

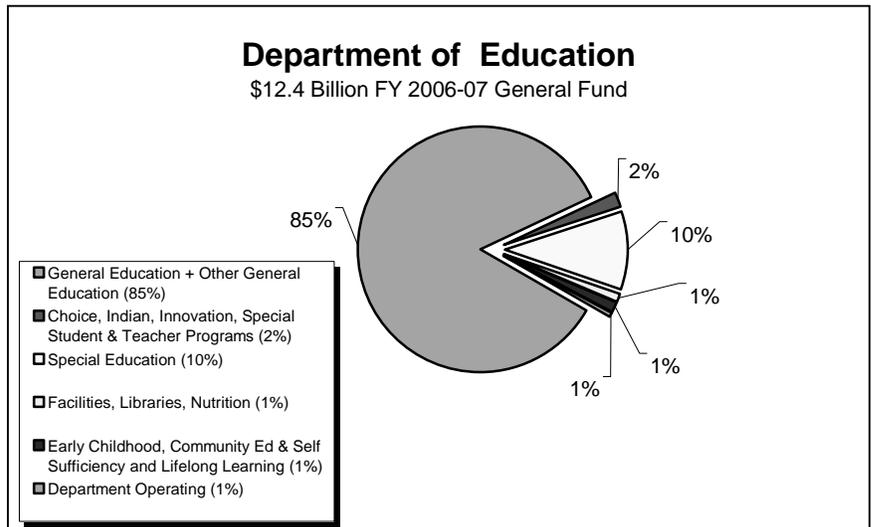
January 25, 2005

On behalf of Governor Tim Pawlenty, I am pleased to submit the education budget for FY 2006-07. This budget consists of \$12.380 billion from the state's General Fund, a 3.1% increase from FY 2006-07 forecast base, including \$67.1 million from the state's General Fund for the department's operating budget. The department also administers \$1.2 billion in federal funds and \$84.6 million from other funds biennially.

The state of education in Minnesota continues to be positive. Minnesota students have shown significant student achievement gains in math and held steady in reading. Minnesota's 8<sup>th</sup> graders posted the top scores in the nation on the 2003 NAEP test, and Minnesota students were ranked first on the 2003 ACT assessment. Minnesotans should be proud that our students continue to outperform students from other states.

And, in just the past two years, the Governor, Department of Education, and Legislature have achieved some significant accomplishments in education:

- Repealed the top-down, process heavy Profile of Learning in favor of rigorous, grade-specific academic standards in math, language arts, science, social studies and arts. Recently, the Fordham Foundation gave Minnesota a "B" on its language arts standards (up from a "D" under the Profile of Learning) and called both the language arts and math standards "greatly improved."



Additionally, *Education Week* noted that Minnesota earned additional recognition for adopting "clear and specific standards in elementary, middle, and high school for English, mathematics, and science.... and earned additional points because it has adopted clear and specific standards in social studies in both middle and high schools as well";<sup>1</sup>

- Increased student achievement gains among minority students under *No Child Left Behind*;
- Developed early learning standards for pre-school programs which received an "A" from the Center for the Improvement of Early Reading Achievement (CIERA);
- Developed school report cards that provide a wealth of information to parents and the public, including student demographic information, enrollment, student achievement data, school safety information, academic opportunities, school staff characteristics, and a "Report to Taxpayers" regarding the school's and district's revenues and expenditures. The report card also features a star rating system so that parents and the public have general information about the school's academic performance in reading and math. The report card also grants star ratings for schools with school safety policies and programs, for student participation, and for advanced academic opportunities. The report cards are easily accessible on the Department's web site at [www.education.state.mn.us](http://www.education.state.mn.us);

<sup>1</sup> January 2005. Quality Counts, Education Week.

- Initiated the next generation of performance pay for teachers. The performance pay program, called the Teacher Advancement Program, establishes the following: (a) career ladders for teachers to become master or mentor teachers; (b) performance pay linked to student achievement that is reflected in the teacher's annual bonus; (c) instructionally-based accountability and ongoing teacher evaluations that are included in the teacher's annual bonus; and (d) professional development for teachers that is integrated into the school day and focused on student achievement and instruction;
- Started a pilot mentor program for teachers in hard-to-serve areas and hard-to-fill subject areas. We matched career teachers with new teachers along a rigorous program for teacher growth and development. The program currently is up and running in NW Minnesota, SW Minnesota, and in some first-ring suburban school districts;
- Started a teacher recruitment web site, which will assist all school districts and charter schools with hiring teachers at their schools and recruiting teachers to fill hard-to-fill subject areas such as math, science, special education, and world languages. The school districts and charter schools enter job postings and current and potential teachers enter their resume and relevant employee information;
- Implemented a new on-line learning program that will provide more choice options to parents;

The Pawlenty administration will continue to set a course in education over the next two years that is positive, promotes higher student achievement, hold schools accountable, protects and enhances core services, implements innovations, and provides better services to parents, educators, students, and taxpayers. In order to do so, we need to push for greater accountability and innovation in our schools and provide the resources they need to accomplish their goals.

In order to address needs and push for greater accountability and innovation, the Governor has proposed the following accountability and innovation measures.

- Reforming our education finances to simplify a complex system and provide more accountability for the money that is spent;
- Providing funds for alternative teacher compensation and moving school districts to a 21<sup>st</sup> Century pay schedule for teachers;
- Providing an increase on the formula of 2% each year;
- Moving forward on reinvesting in our high schools by enhancing gifted education programs, implementing a system to ensure students are ready for post-secondary education, and providing college credit for successful completion of general education courses in the high school setting;
- Establishing local control options on education funding and allowing school boards, with appropriate protections in the system for taxpayers, to increase funding for localized needs.
- Expand opportunities and provide more funding under the current online learning program.

In conclusion, Governor Pawlenty's education agenda and budget presented to the 2005 Legislature and Minnesotans is one that places a priority on protecting and enhancing resources to the classroom; providing resources to implement performance pay for teachers and move to salary schedules that reflect 21<sup>st</sup> Century practices; reforming our education finance system; providing resources to enhance student achievement; reinvesting in our high schools; and bringing greater accountability to our public education system.

I look forward to working with the Legislature, education organizations, and the public as we work on our common goal: improving student achievement for all our students.

Sincerely,



Alice Seagren  
Commissioner

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,822,276	6,120,579	6,120,579	6,120,579	12,241,158
<b>Recommended</b>	<b>5,822,276</b>	<b>6,264,365</b>	<b>6,008,714</b>	<b>6,192,925</b>	<b>12,201,639</b>
Change		143,786	(111,865)	72,346	(39,519)
% Biennial Change from 2004-05					1%
<b>State Government Spec Revenue</b>					
Current Appropriation	96	96	96	96	192
<b>Recommended</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(96)	(96)	(192)
% Biennial Change from 2004-05					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,697,377	6,166,252	6,008,714	6,192,925	12,201,639
<b>Open Appropriations</b>					
Endowment School	15,953	16,182	16,519	16,857	33,376
<b>Statutory Appropriations</b>					
General	23	0	0	0	0
Special Revenue	9,538	10,344	9,078	8,905	17,983
Federal	555,757	594,260	589,369	585,131	1,174,500
Miscellaneous Agency	444	400	400	400	800
Gift	110	594	265	265	530
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	28,889	32,914	33,266	33,160	66,426
Other Operating Expenses	34,768	43,852	40,290	40,105	80,395
Payments To Individuals	2,589	2,623	2,623	2,623	5,246
Local Assistance	6,212,512	6,708,213	6,547,743	6,728,172	13,275,915
Other Financial Transactions	444	400	400	400	800
Transfers	0	30	23	23	46
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b><u>Expenditures by Program</u></b>					
General Education	4,753,123	5,184,521	5,045,949	5,216,042	10,261,991
Other General Education Prgs	43,594	45,620	46,204	48,491	94,695
Choice Programs	84,415	98,372	106,550	115,883	222,433
Indian Programs	5,583	6,338	6,489	6,682	13,171
Innovation & Accountability	3,700	3,700	3,700	3,700	7,400
Spec Student & Teacher Prgs	201,844	182,047	183,798	182,874	366,672
Special Education	759,775	822,995	798,140	798,654	1,596,794
Facilities & Technology	61,791	58,269	55,252	53,379	108,631
Nutrition Programs	172,611	180,767	179,758	179,963	359,721
Library Programs	12,900	13,456	13,892	13,944	27,836
Early Childhood Family Support	53,914	49,345	47,489	48,284	95,773
Community Ed & Prevention	17,079	18,839	17,592	16,874	34,466
Self Sufficiency Lifelong Lrng	39,152	43,227	43,746	43,773	87,519
Discontinued/Transfer Programs	4,416	0	0	0	0
Department Of Education Agency	65,305	80,536	75,786	75,940	151,726
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>403.1</b>	<b>412.8</b>	<b>403.8</b>	<b>403.8</b>	

