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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 3478**

March 8, 2010

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The bill was read for the first time and referred to the Committee on Finance

By motion, recalled and re-referred to the Committee on K-12 Education Policy and Oversight

March 11, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to education finance; reducing school district mandates; allowing  
1.3 additional flexibility; authorizing certain fund transfers; amending Minnesota  
1.4 Statutes 2008, sections 120A.41; 123A.15, subdivision 5; 123A.32, subdivision  
1.5 5; 123B.12; 123B.29; 123B.38; 123B.51, subdivision 5; 123B.52, subdivisions  
1.6 1, 1a; 123B.79, by adding a subdivision; 123B.80, subdivision 3; 126C.54;  
1.7 205A.07; 645.13; Minnesota Statutes 2009 Supplement, sections 120A.40;  
1.8 123B.71, subdivision 12; 126C.44; Laws 2009, chapter 96, article 2, section 64.

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

1.10 Section 1. Minnesota Statutes 2009 Supplement, section 120A.40, is amended to read:

1.11 **120A.40 SCHOOL CALENDAR.**

1.12 ~~(a) Except for learning programs during summer, flexible learning year programs~~  
1.13 ~~authorized under sections 124D.12 to 124D.127, and learning year programs under section~~

1.14 ~~124D.128, A district must not~~ may commence an elementary or secondary school year  
1.15 before Labor Day, ~~except as provided under paragraph (b) a district must not schedule~~  
1.16 a student instruction day on the Thursday or Friday immediately preceding Labor Day.

1.17 Days devoted to teachers' workshops may be held on the Thursday or Friday before  
1.18 Labor Day. Districts that enter into cooperative agreements are encouraged to adopt  
1.19 similar school calendars.

1.20 ~~(b) A district may begin the school year on any day before Labor Day:~~

1.21 ~~(1) to accommodate a construction or remodeling project of \$400,000 or more~~  
1.22 ~~affecting a district school facility;~~

1.23 ~~(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35~~  
1.24 ~~with a district that qualifies under clause (1); or~~

1.25 ~~(3) if the district agrees to the same schedule with a school district in an adjoining~~  
1.26 ~~state.~~

2.1 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and  
2.2 later.

2.3 Sec. 2. Minnesota Statutes 2008, section 120A.41, is amended to read:

2.4 **120A.41 LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.**

2.5 (a) A school board's annual school calendar must include at least the number of days  
2.6 of student instruction the board formally adopted as its school calendar at the beginning of  
2.7 the 1996-1997 school year.

2.8 (b) Notwithstanding paragraph (a), any school district that operated for at least 178  
2.9 instructional or professional development days during the 2008-2009 school year may  
2.10 reduce its calendar to not less than 178 calendar days, provided that the total number of  
2.11 student contact hours is not reduced below the total number of student contact hours  
2.12 for the 2008-2009 school year.

2.13 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and  
2.14 later.

2.15 Sec. 3. Minnesota Statutes 2008, section 123A.15, subdivision 5, is amended to read:

2.16 **Subd. 5. Notice and public hearing on proposed agreement.** (a) Before entering  
2.17 into an agreement, the board of each member district must publish:

2.18 (1) a summary of the proposed agreement and its effect upon the district at least  
2.19 once in a newspaper of general circulation in the district; or

2.20 (2) publish a notice of the summary under clause (1) at least once in a newspaper of  
2.21 general circulation in the district and publish the summary of the proposed agreement and  
2.22 its effect upon the district on the district's official Web site.

2.23 (b) The board must conduct a public hearing on the proposed agreement not more  
2.24 than ten days after the notice and at least 30 days before entering into an agreement.

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

2.26 Sec. 4. Minnesota Statutes 2008, section 123A.32, subdivision 5, is amended to read:

2.27 **Subd. 5. Notice; informational meeting.** ~~Prior to~~ Before entering into an  
2.28 agreement, the board shall consult with the community at an informational meeting. The  
2.29 board must publish notice of the meeting in the official newspaper of the district or on  
2.30 the district's official Web site and may send written or electronic notice of the meeting to  
2.31 parents of pupils who would be affected.

