

1.1 A bill for an act

1.2 relating to education; removing certain restrictions on distribution of staff
1.3 development revenue; reducing reserve account limits for school readiness,
1.4 community education, and early childhood family education; adjusting
1.5 the maintenance of effort penalty on regional library basic support grants;
1.6 temporarily eliminating teacher contract settlement penalty; creating flexibility
1.7 on use of learning and development revenue; creating flexibility on use of the
1.8 safe schools levy revenue; permitting school districts to transfer operating capital
1.9 revenue to the unrestricted general fund; eliminating reserve requirement for
1.10 school districts on area learning centers; amending Minnesota Statutes 2008,
1.11 sections 122A.61, subdivision 1; 124D.135, subdivision 8; 124D.16, subdivision
1.12 6; 124D.20, subdivision 11; 134.34, subdivision 4; repealing Minnesota Statutes
1.13 2008, section 123A.05, subdivision 2.

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

1.15 Section 1. Minnesota Statutes 2008, section 122A.61, subdivision 1, is amended to
1.16 read:

1.17 Subdivision 1. **Staff development revenue.** A district is required to reserve
1.18 an amount equal to at least two percent of the basic revenue under section 126C.10,
1.19 subdivision 2, for in-service education for programs under section 120B.22, subdivision
1.20 2, for staff development plans, including plans for challenging instructional activities
1.21 and experiences under section 122A.60, and for curriculum development and programs,
1.22 other in-service education, teachers' workshops, teacher conferences, the cost of
1.23 substitute teachers staff development purposes, preservice and in-service education for
1.24 special education professionals and paraprofessionals, and other related costs for staff
1.25 development efforts. A district may annually waive the requirement to reserve ~~their~~ its
1.26 basic revenue under this section if a majority vote of the licensed teachers in the district
1.27 and a majority vote of the school board agree to a resolution to waive the requirement. A
1.28 district in statutory operating debt is exempt from reserving basic revenue according to

S.F. No. 258, as introduced - 86th Legislative Session (2009-2010) [09-1456]

2.1 this section. Districts may expend an additional amount of unreserved revenue for staff
2.2 development based on their needs. ~~With the exception of amounts reserved for staff~~
2.3 ~~development from revenues allocated directly to school sites, the board must initially~~
2.4 ~~allocate 50 percent of the reserved revenue to each school site in the district on a per~~
2.5 ~~teacher basis, which must be retained by the school site until used. The board may retain~~
2.6 ~~25 percent to be used for district wide staff development efforts. The remaining 25 percent~~
2.7 ~~of the revenue must be used to make grants to school sites for best practices methods.~~
2.8 A grant The revenue may be used for any purpose authorized under section 120B.22,
2.9 subdivision 2, 122A.60, or for the costs of curriculum development and programs, other
2.10 in-service education, teachers' workshops, teacher conferences, substitute teachers for
2.11 staff development purposes, and other staff development efforts, and determined by
2.12 the site professional development team. The site professional development team must
2.13 demonstrate to the school board the extent to which staff at the site have met the outcomes
2.14 of the program. The board may withhold ~~a portion of initial allocation of~~ the revenue if
2.15 the board determines that the staff development outcomes are not being met.

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

2.17 Sec. 2. Minnesota Statutes 2008, section 124D.135, subdivision 8, is amended to read:

2.18 Subd. 8. **Reserve account limit.** (a) Under this section, the average balance, during
2.19 the most recent three-year period in a district's early childhood family education reserve
2.20 account on June 30 of each year, adjusted for any prior reductions under this subdivision,
2.21 must not be greater than ~~25~~ 20 percent of the sum of the district's maximum early
2.22 childhood family education annual revenue under subdivision 1, excluding adjustments
2.23 under this subdivision, plus any fees, grants, or other revenue received by the district for
2.24 early childhood family education programs for the prior year.