DEPARTMENT OF EDUCATION

Change Summary

Dollars in Thousands

	FY2005	Governor's Recomm.		Biennium 2006-07
		FY2006	FY2007	
<b>Fund: GENERAL</b>				
<b>FY 2005 Appropriations</b>	<b>6,120,579</b>	<b>6,120,579</b>	<b>6,120,579</b>	<b>12,241,158</b>
<b>Technical Adjustments</b>				
Biennial Appropriations		500	0	500
Current Law Base Change		(582)	(908)	(1,490)
End-of-session Estimate		(16,156)	(45,784)	(61,940)
November Forecast Adjustment	143,786	9,923	25,357	35,280
Program/agency Sunset		(11,598)	(11,733)	(23,331)
Transfers Between Agencies		(124,179)	(132,185)	(256,364)
<b>Subtotal - Forecast Base</b>	<b>6,264,365</b>	<b>5,978,487</b>	<b>5,955,326</b>	<b>11,933,813</b>
<b>Change Items</b>				
AP/IB	0	1,222	1,222	2,444
Abatement Aid	0	(537)	(530)	(1,067)
Administrative Reduction	0	(1,225)	(1,225)	(2,450)
Alternative Teacher Preparation Program	0	0	500	500
Career & Technical Educ Grant & Levy	0	1,000	1,000	2,000
Compensatory Revenue-Hmong Refugees	0	1,574	348	1,922
Create New Discretionary Levy	0	0	12,898	12,898
Debt & Deferred Maintenance	0	0	2,383	2,383
Early Childhood Screening	0	323	752	1,075
Electronic Library of MN	0	639	691	1,330
General Education Compensatory Increase	0	4,782	11,470	16,252
General Education Contract Alternative	0	218	486	704
General Education Extended Time Increase	0	778	1,763	2,541
General Education Formula Increase	0	72,404	159,566	231,970
General Education PSEO Increase	0	384	799	1,183
General Education Shared Time Increase	0	61	136	197
General Education Sparsity Funding	0	313	2,413	2,726
Get Ready, Get Credit-CLEP	0	825	1,650	2,475
Get Ready, Get Credit-EPAS	0	829	829	1,658
Grant Reduction	0	(1,075)	(1,075)	(2,150)
Health & Safety Change	0	0	(2)	(2)
Integration Aid Change	0	0	65	65
Intensive English for Adult Refugees	0	1,000	1,000	2,000
Interactive Science Assessment	0	1,200	1,200	2,400
Maximum Effort Impact on Debt Service	0	0	(683)	(683)
Nonpublic Pupil Funding	0	90	213	303
Nonpublic Pupil Transportation Funding	0	400	834	1,234
On Line Learning	0	1,000	2,000	3,000
Performance & Professional Pay	0	10,000	53,406	63,406
Property Tax Shift	0	(72,325)	(28,606)	(100,931)
Reallocation of ABE Funds	0	127	123	250
Referendum Cap at 28%	0	0	1,657	1,657
Repeal Teacher Contract Deadline Penalty	0	82	18	100
Rulemaking for Brd of Schl Admin	0	20	0	20
Scholarship Tax Credit Administration	0	250	250	500
School Readiness Aid Reduction	0	(164)	(200)	(364)
School Readiness Program Changes	0	164	200	364
Shared Time Reimbursement Change	0	0	(3,028)	(3,028)
Special Education Aid	0	(334)	(407)	(741)
Special Education Excess Cost Reduction	0	0	(80)	(80)
Special Education Program Growth	0	0	2,030	2,030
TRA Reduction Change	0	0	8,565	8,565
Telecommunications Access	0	4,500	4,600	9,100
Training & Experience Levy Change	0	0	(5,519)	(5,519)
Transition Revenue Change	0	1,366	2,204	3,570
Tribal Contract School Funding	0	36	83	119
Value-added Index Assessment Model	0	300	1,600	1,900
<b>Total Governor's Recommendations</b>	<b>6,264,365</b>	<b>6,008,714</b>	<b>6,192,925</b>	<b>12,201,639</b>

DEPARTMENT OF EDUCATION

Change Summary

	<i>Dollars in Thousands</i>			<b>Biennium 2006-07</b>
	<b>FY2005</b>	<b>Governor's Recomm. FY2006</b>	<b>FY2007</b>	
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
FY 2005 Appropriations	96	96	96	192
<b>Technical Adjustments</b>				
Transfers Between Agencies		(96)	(96)	(192)
<b>Subtotal - Forecast Base</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: ENDOWMENT SCHOOL</i></b>				
Planned Open Spending	16,182	16,519	16,857	33,376
<b>Total Governor's Recommendations</b>	<b>16,182</b>	<b>16,519</b>	<b>16,857</b>	<b>33,376</b>
<b><i>Fund: SPECIAL REVENUE</i></b>				
Planned Statutory Spending	10,344	9,078	8,905	17,983
<b>Total Governor's Recommendations</b>	<b>10,344</b>	<b>9,078</b>	<b>8,905</b>	<b>17,983</b>
<b><i>Fund: FEDERAL</i></b>				
Planned Statutory Spending	594,260	589,369	585,131	1,174,500
<b>Total Governor's Recommendations</b>	<b>594,260</b>	<b>589,369</b>	<b>585,131</b>	<b>1,174,500</b>
<b><i>Fund: MISCELLANEOUS AGENCY</i></b>				
Planned Statutory Spending	400	400	400	800
<b>Total Governor's Recommendations</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>800</b>
<b><i>Fund: GIFT</i></b>				
Planned Statutory Spending	594	265	265	530
<b>Total Governor's Recommendations</b>	<b>594</b>	<b>265</b>	<b>265</b>	<b>530</b>
<b><u>Revenue Change Items</u></b>				
<b><i>Fund: MAXIMUM EFFORT SCHOOL LOAN</i></b>				
Change Items				
Maximum Effort Impact on State Debt Serv	0	0	(793)	(793)

