REVIEW AND COMMENT FOR SCHOOL DISTRICT CONSTRUCTION. Subdivision 1. After July 1, 1977, no referendum for bonds or solicitation of bids for construction of an educational facility which requires a capital expenditure in excess of \$400,000 shall be initiated prior to review and comment by the commissioner. No school board shall separate portions of a single project into components in order to evade the cost limitation of this section. Any construction project for which bonds have been authorized by referendum or legislative act or for which bids have been solicited prior to July 1, 1977, shall be considered to have been initiated prior to July 1, 1977 for purposes of this section.

Subd. 2. Each school board proposing to engage in construction of educational facilities as provided in subdivision 1 shall submit to the commissioner a proposal containing information including but not limited to the following:

(a) the geographic area likely to be served, whether within or outside the boundaries of the school district;

(b) the population likely to be served, including census findings and projections relative to the population of preschool and school aged persons in the area;

(c) the reasonably anticipated need for the facility or service to be provided by the proposal;

(d) a description of the construction in reasonable detail, including:

(1) the capital expenditures contemplated;

(2) the estimated annual operating cost, including the anticipated salary cost and numbers of new staff necessitated by the proposal; and

(3) an evaluation of the energy efficiency and effectiveness of the construction including estimated annual energy costs;

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(e) so far as is known, existing institutions within the area to be served that offer the same or similar service; the extent of utilization of existing facilities or services; the extent to which space is available from other sources, including institutions for higher education or other public buildings; and the anticipated effect that the proposal will have on existing facilities and services;

(f) the anticipated benefit to the area that will result from the proposal;

(g) so far as is known, the relationship of the proposed construction to any priorities which have been established for the area to be served;

(h) the availability and manner of financing of the proposed construction and the estimated date of commencement and completion of the project; and

(i) any desegregation requirements, provided they cannot be met by any other reasonable means.

Subd. 3. In reviewing each proposal, the commissioner or his designee shall submit to the local school board within 60 days of the receipt of the proposal his review and comment concerning the educational and economic advisability of the project. The review and comment shall be based on the information submitted with the district proposal and any other information he deems necessary.

Subd. 4. At least 20 days but no more than 60 days prior to any referendum for bonds or the solicitation of any bids for the construction of such educational facility, the local school board shall cause the review and comment of the commissioner to be published in a legal newspaper of general circulation in the area. Any supplementary information shall be held for public scrutiny at the central administrative office of the school district.

Subd. 5. Before January 15, 1978 and January 15 of each year thereafter, the commissioner shall report to the legislature on the number and nature of proposals for construction projects submitted pursuant to this section and the nature of his review and comment on their educational and economic advisability. The report shall include information on the final actions of school districts concerning construction projects for which proposals were submitted and reviewed pursuant to this section. If a substantial amount of construction has been carried out despite the finding of the commissioner that it would be educationally or economically inadvisable, the report shall contain the commissioner's specific recommendations for further legislation needed to prevent school districts from carrying out inadvisable projects in the future. These recommendations shall include the commissioner's proposal for legislation requiring districts to obtain a certificate of need before commencing construction of an educational facility.

Sec. 8. APPROPRIATION. Subdivision 1. The sum of \$700,000 is appropriated from the general fund to the department of education to be available until June 30, 1979 to pay staff salaries, expenses of educational planning task force members, and expenses of other authorized activities as provided in this article. Each ECSU shall receive \$70,000 upon formation of a planning task force and application to the commissioner of

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education. Where two or more areas have been combined to form a single ECSU, funds shall be available to the ECSU for each of the areas. Where an ECSU does not exist, a school district may be designated by the task force to receive the funds and serve as fiscal agent.

Subd. 2. The sum of \$55,000 is appropriated from the general fund to the department of education to be available until June 30, 1979 for the purposes of section 7 of this article. One additional complement position shall be authorized for this activity.

Sec. 9. EFFECTIVE DATE. Sections 1, 3, 4, 5, 6 and 7 of this article shall be effective the day following final enactment. Section 2 of this article shall take effect with respect to each pair of independent school districts named in subdivision 1 of section 2 upon its approval by the school boards of both of the paired districts.

Approved June 8, 1977.

CHAPTER 448—H.F.No.1051

[Coded in Part]

An act relating to public welfare; catastrophic health insurance; aid to families with dependent children, medical assistance, supplemental aid, and general assistance; altering eligibility criteria; providing authority for local agencies to contract with nonprofit organizations for work program services; appropriating money; amending Minnesota Statutes 1976, Sections 62E.52, Subdivisions 2 and 5, and by adding a subdivision; 62E.53, Subdivision 2; 256.73, Subdivision 2; 256B.06, Subdivision 1; 256B.14; 256D.11, Subdivision 4; and 256D.37, Subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 62E.52, Subdivision 2, is amended to read:

Subd. 2. **PUBLIC WELFARE; ADC; ASSISTANCE.** "Eligible person" means any person who is a resident of Minnesota and who, while a resident of Minnesota, has been found by the commissioner to have incurred an obligation to pay:

(1) qualified expenses for himself and any dependents in any 12 consecutive months exceeding:

(a) 40 percent of his household income up to \$15,000, plus 50 percent of his household income between \$15,000 and \$25,000, plus 60 percent of his household income in excess of \$25,000; or

(b) \$2,500, whichever is greater; or

(2) qualified nursing home expenses for himself and any dependents in any 12

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