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

3.2 Sec. 5. Minnesota Statutes 2008, section 123B.12, is amended to read:

3.3 **123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.**

3.4 (a) In the event that a district or a cooperative unit defined in section 123A.24,  
 3.5 subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to  
 3.6 section 471.69, the board may enter into agreements with banks or any person to take its  
 3.7 orders. Any order drawn, after having been presented to the treasurer for payment and not  
 3.8 paid for want of funds shall be endorsed by the treasurer by putting on the back thereof  
 3.9 the words "not paid for want of funds," giving the date of endorsement and signed by the  
 3.10 treasurer. A record of such presentment, nonpayment and endorsement shall be made by  
 3.11 the treasurer. The treasurer shall serve a written notice upon the payee or the payee's  
 3.12 assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The  
 3.13 notice may be directed to the payee or the payee's assignee at the address given in writing  
 3.14 by such payee or assignee to such treasurer, at any time prior to the service of such notice.  
 3.15 No order shall draw any interest if such address is not given when the same is unknown to  
 3.16 the treasurer, and no order shall draw any interest after the service of such notice.

3.17 (b) A district may enter, subject to section 471.69, into a line of credit agreement with  
 3.18 a financial institution. The amount of credit available must not exceed ~~95~~ 380 percent of  
 3.19 average expenditure per month of operating expenditures in the previous fiscal year. Any  
 3.20 amount advanced must be repaid no later than ~~45~~ 120 days after the day of advancement.

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

3.22 Sec. 6. Minnesota Statutes 2008, section 123B.29, is amended to read:

3.23 **123B.29 SALE AT AUCTION.**

3.24 Notwithstanding sections 123B.52, subdivision 1, 471.345 or any other law, the  
 3.25 board of a school district or of a cooperative center for vocational education may, in lieu  
 3.26 of advertising for bids, sell at public auction to the highest responsible bidder a building  
 3.27 constructed or to be constructed by a secondary or postsecondary school student or class  
 3.28 as a school assignment. A board shall publish notice of a sale at least two weeks before  
 3.29 the sale in the official newspaper of the district, or in the case of a cooperative center, in  
 3.30 the official ~~newspapers~~ newspaper of each of the member ~~districts~~ district, and may, at  
 3.31 its discretion, publish additional notice in the official paper or elsewhere, including an  
 3.32 official board or district Web site. A building may be withdrawn from sale ~~prior to the~~  
 3.33 ~~completion of~~ before completing the sale unless the auction has been announced to be

4.1 without reserve. If the sale is made at public auction, a duly licensed auctioneer must be  
4.2 retained to conduct the sale. The auctioneer shall be paid from the proceeds of the sale or  
4.3 from any funds available to the board which are not otherwise restricted or encumbered.

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

4.5 Sec. 7. Minnesota Statutes 2008, section 123B.38, is amended to read:

4.6 **123B.38 HEARING.**

4.7 Before ~~the initiation of~~ initiating any fee not authorized or prohibited by sections  
4.8 123B.36 and 123B.37, the local board must hold a public hearing within the district upon  
4.9 three weeks published notice in the district's official newspaper or on the district's official  
4.10 Web site, or such notice as is otherwise required for a regular board meeting given three  
4.11 weeks before the hearing on ~~the proposed adoption of the~~ a proposal to adopt a policy.

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

4.13 Sec. 8. Minnesota Statutes 2008, section 123B.51, subdivision 5, is amended to read:

4.14 Subd. 5. **Schoolhouse closing.** The board may close a schoolhouse only after a  
4.15 public hearing on the question of the necessity and practicability of the proposed closing.  
4.16 Published notice of the hearing shall be given for two weeks in the official newspaper of  
4.17 the district. The district may specify the time and place of the meeting, the description  
4.18 and location of the schoolhouse, and a statement of the reasons for the closing ~~must~~  
4.19 ~~be specified in the notice~~ on the district's official Web site. Parties requesting to give  
4.20 testimony for and against the proposal shall be heard by the board before it makes a final  
4.21 decision to close or not to close the schoolhouse.

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

4.23 Sec. 9. Minnesota Statutes 2008, section 123B.52, subdivision 1, is amended to read:

4.24 Subdivision 1. **Contracts.** A contract for work or labor, or for the purchase of  
4.25 furniture, fixtures, or other property, except books registered under the copyright laws, or  
4.26 for the construction or repair of school houses, the estimated cost or value of which shall  
4.27 exceed that specified in section 471.345, subdivision 3, must not be made by the school  
4.28 board without first advertising for bids or proposals by two weeks' published notice in the  
4.29 official newspaper. ~~This~~ That portion of the notice must state stating the time and place  
4.30 of for receiving bids and ~~contain a brief description of~~ describing the subject matter of the  
4.31 bids must be published in the official district newspaper or on the district's official Web site.

5.1 Additional publication in the official newspaper or elsewhere, including a district's  
5.2 official Web site, may be made as the board shall deem necessary.