**DEPARTMENT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Change Item: General Education Funding Changes**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>State General Fund Fiscal Impact (Appropriations)</b>				
1 Basic Formula - Inflate 2% & 2%	\$72,404	\$159,566	\$173,459	\$171,573
2a Alternative Compensation – Basic	10,000	50,000	58,171	58,171
2b Alternative Compensation - Equalization		3,406	2,308	1,460
3 Pupil Accounting Changes / Separate Formulas for Declining Enroll. & Secondary Ed.	NA	NA	NA	NA
4 Adjust All Formulas for Pupil Accounting Changes	NA	NA	NA	NA
5 Eliminate Negative TRA Adjustment		8,565		
6a Discretionary Levy / Eliminate Misc.Levies		11,289	10,210	6,565
6b Discretionary Aid for Charter Schools		1,609	2,277	2,682
7 Training and Experience to Equalized Levy		(5,519)	(5,451)	(4,131)
8 Referendum Cap to 28% of Formula Allowance		1,657	2,112	226
9 Eliminate Learning & Devel. Reserve	NA	NA	NA	NA
10 Eliminate Jan. 15 Contract Deadline	82	18	82	18
11 Equity Revenue - New Formula	NA	NA	NA	NA
12 Sparsity/Transp. Sparsity – Update Formula	NA	NA	NA	NA
13a Delink & Inflate Compensatory	4,782	11,470	12,767	12,750
13b Inflate Extended Time	778	1,763	2,727	2,939
13c Delink & Inflate PSEO	384	799	793	780
13d Inflate Shared Time	61	136	149	149
13e Inflate Contract Alternative	218	486	536	521
13f Delink & Inflate Sparsity & Transp.Sparsity	313	2,413	2,957	3,070
14 Transition Revenue - Pre-K Programs	1,366	301		
15 Transition Revenue - New Formula Incl. Pre - K		1,903	1,669	4,615
16 Charter School Extended Time - Transportation	NA	NA	NA	NA
17 Shared Time Aid to Reimbursement		(3,028)		
18 Compensatory – Hmong Refugees	1,574	348		
19 Repeal Contract Penalty	82	18	82	18
20 Property Tax Early Recognition	(72,325)	(28,606)	(13,700)	(4,655)
<b>Total Appropriation Basis</b>	<b>19,637</b>	<b>218,576</b>	<b>251,066</b>	<b>256,733</b>
<b>Aid Entitlement Basis</b>				
1 Basic Formula - Inflate 2% & 2%	88,405	175,293	173,053	171,247
2a Alternative Compensation – Basic	13,027	58,171	58,171	58,171
2b Alternative Compensation - Equalized Levy		3,406	2,308	1,460
3 Pupil Accounting Changes / Separate Formulas for Declining Enroll. & Secondary Ed.	NA	NA	NA	NA
4 Categoricals - Adj. for Pupil Accounting Changes	NA	NA	NA	NA
5 Eliminate Negative TRA Adjustment	NA	NA	NA	NA
6a Discretionary Levy / Eliminate Misc.Levies		13,856	9,380	5,926
6b Discretionary Aid for Charter Schools		1,964	2,346	2,757
7 Training and Experience to Equalized Levy		(6,771)	(5,151)	(3,900)
8 Referendum Cap to 28% of Formula Allowance		2,023	2,131	(193)
9 Eliminate Learning & Devel. Reserve	NA	NA	NA	NA

**DEPARTMENT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Change Item: General Education Funding Changes**

<b>Aid Entitlement Change (continued)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
10 Eliminate Jan. 15 Contract Deadline	\$100		\$100	
11 Equity Revenue - New Formula	NA	NA	NA	NA
12 Sparsity/Transp. Sparsity - Update Formula	NA	NA	NA	NA
13a Delink & Inflate Compensatory	5,838	12,715	12,778	12,744
13b Inflate Extended Time	949	1,943	2,901	2,947
13c Delink & Inflate PSEO	384	799	793	780
13d Inflate Shared Time	74	150	149	149
13e Inflate Contract Alternative	265	536	536	518
13f Delink & Inflate Sparsity & Transp.Sparsity	381	2,863	2,977	3,092
14 Transition Revenue - Pre-K Programs	1,667			
15 Transition Revenue - New Formula Incl. Pre - K		2,323	1,524	5,298
16 Charter School Extended Time - Transportation	NA	NA	NA	NA
17 Shared Time Aid to Reimbursement	NA	NA	NA	NA
18 Compensatory - Hmong Refugees	1,922			
19 Property Tax Early Recognition	NA	NA	NA	NA
<b>Total Aid Entitlement</b>	<b>113,012</b>	<b>269,271</b>	<b>263,996</b>	<b>260,996</b>
<b>Property Tax Levy Impact</b>				
2b Alternative Compensation - Equalized Levy		23,294	24,136	24,704
4 Equity & Operating Capital Changes		(45)	(267)	(1,873)
6a Discretionary Levy		94,754	98,111	100,295
6a Repeal Miscellaneous Levies		(56,818)	(54,137)	(54,449)
7 Training and Experience to Equalized Levy		6,820	5,190	3,933
8 Referendum Cap to 28% of Formula Allowance		42,120	63,090	66,316
14 Transition Revenue - Pre-K Programs	4,702			
15 Transition Revenue - New Formula Incl. Pre - K		15,440	15,859	39,705
<b>Total Levy Impact</b>	<b>4,702</b>	<b>125,565</b>	<b>151,982</b>	<b>178,631</b>
<b>Total District Revenue</b>	<b>\$117,714</b>	<b>\$394,836</b>	<b>\$415,978</b>	<b>\$439,627</b>

**Recommendation**

The Governor recommends changes to the general education program to increase the general education formula, fund alternative teacher compensation, increase local control over general education funding, eliminate unnecessary mandates, and make education funding more understandable and more fair.

The Governor recommends the following changes in the general education program:

1. Increase the basic formula allowance by 2% in FY 2006 and an additional 2% in FY 2007. Beginning in FY 2007, convert the basic formula allowance and other education funding formulas to allowances per pupil actually enrolled in the current year. Eliminate "marginal cost" pupil units and grade level pupil weightings, except the .5 weight for regular kindergarten, which reflects half-time funding. For FY 2006, the formula allowance will be increased by \$92 per adjusted marginal cost pupil unit (AMCPU) to \$4,693. The \$4,693 per AMCPU is equivalent to \$5,086 per pupil actually enrolled in the current year. For FY 2007 and later, the formula allowance will be increased by \$102 per pupil to \$5,188.
2. Beginning in FY 2006, provide funding for alternative compensation of teachers through the general education program. School districts and charter schools approved for funding will receive up to \$225 per student from state aids and property tax levies. For FY 2006 only, the basic alternative compensation aid will be \$225 per student and there is no levy. For FY 2007 and later, \$155 per student will be provided in basic alternative

compensation aid, and participating school districts also will be eligible for a \$70 per student equalized levy. Participating charter schools will receive basic alternative compensation aid equal to the state average amount of aid and levy received by participating school districts. Basic alternative compensation entitlements will be limited to \$16.7 million for FY 2006 and \$61.9 million for FY 2007 and later, including \$3.7 million per year rolled into the general education program from the existing alternative compensation aid program. Plans must be submitted to the Department of Education, and must be approved by the Commissioner for the district or charter school to qualify for funding.