2.25 (b) If a district's adjusted average early childhood family education reserve over
2.26 the three-year period is in excess of the limit under paragraph (a), the district's early
2.27 childhood family education state aid and levy authority for the current school year must
2.28 be reduced by the lesser of the current year revenue under subdivision 1 or the excess
2.29 reserve amount. The aid reduction equals the product of the lesser of the excess reserve
2.30 amount or the current year revenue under subdivision 1 times the ratio of the district's
2.31 aid for the current year under subdivision 4 to the district's revenue for the current year
2.32 under subdivision 1. The levy reduction equals the excess reserve amount minus the aid
2.33 reduction. For purposes of this paragraph, if a district does not levy the entire amount
2.34 permitted under subdivision 3, the revenue under subdivision 1 must be reduced in
2.35 proportion to the actual amount levied.

S.F. No. 258, as introduced - 86th Legislative Session (2009-2010) [09-1456]

3.1 ~~(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount~~
3.2 ~~shall be computed using the balance in a district's early childhood family education~~
3.3 ~~reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall~~
3.4 ~~be computed using the adjusted average balance in a district's early childhood family~~
3.5 ~~education reserve account on June 30, 2002, and June 30, 2003.~~

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

3.8 Sec. 3. Minnesota Statutes 2008, section 124D.16, subdivision 6, is amended to read:

3.9 Subd. 6. **Reserve account limit.** (a) Under this section, the average balance, during
3.10 the most recent three-year period, in a district's school readiness reserve account on June
3.11 30 of each year, adjusted for any prior reductions under this subdivision, must not be
3.12 greater than ~~25~~ 20 percent of the district's school readiness annual revenue for the prior
3.13 year, excluding adjustments under this subdivision.

3.14 (b) If a district's adjusted average school readiness reserve over the three-year period
3.15 is in excess of the limit under paragraph (a), the district's current year school readiness
3.16 state aid must be reduced by the lesser of the excess reserve amount or the current year aid.

3.17 ~~(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount~~
3.18 ~~shall be computed using the balance in a district's school readiness reserve account on~~
3.19 ~~June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using~~
3.20 ~~the adjusted average balance in a district's school readiness reserve account on June 30,~~
3.21 ~~2002, and June 30, 2003.~~

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

3.24 Sec. 4. Minnesota Statutes 2008, section 124D.20, subdivision 11, is amended to read:

3.25 Subd. 11. **Reserve account limit.** (a) Under this section, the sum of the average
3.26 balances during the most recent three-year period in a district's community education
3.27 reserve account and unreserved/undesignated community service fund account on June
3.28 30 of each year, adjusted for any prior reductions under this subdivision, must not be
3.29 greater than ~~25~~ 20 percent of the sum of the district's maximum total community education
3.30 revenue under subdivision 1, excluding adjustments under this subdivision, plus any
3.31 fees, grants, or other revenue received by the district for community education programs
3.32 for the prior year. For purposes of this paragraph, "community education programs"
3.33 means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19,

S.F. No. 258, as introduced - 86th Legislative Session (2009-2010) [09-1456]

4.1 subdivision 12, excluding early childhood family education programs under section
4.2 124D.13, school readiness programs under section 124D.15, and adult basic education
4.3 programs under section 124D.52.

4.4 (b) If the sum of the average balances during the most recent three-year period in a
4.5 district's community education reserve account and unreserved/undesignated community
4.6 service fund account on June 30 of each year, adjusted for any prior reductions under
4.7 this subdivision, is in excess of the limit under paragraph (a), the district's community
4.8 education state aid and levy authority for the current school year must be reduced by the
4.9 lesser of the current year revenue under subdivision 1 or the excess reserve amount.

4.10 The aid reduction equals the product of the lesser of the excess reserve amount or the
4.11 current year revenue under subdivision 1 times the ratio of the district's aid for the current
4.12 year under subdivision 7 to the district's revenue for the current year under subdivision
4.13 1. The levy reduction equals the excess reserve amount minus the aid reduction. For
4.14 purposes of this paragraph, if a district does not levy the entire amount permitted under
4.15 subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to
4.16 the actual amount levied.