5.3 After taking into consideration conformity with the specifications, terms of delivery,  
5.4 and other conditions imposed in the call for bids, every such contract for which a call for  
5.5 bids has been issued must be awarded to the lowest responsible bidder, be duly executed  
5.6 in writing, and be otherwise conditioned as required by law. The person to whom the  
5.7 contract is awarded shall give a sufficient bond to the board for its faithful performance.  
5.8 Notwithstanding section 574.26 or any other law to the contrary, on a contract limited  
5.9 to the purchase of a finished tangible product, a board may require, at its discretion, a  
5.10 performance bond of a contractor in the amount the board considers necessary. A record  
5.11 must be kept of all bids, with names of bidders and amount of bids, and with the successful  
5.12 bid indicated thereon. A bid containing an alteration or erasure of any price contained in  
5.13 the bid which is used in determining the lowest responsible bid must be rejected unless the  
5.14 alteration or erasure is corrected as provided in this section. An alteration or erasure may  
5.15 be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and  
5.16 initialed in ink by the person signing the bid. In the case of identical low bids from two or  
5.17 more bidders, the board may, at its discretion, utilize negotiated procurement methods  
5.18 with the tied low bidders for that particular transaction, so long as the price paid does not  
5.19 exceed the low tied bid price. In the case where only a single bid is received, the board  
5.20 may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as  
5.21 the price paid does not exceed the original bid. If no satisfactory bid is received, the  
5.22 board may readvertise. Standard requirement price contracts established for supplies or  
5.23 services to be purchased by the district must be established by competitive bids. Such  
5.24 standard requirement price contracts may contain escalation clauses and may provide for a  
5.25 negotiated price increase or decrease based upon a demonstrable industrywide or regional  
5.26 increase or decrease in the vendor's costs. Either party to the contract may request that the  
5.27 other party demonstrate such increase or decrease. The term of such contracts must not  
5.28 exceed two years with an option on the part of the district to renew for an additional two  
5.29 years. Contracts for ~~the purchase of~~ purchasing perishable food items, except milk for  
5.30 school lunches and vocational training programs, in any amount may be made by direct  
5.31 negotiation by obtaining two or more written quotations for the purchase or sale, when  
5.32 possible, without advertising for bids or otherwise complying with the requirements of  
5.33 this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file  
5.34 for a period of at least one year after receipt.

5.35 Every contract made without ~~compliance~~ complying with the provisions of this  
5.36 section ~~shall be~~ are void. Except in the case of the destruction of buildings or injury

6.1 thereto, where the public interest would suffer by delay, contracts for repairs may be  
6.2 made without advertising for bids.

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

6.4 Sec. 10. Minnesota Statutes 2008, section 123B.52, subdivision 1a, is amended to read:

6.5 Subd. 1a. **Construction contracts.** A project labor agreement is a hiring agreement  
6.6 that establishes wages, uniform work schedules, and rules for dispute resolution to manage  
6.7 construction projects that generally require, among other things, payment of union dues  
6.8 or fees to a labor organization or membership in or affiliation with a labor organization.  
6.9 A school board must adopt at a public meeting a written resolution authorizing a project  
6.10 labor agreement to construct or repair a facility through a contract or bid. The board must  
6.11 publish in the official newspaper of the district and may publish on the official Web site of  
6.12 the district notice of the meeting at least 30 days in advance.

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

6.14 Sec. 11. Minnesota Statutes 2009 Supplement, section 123B.71, subdivision 12,  
6.15 is amended to read:

6.16 Subd. 12. **Publication.** (a) At least 20 days but not more than 60 days before a  
6.17 referendum for bonds or solicitation of bids for a project that has received a positive or  
6.18 unfavorable review and comment under section 123B.70, the school board shall publish a  
6.19 summary of the commissioner's review and comment of that project in the legal newspaper  
6.20 of the district; the district may publish the substance of the summary on the district's  
6.21 official Web site. Supplementary information in an electronic format or another format  
6.22 shall be available to the public.

6.23 (b) The publication requirement in paragraph (a) does not apply to alternative  
6.24 facilities projects approved under section 123B.59.

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

6.26 Sec. 12. Minnesota Statutes 2008, section 123B.79, is amended by adding a  
6.27 subdivision to read:

6.28 Subd. 1a. **Account transfers.** Notwithstanding any law to the contrary, on June 30  
6.29 of any year, a school district may transfer funds from any account to another account within  
6.30 that fund with the exception of the debt redemption fund, provided the account transfer  
6.31 does not either increase a state aid obligation or grant the district additional levy authority.