3. Beginning in FY 2007, provide funding for the added costs of declining enrollment and secondary education through separate formulas. Declining enrollment funding will equal \$1,297 times the decline in pupils from the previous fiscal year and secondary education funding will equal \$936 times the number of pupils in grades 7 – 12.
4. Beginning in FY 2007, adjust per pupil allowances and equalizing factors for all education funding formulas to neutralize the effect of the change in pupil unit calculations.
5. Beginning in FY 2007, eliminate the negative adjustment to general education aid for changes in employer contribution rates to pension funds.
6. Beginning in FY 2007, replace several small categorical levies with an equalized local discretionary levy of \$150 per pupil, with a guaranteed minimum increase of \$76 per pupil over the district's pay 2005 levy for the repealed levy categories. Provide charter schools with an equivalent \$76 per pupil increase in state aid. For districts receiving an increase exceeding \$76 per pupil, the increase over \$76 per pupil will be subject to a reverse referendum.
7. Beginning in FY 2007, convert training and experience revenue to an equalized levy.
8. Beginning in FY 2007, increase the initial cap on voter-approved operating referendum revenue per pupil from 18.6% to 28% of the basic formula allowance and expand tier 2 referendum equalization to 28% of the basic formula allowance. For districts with referendum limits based on 1994 referendum authority, continue to provide an inflation adjustment based on the Consumer Price Index (CPI) for FY 2009 and later.
9. Beginning in FY 2007, eliminate the mandate to reserve a portion of basic revenue for learning and development.
10. Beginning in FY 2006, eliminate the January 15 contract deadline and penalty.
11. Beginning in FY 2007, allocate equity revenue using a uniform statewide formula that targets funding more directly to low revenue districts.
12. Beginning in FY 2007, update the transportation sparsity formula to reflect more current data.
13. Beginning in FY 2006, de-link funding for compensatory education, sparsity, transportation sparsity, and post-secondary enrollment options from the basic formula allowance. Provide a 2% increase for these programs for FY 2006 and an additional 2% increase for FY 2007.
14. Beginning in FY 2006, provide transition revenue for pre-kindergarten programs established before July 1, 2003 that received general education revenue for FY 2004, and clarify the department's authority to provide general education revenue for these programs for FY 2004 and earlier.
15. Beginning in FY 2007, replace the current transition revenue formula with a new formula to ensure that each district will receive at least the amount of general education revenue it would have received for fiscal year 2007 under the formulas recommended for fiscal year 2006, plus the amount of the district's levy limitations for taxes payable in 2005 for levies being rolled into the discretionary levy, plus \$199 per pupil. The guaranteed increase of \$199 per pupil includes the \$76 minimum increase from the conversion of miscellaneous categorical levies to discretionary revenue plus \$123, the state average per pupil increase generated by a 2% increase in basic, compensatory, sparsity, transportation sparsity, and extended time revenues.
16. Beginning in FY 2006, allocate the portion of charter school extended time revenue attributable to pupil transportation to the school district providing transportation, if the charter school elects to have the district provide transportation.
17. Beginning in FY 2007, adjust general education appropriations to reflect the current practice of paying 100% of shared time aid based on actual data as part of the final payment during the following fiscal year.

## Background

Increase basic formula by 2% in FY 2006 and an additional 2% in FY 2007, and allocate funding based on actual current year pupil counts beginning in FY 2007.

For FY 2006, the formula allowance will equal \$4,693 per adjusted marginal cost pupil unit, a \$92 increase over current law. For FY 2007, the formula allowance will equal \$5,188 per adjusted pupil unit. Of the total increase for FY 2007, \$393 is attributable to the change in pupil unit calculations described below and the remaining \$102 provides an inflation adjustment. The 2% increase per year exceeds the projected rate of growth in the CPI for the period, which is estimated in the November forecast at 1.45% for FY 2006 and 1.58% for FY 2007.

Under current law, funding is allocated based on adjusted marginal cost pupil units (AMCPU). In addition to counting the full-time equivalent number of pupils enrolled in the district during the current year, districts receive additional pupil units to adjust funding for declining enrollment and for cost differences among grade levels. The practice of funding cost differentials by adjusting pupil counts creates confusion as to the number of pupils actually being served by a district, and makes it difficult to separate out the base funding being provided for all students, and the additional funding being provided for cost differentials, such as declining enrollment or secondary education. With multiple pupil counts being used for different purposes, it is often unclear whether funding and expenditure statistics are being reported as amounts per AMCPU or as amounts per actual current year pupil.

Converting the basic formula allowance and other education funding formulas to amounts per actual current year pupil, with separate adjustments for declining enrollment and added costs of secondary education, will contribute to public understanding of education funding while maintaining adjustments for necessary cost differences.

**1. Beginning in FY 2006, provide funding for alternative teacher compensation through the general education program.**

The Legislature enacted the State's first alternative teacher compensation program in 2001. Five school districts currently participate in the program. The Governor recommends replacing the current program with a new program – the next generation of alternative teacher compensation – called *Q Comp: Performance Pay for Quality Teaching*.

Under the new program, plans must be submitted to the Department of Education by school districts and charter schools will be approved by the state if the following criteria are met:

- ⇒ *Multiple Career Paths*: In recognition that individual teachers have different strengths and abilities, the program provides new opportunities for teachers to develop and use their skills. Those teachers who are highly skilled and have high levels of student performance and talents in teaching must have opportunities to move into master and mentor teaching positions and essentially help their peers increase their skills and abilities. These additional responsibilities are rewarded by additional compensation. This allows teachers to continue to progress and develop new career opportunities within the teaching profession.
- ⇒ *Instructionally-Based Accountability*: The performance pay system must involve a comprehensive personnel review system for teachers that utilizes input from a variety of sources. The review system must be based on scientifically-based education research. Peer reviewers, such as master and mentor teachers, along with principals, will evaluate each teacher's performance at several points in time during the school year. The evaluations must be one consideration for teacher bonuses.
- ⇒ *Professional Compensation*: Performance pay for teachers must introduce changes to the compensation system for participating schools in order to allow administrators some flexibility to reward teachers for high levels of student performance, and to offer competitive salaries for teachers, particularly in hard to staff subject areas or high need schools. The performance pay must "untie" compensation from the more traditional schedule that relies on years of service and education credits and use rigorous evaluations, school achievement gains, and student achievement gains for performance bonuses.

- ⇒ *New 21<sup>st</sup> Century Pay Schedule for Teachers:* Performance pay for teachers must abolish the age-old, lock-step salary schedule and implement a new, 21<sup>st</sup>-century based system that recognizes teachers as professionals.
- ⇒ *Ongoing Applied Professional Growth:* The program must utilize best practice research to create staff development options for teachers in schools. The staff development must also be integrated, collaborative, and provide for regular site-based and teacher-led professional growth activities.
- ⇒ *Alignment of State Staff Development Plan and Set Aside:* School districts and charter schools participating in the performance pay program must align their staff development plans and two percent set aside funds required by the State. Performance pay plans approved by the Department of Education under this program must include staff development opportunities that are integrated, collaborative, and provide for regular site-based and teacher-led professional growth activities.

There is a critical need to attract and retain the best talent in Minnesota's teaching profession. Quality, effective teachers are critical to assuring continued and improved academic excellence in our public schools. Over the next ten years, Minnesota will experience greater teacher shortages. National studies have indicated that about one-half of new teachers leave the profession during their first five years. It is critical for the State to address these teacher quality issues, including teacher compensation.

Salary increases for teachers today are based on an outdated model otherwise known as "steps and lanes." Salary increases are limited to the number of years of services or academic seat time and number of education credits beyond a bachelor's degree. It is not based on performance or additional responsibilities. The only greater career responsibilities for a teacher interested in advancing within the teaching profession is a one-way path out of the classroom and into administration. This system needs to change to reflect growing changes in education and the professional nature of the teaching profession.

The *Q Comp* program recommended by the Governor will provide an integrated solution to these challenges – changing the structure, recognizing talent, and providing greater professional opportunities for teachers in a collaborative environment.

**2. Beginning in FY 2007, provide separate, transparent funding for added costs associated with declining enrollment and secondary education.**

Under current law, school districts receive additional funding for declining enrollment through the allocation of additional "marginal cost" pupil units based on 23% of the district's decline in weighted pupil units from the previous year. For FY 2007 and later, districts will receive approximately the same level of additional funding for declining enrollment through a separate formula that clearly identifies the amount being allocated based on declining enrollment without distorting pupil counts. A district's declining enrollment funding will equal \$1,297 times the decline in enrollment between the previous year and the current year. This represents 25% of the basic formula for FY 2007. Declining enrollment revenue would be de-linked from the basic formula allowance, so that decisions about future funding differentials for declining enrollment will be independent of future decisions about the basic formula.