4.17 ~~(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount~~
4.18 ~~shall be computed using the balances in a district's community education reserve account~~
4.19 ~~and unreserved/undesignated community service fund account on June 30, 2002. For~~
4.20 ~~fiscal year 2004, the excess reserve amount shall be computed using the adjusted average~~
4.21 ~~balances in a district's community education reserve account and unreserved/undesignated~~
4.22 ~~community service fund account on June 30, 2002, and June 30, 2003.~~

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

4.25 Sec. 5. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

4.26 Subd. 4. **Limitation.** A regional library basic system support grant ~~shall not be~~
4.27 ~~made~~ to a regional public library system for a participating city or county which decreases
4.28 the dollar amount provided for support for operating purposes of public library service
4.29 below the amount provided by it for the second preceding year shall be reduced. The
4.30 regional library basic system support grant shall be reduced in the same proportion that the
4.31 participating city or county decreased its participation below the amount it provided for
4.32 the second preceding year. For purposes of this subdivision and subdivision 1, any funds
4.33 provided under section 473.757, subdivision 2, for extending library hours of operation
4.34 shall not be considered amounts provided by a city or county for support for operating
4.35 purposes of public library service. This subdivision shall not apply to participating cities

5.1 or counties where the adjusted net tax capacity of that city or county has decreased, if the
5.2 dollar amount of the reduction in support is not greater than the dollar amount by which
5.3 support would be decreased if the reduction in support were made in direct proportion to
5.4 the decrease in adjusted net tax capacity.

5.5 Sec. 6. **DEADLINE AND PENALTY WAIVED.**

5.6 The deadline and penalty under Minnesota Statutes, section 123B.05, subdivision 2,
5.7 do not apply for aid payments for the 2010-2011 biennium.

5.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

5.9 Sec. 7. **LEARNING AND DEVELOPMENT REVENUE; TEMPORARY**
5.10 **SUSPENSION.**

5.11 Notwithstanding Minnesota Statutes, section 126C.12, subdivisions 4 and 5, for
5.12 fiscal years 2010 and 2011 only, a school district or charter school may use the learning
5.13 and development revenue reserve under Minnesota Statutes, section 126C.12, subdivision
5.14 1, according to the requirements of general education revenue under Minnesota Statutes,
5.15 section 126C.13, subdivision 5.

5.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

5.17 Sec. 8. **SAFE SCHOOLS LEVY; TEMPORARY SUSPENSION.**

5.18 Notwithstanding Minnesota Statutes, section 126C.44, for fiscal years 2010 and
5.19 2011 only, a school district that receives safe school levy funds under Minnesota Statutes,
5.20 section 126C.44, may use those funds according to the requirement of general education
5.21 revenue under Minnesota Statutes, section 126C.13, subdivision 5.

5.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

5.23 Sec. 9. **CAPITAL ACCOUNT FUND TRANSFER.**

5.24 Notwithstanding any law to the contrary, on June 30, 2009, a school district may
5.25 transfer money from its reserved for operating capital account to its undesignated balance
5.26 in the general fund. The amount transferred by any school district must not exceed \$102
5.27 times the district's adjusted marginal cost pupil units for fiscal year 2008. The transfer
5.28 may occur only after the school board has adopted a written resolution stating the amount
5.29 of the transfer and declaring that the school district's operating capital needs are met.

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

6.1 Sec. 10. **REPEALER.**

6.2 Minnesota Statutes 2008, section 123A.05, subdivision 2, is repealed effective
6.3 July 1, 2009.

APPENDIX
Repealed Minnesota Statutes: 09-1456

123A.05 AREA LEARNING CENTER ORGANIZATION.

Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center must reserve revenue in an amount equal to the sum of (1) at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units attending an area learning center program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center.