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

7.2 Sec. 13. Minnesota Statutes 2008, section 123B.80, subdivision 3, is amended to read:

7.3 Subd. 3. **Approval standard.** The commissioner ~~may~~ must approve a request ~~only~~  
7.4 ~~when an event has occurred in a district that could not have been foreseen by the district.~~  
7.5 ~~The event must relate directly to the fund or account involved and to the amount to be~~  
7.6 ~~transferred~~ for a fund transfer if the transfer does not increase state aid obligations to the  
7.7 district or result in additional property tax authority for the district.

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

7.9 Sec. 14. Minnesota Statutes 2009 Supplement, section 126C.44, is amended to read:

7.10 **126C.44 SAFE SCHOOLS LEVY.**

7.11 (a) Each district may make a levy on all taxable property located within the district  
7.12 for the purposes specified in this section. The maximum amount which may be levied  
7.13 for all costs under this section shall be equal to \$30 multiplied by the district's adjusted  
7.14 marginal cost pupil units for the school year. The proceeds of the levy must be reserved and  
7.15 used for directly funding the following purposes or for reimbursing the cities and counties  
7.16 who contract with the district for the following purposes: (1) to pay the costs incurred for  
7.17 the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in  
7.18 services in the district's schools; (2) to pay the costs for a drug abuse prevention program  
7.19 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;  
7.20 (3) to pay the costs for a gang resistance education training curriculum in the district's  
7.21 schools; (4) to pay the costs for security in the district's schools and on school property; (5)  
7.22 to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary  
7.23 opt-in suicide prevention tools, and violence prevention measures taken by the school  
7.24 district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed  
7.25 school social workers, licensed school psychologists, and licensed alcohol and chemical  
7.26 dependency counselors to help provide early responses to problems. For expenditures  
7.27 under clause (1), the district must initially attempt to contract for services to be provided  
7.28 by peace officers or sheriffs with the police department of each city or the sheriff's  
7.29 department of the county within the district containing the school receiving the services. If  
7.30 a local police department or a county sheriff's department does not wish to provide the  
7.31 necessary services, the district may contract for these services with any other police or  
7.32 sheriff's department located entirely or partially within the school district's boundaries.

8.1 (b) A school district that is a member of an intermediate school district may  
8.2 include in its authority under this section the costs associated with safe schools activities  
8.3 authorized under paragraph (a) for intermediate school district programs. This authority  
8.4 must not exceed \$10 times the adjusted marginal cost pupil units of the member districts.  
8.5 This authority is in addition to any other authority authorized under this section. Revenue  
8.6 raised under this paragraph must be transferred to the intermediate school district.

8.7 (c) A school district must set aside at least \$3 per adjusted marginal cost pupil  
8.8 unit of the safe schools levy proceeds for the purposes authorized under paragraph (a),  
8.9 clause (6). ~~The district must annually certify either that: (1) its total spending on services  
8.10 provided by the employees listed in paragraph (a), clause (6), is not less than the sum of  
8.11 its expenditures for these purposes, excluding amounts spent under this section, in the  
8.12 previous year plus the amount spent under this section; or (2) that the district's full-time  
8.13 equivalent number of employees listed in paragraph (a), clause (6), is not less than the  
8.14 number for the previous year.~~

8.15 Sec. 15. Minnesota Statutes 2008, section 126C.54, is amended to read:

8.16 **126C.54 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST.**

8.17 (a) The proceeds of the current tax levies and future state aid receipts or other school  
8.18 funds which may become available must be applied to the extent necessary to repay  
8.19 such certificates and the full faith and credit of the district shall be pledged to payment  
8.20 of the certificates. Certificates issued in anticipation of receipt of aids shall mature not  
8.21 later than the anticipated date of receipt of the aids as estimated by the commissioner, but  
8.22 in no event later than three months after the close of the school year in which issued.  
8.23 Certificates issued in anticipation of receipt of taxes shall mature not later than the  
8.24 anticipated date of receipt in full of the taxes, but in no event later than three months after  
8.25 the close of the calendar year in which issued. The certificates must be sold at not less  
8.26 than par. The certificates must bear interest after maturity until paid at the rate they bore  
8.27 before maturity and any interest accruing before or after maturity must be paid from  
8.28 any available school funds.

8.29 (b) Notwithstanding any contrary provision in paragraph (a), if the certificates are  
8.30 issued as taxable obligations on which the interest is includable in gross income for federal  
8.31 income tax purposes, certificates issued in anticipation of receipt of aids shall mature not  
8.32 later than 12 months after the close of the school year in which issued and certificates  
8.33 issued in anticipation of receipt of taxes shall mature not later than 12 months after the  
8.34 close of the calendar year in which issued.