Under current law, school districts receive additional funding for secondary education through the allocation of additional pupil units based higher pupil unit weightings for students in grades 7 – 12. For FY 2007 and later, districts will receive approximately the same level of additional funding for secondary education through a separate formula that clearly identifies the additional amount being allocated based on secondary enrollment without distorting pupil counts. A district's secondary education funding will equal \$936 times the number of pupils in grades 7 – 12 in the current year. The additional revenue generated by secondary students under this formula equals 18% of the basic revenue for these students. Under the current weighted pupil system, secondary students generate 22.6% more than students in grades 4 – 6 (1.3 secondary weight / 1.06 grade 4 – 6 weight), and 16.6% more than students in grades 1 – 3 (1.3 secondary weight / 1.115 grade 1 – 3 weight). Secondary education revenue would be de-linked from the basic formula allowance, so that decisions about future funding differentials for secondary education will be independent of future decisions about the basic formula.

**3. Beginning in FY 2007, eliminate the adjustment to general education aid for changes in employer contribution rates to pension funds.**

Under current law, general education aid payments to school districts are adjusted based on the change in the district's FY 1997 employer contributions to the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) as a result of changes made in employer contribution rates. On average this adjustment reduces district general education aid by \$60 per pupil; however, the adjustments vary significantly among districts. Because cities of the first class are not members of TRA, the adjustments for those districts are much smaller than for other districts. Districts that have experienced significant declining enrollment since 1997 tend to have large adjustments, because the calculations have not been adjusted for changes in enrollment or salaries since 1997.

To make general education funding more transparent and understandable to the public, the pension adjustment to general education aid is eliminated beginning in FY 2007 and the basic formula is adjusted to offset the average impact of this change.

**4. Beginning in FY 2007, replace several small categorical levies with a discretionary levy of \$150 per pupil.**

Under current law, there are a variety of small categorical levies for various general fund purposes, including reemployment insurance, safe schools, judgments, ice arenas, swimming pools, lost interest earnings, tree growth replacement, building leases, severance, and other miscellaneous purposes. Some of these levies are available to all districts, and others are available only to selected districts. To simplify education funding, improve fairness, increase local flexibility in the use of revenues, and provide districts with the option to raise additional local revenue, several of these small categorical levies will be replaced with a single discretionary levy of \$150 per pupil, beginning with taxes payable in 2006. In addition to the \$150 per pupil allowance, training and experience revenue will also be rolled into the discretionary levy calculations. Districts that levied more than the state average of \$74 per pupil for these purposes for taxes payable in 2005 will be guaranteed a minimum increase of \$76 per pupil. Charter schools will be provided equivalent funding of \$76 per pupil from state aid. Districts levying less than the state average of \$74 per pupil for taxes payable in 2005 will qualify for an increase of up to \$150 per pupil. For these districts, the increase exceeding \$76 per pupil will be subject to a reverse referendum.

**5. Beginning in FY 2007, increase the standard operating referendum cap and second tier referendum equalization from 18.6% to 28% of the formula allowance.**

Under current law, the standard referendum cap is based on 18.6% of the formula allowance, while districts with relatively high referendum allowances in 1994 have a higher cap, based on their 1994 referendum allowances. To increase local control and narrow the gap between the standard referendum cap and the grandfather cap, the standard referendum cap will be based on 28% of the formula allowance, beginning in FY 2007. For FY 2007, this will increase the standard referendum cap, prior to the inflationary adjustment, by \$488, from \$965 to \$1,453. To provide equity for low tax base districts, the limit for second tier referendum equalization will also be increased to 28% of the formula allowance. For districts remaining on the grandfather cap, the inflationary increase in the cap will continue to be based on the CPI for FY 2009 and later.

**6. Beginning in FY 2007, eliminate the mandate to reserve a portion of basic revenue for learning and development.**

Under current law, school districts are required to reserve 11.5% of the basic revenue generated by students in kindergarten through grade 3 and 6% of the basic revenue generated by students in grades 4 – 6 for elementary class size reduction. However, because the amount reserved for this purpose is small compared with the overall cost of elementary teacher salaries, and because class sizes are affected by numerous other variables, the reserve requirement has not been effective in consistently reducing class sizes. Elimination of this mandate will reduce accounting burdens on school districts and increase local flexibility.

**7. Beginning in FY 2007, allocate equity revenue to all districts using a single statewide formula that targets funding more directly to low revenue districts.**

Under current law, separate formulas are used to allocate equity revenue for the metro area and greater Minnesota. Funding consists of a flat \$13 per pupil unit for all districts below the regional 95<sup>th</sup> percentile of

referendum revenue per pupil unit, and a sliding scale providing additional revenue to districts with relatively low referendum allowances, with the maximum sliding scale allowance set at \$75 per pupil unit. Minneapolis, St. Paul, and Duluth are ineligible for equity revenue, and districts with no referendum revenue receive only the flat \$13 allowance. To simplify the formula and improve fairness, a single statewide formula will be implemented beginning in FY 2007. All districts with referendum revenue below 28% of the formula allowance will qualify for revenue, including Minneapolis, St. Paul, and Duluth, and districts with no referendum revenue. To target funding to low revenue districts, the flat \$13 allowance will be eliminated and all of the revenue will be allocated on a sliding scale, with a maximum allowance of \$101 per pupil.

**8. Beginning in FY 2007, update the transportation sparsity formula to reflect more current data.**

Under current law, transportation sparsity revenue is computed using a formula developed in 1995 based on statistical analysis of the relationship between population density and transportation cost per pupil. Over the past ten years, the relationship between population density and transportation cost per pupil has evolved, with average costs growing more rapidly in sparsely populated rural areas than in more heavily populated urban and suburban areas. Beginning in FY 2007, the transportation sparsity formula will be updated based on statistical analysis completed using FY 2003 data.

**9. De-link categorical formulas from the formula allowance and provide a 2% annual increase in previously linked formulas.**

Under current law, funding for compensatory education, sparsity, transportation sparsity, declining enrollment, secondary education, post-secondary enrollment options, nonpublic pupil, nonpublic transportation, Indian tribal contract aid, and first grade preparedness is linked to the general education formula allowance. When the formula allowance is increased, the funding for these categorical programs increases automatically by a proportionate amount, without any specific consideration of cost patterns for these programs. De-linking the funding for these programs from the basic formula allowance will facilitate better alignment between funding and necessary costs through regular legislative review of funding levels. For FY 2006 and FY 2007, annual increases of 2% will be provided for these programs.

**10. Recalculate transition revenue to ensure that all districts receive a minimum guaranteed increase for FY 2007.**

The reforms outlined above have differential impacts on districts across the state. To ensure that every district will receive at least a minimum guaranteed increase for FY 2007, the old transition revenue formula is replaced with a new formula that will remain in effect through FY 2010. Under the new formula, each district will receive at least the amount of general education revenue it would have received for fiscal year 2007 under the formulas in effect for fiscal year 2006 (including the 2% formula increase provided for FY 2006), plus the amount of the district's levy limitations for taxes payable in 2005 for levies being rolled into the discretionary levy, plus \$199 per pupil.

**11. Adjust general education aid appropriation for impact of changes in school levies on property tax levy early recognition adjustment.**

Under current law, school districts recognize 48.6% of most levies in the fiscal year the levy is certified. To make the early recognition of levies revenue neutral to school districts, general education aid is reduced by the amount of the increase in early recognition of levies over the prior year. Increasing the referendum cap, replacing miscellaneous levies with a discretionary levy, authorizing school districts to levy for special education, deferred maintenance and alternative compensation, and other proposed changes in school district levy limits will increase the subtraction from general education aid for early recognition of levies. Taken together, the early recognition of levies and the state aid adjustment have no net impact on school district aid and levy revenue.

**12. Increase Property Tax Refund (PTR) Program.**

As school districts increase local levies, the state experiences higher costs in its Property Tax Refund (PTR) program. The Governor's Tax Aids and Credits budget pays for these costs by appropriating an additional \$3.695 million to the PTR program in FY 2006-07.

**DEPARTMENT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Change Item: General Education Funding Changes**

**Relationship to Base Budget**

The proposed increases in state appropriations are 5% of the base budget for FY 2006 and 4.4% of the base budget for FY 2007. The proposed revenue increases (aid entitlement plus levy) on a per pupil basis are 2.4% of current law revenue for FY 2006 and 7.1% of current law revenue for FY 2007.

**Key Measures**

The table below shows school district general operating resources for FY 2003-09 (operating resources includes other revenue sources like special education, but excludes non-general fund items like debt service and nutrition programs). This table takes into account the Governor's budget recommendations across all aid and levy programs that affect districts' general funds. Under the Governor's budget, district revenue per pupil will be \$8,522 in FY 2006 and \$9,066 in FY 2007.

**Total District General Fund Revenue  
from State Aids and Property Taxes  
Governor's Budget Recommendations**

Revenue Per Pupil\*

Fiscal Year	Operating Referendum Revenue		Other Revenue		Total Revenue Per Pupil	
	Amount	% Change	Amount	% Change	Amount	% Change
2002	\$680		\$6,860		\$7,540	
2003	364	(46.5%)	7,676	11.9%	8,039	6.6%
2004	535	47.0%	7,678	0.0%	8,213	2.2%
2005	636	18.9%	7,687	0.1%	8,323	1.3%
2006	670	5.3%	7,852	2.1%	8,522	2.4%
2007	809	20.7%	8,257	5.2%	9,066	6.4%
2008	880	8.8%	8,294	0.4%	9,175	1.2%
2009	\$1,000	13.6%	\$8,303	0.1%	\$9,308	1.4%

\*Current year average daily membership, with regular kindergarten weighted at .5

The table below is a subset of the district general fund table above. This shows district revenue from the general education program only. For comparability with prior years, alternative compensation aid and the miscellaneous levies rolled into the general education program are included in the amounts reported for all years.

**General Education Revenue Only  
From State Aids and Property Taxes  
Governor's Budget Recommendations**

Revenue Per Pupil

Fiscal Year	Operating Referendum Revenue		Other Revenue		Total Revenue Per Pupil	
	Amount	% Change	Amount	% Change	Amount	% Change
2002	\$680		\$5,706		\$6,386	
2003	364	(46.5%)	6,405	12.2%	6,768	6.0%
2004	535	47.0%	6,363	(0.7%)	6,898	1.9%
2005	636	18.9%	6,401	0.6%	7,037	2.0%
2006	670	5.3%	6,537	2.1%	7,208	2.4%
2007	809	20.7%	6,908	5.7%	7,717	7.1%
2008	880	8.8%	6,902	(0.1%)	7,782	0.8%
2009	\$1,000	13.6%	\$6,894	(0.1%)	\$7,894	1.4%

A key measure for the Q Comp program is that future advancement on the salary schedule will be based on criteria other than the traditional "steps and lanes".

## DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION

Change Item: General Education Funding Changes

**Statutory Changes:** Amend M.S. 122A.414 and M.S. 122A.415 to establish a new alternative teacher compensation program. Amend M.S. 123A.05, Subd. 2, to adjust ALC funding for the updated transportation sparsity formula. Amend M.S. 124D.65, Subd. 5, to adjust the LEP formula for the change from marginal cost pupil counts to current year pupil counts. Amend M.S. 126C.01 to adjust the shared time formula for the change in pupil unit calculations. Amend M.S. 126C.05 to eliminate grade level pupil unit weightings and marginal cost pupil units. Amend M.S. 126C.10 by adding new subdivisions for secondary education revenue, declining enrollment revenue, and discretionary revenue, and amending other subdivisions for changes in general education funding formulas. Amend M.S. 126C.17 for changes in referendum formulas. Amend M.S. 126C.40 for changes in the building lease levy.

Repeal M.S. 123A.39, Subdivision 3, severance levy. Repeal M.S. 123B.05, the January 15 contract deadline and penalty. Repeal M.S. 123B.05, St. Paul severance levy. Repeal M.S. 126C.43, Subd. 2, reemployment insurance levy, and Subd. 3, judgment levy. Repeal M.S. 26C.44, safe schools levy. Repeal MS 126C.445, Tree growth replacement levy. Repeal M.S. 126C.45, ice arena levy. Repeal M.S. 126C.455, swimming pool levy. Repeal M.S. 126C.12, learning and development revenue amount and use. Repeal M.S. 27A.50, aid adjustments due to changes in employer retirement contribution rates.

## DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Change Item: Change Levy Year for Abatement Aid

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$537)	(\$530)	(\$440)	(\$424)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$537)	(\$530)	(\$440)	(\$424)

### Recommendation

The Governor recommends that abatement aid for school districts be calculated using the certified levy date for the third preceding year (instead of the preceding year) to more accurately reflect the aid/levy mix for the year for which taxes were abated.

### Background

This proposal changes the levy year used for the abatement aid ratio to correct a mismatch of years.

School districts lose revenue when taxes on one property are reduced after the district's levy has been spread over all property of the district. The district recovers a portion of this revenue loss through abatement aid. The district also has authority in the next year to levy for the loss not recovered through abatement aid.

A ratio of the equalized levies to the total levy is determined in section (2) of M.S. 127A.49, Subdivision 2. This ratio is applied to the total abatements to determine the amount of abatement aid. For abatements in 2002, the ratio is determined using the levies payable in 2003.

However, based on provisions (A) through (D) in M.S. 127A.49, Subdivision 2, a levy is considered equalized and thus included in the numerator of the ratio if the district received the related state aid in FY 2002. Since the levy being included in the numerator is for taxes payable 2003 (revenue for FY 2004) but the aid used to determine if the levy should be included is for FY 2002, there is a mismatch of years.

This ratio also determines the fund allocation of the abatement revenue. School districts allocate the revenue lost from abatements between funds based upon the fund ratio for the tax year for which taxes are being abated. Abatements finalized in 2002 are for taxes payable in 2002 or earlier. This change will also provide overall abatement revenue in proportions that more accurately reflect the fund allocation for the year the revenue was lost.

In most years, this mismatch in years has no major impact, but when changes are made to equalized levies the impact becomes more noticeable. The basic general education levy was eliminated after taxes payable for 2001. Thus, for taxes payable after 2001, the general fund makes up a smaller portion of the total levy while the debt fund makes up a larger portion.

This proposal will be effective for FY 2006 for abatement aid and for taxes payable 2006 for abatement levy authority.

### Relationship to Base Budget

The proposed change reduces the state appropriation need by approximately \$537,000 in FY 2006, \$530,000 in FY 2007, \$440,000 in FY 2008, and \$424,000 in FY 2009.

**Statutory Change:** Amend M.S. 127A.49, Subdivision 2.

# DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Change Item: Administrative District Levy

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

## Recommendation:

The Governor recommends that school districts be authorized to form education administrative districts to increase the efficiency of administrative services for elementary and secondary education by combining administrative functions for multiple school districts, while maintaining independent school district control of individual student attendance sites. A school district that is a member of an education administrative district will be allowed to levy an amount equal to the district's share of costs approved by the commissioner for retirement and severance incentives and other start-up costs included in the agreement under subdivision 4, paragraphs (b) and (c), over a period of time not to exceed three years.

## Background:

As enrollment declines, the per-pupil cost of administrative services increases. Opportunities exist for significant cost savings through the consolidation of administrative functions for multiple school districts, especially in rural areas. To establish a stable structure for delivery of administrative services in small rural schools that will facilitate attainment of these savings, while preserving the authority of local school boards to operate and maintain current student attendance sites, groups of school districts will be authorized to form education administrative districts. An education administrative district must have one of the following at the time of formation:

- ◆ at least five districts;
- ◆ at least three districts with a total of at least 5,000 pupils in average daily membership; or
- ◆ at least three districts with a total of at least 2,000 square miles.

Before entering into an agreement, the school boards of the proposed member districts must jointly submit the proposed agreement to the commissioner for review and comment. The commissioner shall submit a review and comment on the educational and economic advisability of the proposed agreement to the school boards within 60 days of receiving the proposal. If the commissioner submits a negative review and comment, the districts do not qualify for levy authority.