9.1 Sec. 16. Minnesota Statutes 2008, section 205A.07, is amended to read:

9.2 **205A.07 NOTICE.**

9.3 Subdivision 1. **Publication and posting.** The clerk of a school district shall give  
9.4 two weeks' published notice and give ten days' posted notice of a school district primary,  
9.5 general, or special election, stating the time of the election, the location of each polling  
9.6 place, the offices to be filled, and all propositions or questions to be voted upon at the  
9.7 primary, general, or special election. The notice shall be posted in the administrative  
9.8 offices of the school district for public inspection. In addition, the district clerk may post  
9.9 the notice of an election on the district's official Web site.

9.10 Subd. 2. **Sample ballot, posting.** For every school district primary, general, or  
9.11 special election, the school district clerk shall at least four days before the primary, general,  
9.12 or special election, post a sample ballot in the administrative offices of the school district  
9.13 for public inspection, and shall post a sample ballot in each polling place on election day.  
9.14 In addition, the district clerk may post a sample ballot on the district's official Web site.

9.15 Subd. 3. **Notice to auditor.** At least 53 days ~~prior to~~ before every school district  
9.16 election, the school district clerk shall provide ~~a written~~ or electronic notice to the county  
9.17 auditor of each county in which the school district is located. The notice must include the  
9.18 date of the election, the offices to be voted on at the election, and the title and language  
9.19 for each ballot question to be voted on at the election. For the purposes of meeting the  
9.20 timelines of this section, in a bond election, a notice, including a proposed question,  
9.21 may be provided to the county auditor ~~prior to receipt of~~ before receiving a review and  
9.22 comment from the commissioner of education and ~~prior to actual initiation of~~ before  
9.23 actually initiating the election. Not less than 46 days before the election, the school district  
9.24 clerk must provide written or electronic notice to the county auditor of any special election  
9.25 canceled under section 205A.05, subdivision 3.

9.26 Subd. 3a. **Notice to commissioner of education.** At least 49 days ~~prior to~~ before  
9.27 every school district election, under section 123B.62, 123B.63, 126C.17, 126C.69,  
9.28 or 475.58, the school district clerk shall provide ~~a written~~ or electronic notice to the  
9.29 commissioner of education. The notice must include the date of the election and the title  
9.30 and language for each ballot question to be voted on at the election. Not less than 46 days  
9.31 before the election, the school district clerk must provide ~~a written~~ or electronic notice to  
9.32 the commissioner of education of any special election canceled under section 205A.05,  
9.33 subdivision 3. The certified vote totals for each ballot question shall be provided in a  
9.34 written or electronic notice to the commissioner in a timely manner.

9.35 Subd. 3b. **Notice to secretary of state.** At least 46 days ~~prior to~~ before every school  
9.36 district election for which a notice is provided to the county auditor under subdivision

10.1 3, the county auditor shall provide a notice of the election to the secretary of state, in a  
10.2 manner and including information prescribed by the secretary of state.

10.3 Subd. 4. **No additional posting requirements.** A school district is only required to  
10.4 comply with the election posting requirements specified in the Minnesota Election Law  
10.5 and the education code and is not required to comply with additional posting requirements  
10.6 specified in any other law.

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

10.8 Sec. 17. Minnesota Statutes 2008, section 645.13, is amended to read:

10.9 **645.13 TIME; PUBLICATION FOR SUCCESSIVE WEEKS.**

10.10 When the term "successive weeks" is used in any law providing for the publishing of  
10.11 notices, the word "weeks" shall be construed as calendar weeks. The publication upon any  
10.12 day of such weeks shall be sufficient publication for that week, but at least five days shall  
10.13 elapse between each publication. At least the number of weeks specified in "successive  
10.14 weeks" shall elapse between the first publication and the day for the happening of the  
10.15 event for which the publication is made. Where notice is published using an electronic  
10.16 format, the term "successive weeks" must be construed consistent with the parameters  
10.17 of that format.

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

10.19 Sec. 18. Laws 2009, chapter 96, article 2, section 64, is amended to read:

10.20 Sec. 64. **RESERVED REVENUE FOR STAFF DEVELOPMENT;**  
10.21 **TEMPORARY SUSPENSION.**

10.22 (a) Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal  
10.23 years 2010 and 2011 through 2014 only, a school district or charter school may use revenue  
10.24 reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1,  
10.25 according to the requirements of general education revenue under Minnesota Statutes,  
10.26 section 126C.13, subdivision 5.

10.27 (b) On June 30, 2010, a school district may permanently transfer any balance from  
10.28 the reserved account for staff development to the undesignated general fund balance.