The levy authority will provide an incentive for small rural districts to enter into education administrative districts. Over the longer term, the administrative cost savings will help participating districts to maintain quality education programs in small rural schools.

## Relationship to Base Budget:

The state total administrative district levy is projected to be \$100,000 for taxes payable in 2006, \$300,000 for taxes payable in 2007, and \$700,000 for taxes payable in 2008.

## Key Measures:

After each of its first five years of operation, the board shall submit an annual report to the member districts and the commissioner regarding the activities of the education administrative district, including analysis of the impact of the arrangement on administrative costs and efficiency.

**Statutory Change:** Amend M.S. 123A.24; add new language.

# DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Change Item: Allocation of Transportation Costs

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures				
Nonpublic Pupil Transportation	\$0	\$0	(\$328)	(\$400)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	(\$328)	(\$400)

## Recommendation

The Governor recommends changes in the categories of expenditures included in the regular and disabled transportation categories and in responsibilities for transporting homeless students to improve fairness and encourage efficiency, and recommends that districts be permitted to levy for a portion of the cost of replacing potentially defective Carpenter school buses.

The Governor recommends the following changes in pupil transportation funding:

1. Permit school districts to levy up to \$30,000 times the number of Carpenter school buses in their fleets as of January 1, 2004, that have been determined to have potentially defective welds and are subject to limitations imposed by the Minnesota Department of Public Safety.
2. Limit the types of employees for whom indirect costs can be charged to transportation, require school districts to document the salaries/fringe benefits of part-time employees that are claimed for transportation funding, and require all school districts to use the same standard procedures for allocating costs among transportation categories, to ensure a more equitable distribution of special education and nonpublic transportation aids.
3. Include depreciation on buses used primarily for special education in the calculation of base revenue for special education aid.
4. Include travel for special education staff between public schools and nonpublic schools or neutral sites in the calculation of base revenue for special education aid.
5. Change the transportation category for nondisabled students in care and treatment from the disabled category to the regular category if the students can be transported on regular school bus routes without special accommodations.
6. Include the additional costs of transporting currently homeless students living in nonshelter locations and formerly homeless students from their temporary/permanent home in another district to the district where the school of origin is located in the calculation of base revenue for special education aid. For those who have found permanent homes, this funding would only be provided through the end of the academic year.
7. Require the district enrolling a homeless pupil temporarily residing in a shelter in another district to provide transportation, unless the district enrolling the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed will provide transportation.

## Background

### 1. Carpenter Bus Levy

As of January 1, 2004, 42 school districts owned 121 Carpenter that have been determined to have potentially defective welds and are subject to limitations imposed by the Minnesota Department of Public Safety. Permitting these districts to levy up to \$30,000 per bus for replacements will mitigate the financial impact on the affected districts and help ensure student safety.

### 2. Transportation Cost Allocations

Most pupil transportation expenditures are funded through the general education program on a per pupil basis. However, expenditures included in the disabled transportation category are funded through the special education and excess cost formulas, and expenditures for transporting nonpublic pupils are included in the nonpublic pupil transportation formula. Because the regular special education and excess cost formulas have fixed statewide funding caps, changes in the categories of expenditures charged to the disabled transportation category have no impact on the state total aid, but change aid allocations among districts.

Recent audits of school districts transportation expenditures have found that districts are including more part-time administrative and clerical salaries/fringe benefits in transportation, in many cases without documenting the time and effort these employees spent on transportation tasks. Also, some school bus contractors allocate a disproportionate share of expenses to those categories of transportation where funding is based on costs. Given the fixed statewide appropriations for special education and excess cost aid, these reporting practices reduce the effective rate of reimbursement for special education teacher salaries, special education bus driver salaries and other direct costs of serving children with disabilities, and shift funding among districts. Standardizing and limiting the indirect costs that can be charged to transportation will reduce the amount charged to the transportation category by approximately \$1.5 million per year. This will make funds available under the current special education funding level for the cost of transporting homeless students as described below, without reducing the effective rate of reimbursement for other special education costs. By lowering the indirect costs charged to the regular transportation category, this change would also slightly reduce nonpublic pupil transportation aid, which is based on the district average transportation cost per pupil.

Under current law, operating costs for disabled student transportation, including leasing special education vehicles, are fully reimbursable for special education aid, but capital costs, including the purchase of special education vehicles, are not eligible. While the cost of purchasing special education vehicles is generally lower than the cost of leasing the vehicles, most districts either contract for all special education transportation services or lease the vehicles, because of the incentives provided by the funding formula. Similarly, transportation of disabled students between public and nonpublic schools for shared time services is currently eligible for special education funding, but travel for school district special education staff to a nonpublic school or neutral site to serve these students is ineligible. In most cases, the cost of travel for the special education staff would be significantly less than the cost of transporting the students. Making newly purchased special education buses and travel for special education staff between public and nonpublic schools eligible for state special education funding on a depreciation formula would eliminate these incentives and lower the total amount of transportation cost included in the special education formula.

Under current law, costs for transporting nondisabled students in care and treatment can be included in the disabled category, even if the students can be transported on regular school bus routes without special accommodations. Requiring districts to report costs for students transported on regular school bus routes without special accommodations in the regular category will also lower the total amount of transportation cost included in the special education formula.

### 3. Transportation of Homeless Students

The McKinney-Vento Homeless Assistance Act (federal law) requires school districts to transport homeless children and youth to the school of origin if requested by the parent, guardian, or homeless education liaison. Under current law, the cost of transporting homeless students living in shelter situations to the school of origin is included in the disabled category and funded through the special education formula, but the cost of similar transportation provided to homeless students living in nonshelter locations is excluded. Including the cost of transporting homeless students living in nonshelter locations in the disabled category will increase the amount charged to the disabled transportation category by approximately \$1.5 million per year. This will be funded under the current special education funding level through offsetting reductions in indirect cost allocations as outlined above.

In addition, current law makes the district where the shelter is located responsible for transporting a homeless student to the school of origin, but pays the general education aid to the district enrolling the student. Requiring the district enrolling the student to provide the transportation, unless the two districts agree otherwise, would better align funding and facilitate transportation efficiency.

### Relationship to Base Budget

Because of the statewide caps on regular special education and excess cost aid, the changes in transportation cost allocations will have no impact on the state total aid, although there will be modest aid redistribution among districts. Because of the two-year lag in the nonpublic transportation formula, the changes in transportation cost

## DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Change Item: Allocation of Transportation Costs

allocations will have no impact on state aid in the current biennium, but will reduce the base budget by 1.4% for FY 2008 and 1.7% for FY 2009.

### **Key Measures**

Transportation funding provided through the special education aid formula will be allocated more equitably and incentives for cost savings will be strengthened.

**Statutory Changes:** Amend M.S. 123B.92, Subd. 1 and 5, to revise the categories of expenditures included in the regular and disabled transportation categories. Amend M.S. 125A.51 to change responsibilities for transporting homeless students.

**DEPARTMENT OF EDUCATION**

**Program: OTHER GENERAL EDUCATION PRGS**

**Change Item: Inflate/Delink Programs**

**Preliminary Proposal**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures				
Nonpublic Pupil Aid	90	213	246	259
Nonpublic Pupil Transport	400	834	941	979
Tribal Contract Aid	36	83	99	106
First Grade Preparedness	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
<b>Net Fiscal Impact</b>	<b>526</b>	<b>1,130</b>	<b>1,286</b>	<b>1,344</b>

**Recommendation**

The Governor recommends providing a 2% inflationary increase and de-linking the nonpublic pupil, nonpublic pupil transportation, and tribal contract schools formulas from the general education formula. The per pupil allowance for first grade preparedness will also be delinked from the general education formula.

**Background**

The proposed changes would keep the funding for these programs in line with the Governor's general education changes and de-link categorical formulas from the general education formula.

Because nonpublic pupil, nonpublic transportation and tribal contract aids are forecasted programs, the appropriations will be increased to reflect the inflationary increase in the formulas. First grade preparedness is not a forecasted program and has a fixed appropriation. In keeping with past practice, the statewide appropriation is not increased for inflation.

**Relationship to Base Budget**

FY 2007 changes represent an increase from base of 1.3% for nonpublic pupil aid, 3.7% for nonpublic pupil transportation aid, and 3.6% for tribal contract school aid. First grade preparedness will be funded at the base budget level of \$7,250,000.

**Statutory Change:** Amend M.S. 123B.42, Subdivision 3; 123B.92, Subdivision 9; M.S. 124D.081; M.S. 124D.83.

**DEPARTMENT OF EDUCATION****Program: EDUCATION EXCELLENCE****Change Item: Get Ready, Get Credit Program**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
EPAS	\$829	\$829	\$829	\$829
CLEP	825	1,650	1,650	1,650
AP/IB	1,222	1,222	1,222	1,222
Net Fiscal Impact	\$2,876	\$3,701	\$3,701	\$3,701

**Recommendation**

The Governor recommends \$2.876 million in FY 2006, \$3.701 million in FY 2007, \$3.701 million in FY 2008, and \$3.701 million in FY 2009 for a series of high school initiatives called *Get Ready, Get Credit* aimed at preparing high school students for post-secondary education options. Additionally, the program provides opportunities for high school students to receive college credit for successful completion of College Level Examination Program (CLEP) and AP/IB (Advanced Placement/International Baccalaureate) exams.

**Background**

Recently, both ACT and the Citizens League released reports indicating that a significant number of high school students are not prepared for post-secondary education and require remediation in core curriculum. The Governor is proposing a series of three initiatives to improve high schools, to provide more opportunities for students to be better prepared for post-secondary education, and to provide more opportunities for students to obtain college and university credit while attending high school.

**College Readiness – Get Ready – EPAS System: Grade 8 Explore, Grade 10 Plan**

The Governor is proposing that school districts and charter schools voluntarily participate in the Educational Planning and Assessment System (EPAS) program funded by the state. The ACT EPAS system provides a longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests includes English, reading, mathematics, science, and includes components on planning for high school and beyond, interest inventory, needs assessments, and student education plans. Annual costs are estimated at \$829,000 per year.

The Minnesota Department of Education (MDE), in conjunction with districts and schools, will provide assessments that will help determine student strengths and weaknesses using the ACT Explore tests at grade 8 and the ACT Plan test at grade 10. The state will bear the cost of these two tests for Minnesota students. These tests are linked to the ACT assessment for college admission and will allow students, teachers, schools, and parents to determine college readiness earlier than the junior or senior year in high school. In addition, the ACT tests will allow for linkage to the state accountability system (Minnesota Comprehensive Assessments-II) and will help determine preparedness at an even earlier grade.

**College Credit – Get Credit – College Level Examination Program (CLEP)**

Minnesota has provided a wealth of opportunities for high school students to get college credit, including Post-Secondary Education Options (PSEO) and College in the Schools (CIS). However, due to the cost and geographic barriers, it is not always possible for students to utilize those options. Additionally, many parents have concerns about their children attending colleges and prefer they remain within a public high school setting for a variety of reasons.

Under this proposal, the Governor is proposing Minnesota public high school students who master one or more college level courses in high school earn college credit. Subject areas in which students may earn credit include the following:

- ◆ composition and literature
- ◆ mathematics
- ◆ science
- ◆ history and social sciences

- ◆ foreign languages
- ◆ business

Students demonstrate their mastery by earning a particular score on the CLEP test for that subject area. CLEP exams cover material taught in the courses that most students take as requirements in the first two years of college. Many colleges grant the same amount of credit to students earning satisfactory scores on the CLEP exam as they grant to students successfully completing the course. In fact, approximately 2,900 colleges and universities across the country grant credit or advanced standing for successful completion of CLEP exam.

Under this proposal, all Minnesota State Colleges and Universities (MnSCU) institutions will grant undergraduate credit for students who achieve the required scores on the CLEP exams. The Governor also encourages the University of Minnesota to agree to grant college credit under this program. The state will cover the cost of the exams up to a capped level, and districts may cover the exam fees or allow the fee to be paid by the parents or guardian of the student in the event the state appropriation does not cover the exam.

MDE is setting a goal of 5,000 student reimbursements for CLEP tests in FY 2007 and 7,500 in FY 2008. MDE anticipates that additional students will participate through reimbursement of exam fees by school districts and by fees paid by parents or guardians. Students will be eligible to receive state reimbursement for up to six exams up to a capped state appropriation. Preference will be given to low-income students. Students will be allowed to receive credit for all CLEP exams offered by the College Board. State costs are estimated at \$825,000 in FY 2006, \$1.65 million in FY 2007, \$1.65 million in FY 2008, and \$1.65 million in FY2009.

#### **Advanced Placement and International Baccalaureate (AP/IB)**

The Governor recommends an annual appropriation increase of \$1.222 million beginning in FY 2006, adding a component to the program that will provide a stipend to teachers of AP/IB programs based on numbers of students passing AP/IB examinations, and making changes in program administration. Under the Governor's recommendation, students completing AP/IB classes and passing examinations with a three or above would receive college credit.

AP/IB funding currently provides partial reimbursement of training for teachers of AP/IB programs, reimbursement of examination fees for students of low-income families, and partial reimbursement of examination fees for other students. Based on current estimates, reimbursement of student examination fees will increase by approximately \$900,000 allowing full reimbursement of examination costs for students from low-income families and reimbursing other students for approximately 40% of fees. Teacher training fee reimbursement will remain at approximately the current expenditure level.

Laws enacted in 1997 provided each program teacher a stipend for students scoring 3, 4, or 5 on a scale of 1 – 5. The stipend rewarded teachers of AP/IB programs for student performance. This stipend was discontinued in FY 2000. Implementation of the stipend will reward teachers whose students demonstrate success on AP/IB examinations. Based on current estimates, approximately \$420,000 is provided for teacher stipends.

#### **Relationship to Base Budget**

**Get Ready-Get Credit-EPAS System** – This is a new appropriation.

**Get Ready-Get Credit-College Level Examination** – This is a new appropriation.

**Advanced Placement and International Baccalaureate** – The base budget for the AP/IB program was set at \$2 million for FY 2003 and FY 2004 by the 2001 legislature. The appropriation was subsequently decreased to \$1 million beginning in FY 2003 and to \$778,000 for FY 2004-05. This recommended change represents an increase over the current base of 257%.

#### **Key Measures**

- The EPAS System will provide more opportunities for students to prepare and plan for post-secondary education
- Students will have access to CLEP testing opportunities

## DEPARTMENT OF EDUCATION

Program: EDUCATION EXCELLENCE

Change Item: Get Ready, Get Credit Program

- Students will have increased opportunities to obtain college and university credit while attending high school.

**Statutory Changes:** New language is required for the Get Ready-Get Credit programs. Amend M.S. 120B.13 Advanced Placement and International Baccalaureate Programs.

**DEPARTMENT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

**Change Item: Neutralize Change in Pupil Accounting**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures – Integration	0	65	(144)	(747)
Expenditures – Health & Safety	0	(2)	(2)	(2)
Expenditures – Debt Equal.	0	0	23	51
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	63	(123)	(698)

**Recommendation**

The Governor recommends the following changes beginning in FY 2007 to neutralize the impact of pupil accounting changes on categorical aids and levies:

1. Increase integration revenue allowances as follows:
  - ◆ Minneapolis & St Paul: from \$445 to \$534
  - ◆ Additional Minneapolis levy: from \$35 to \$43
  - ◆ Duluth: from \$206 to \$249
  - ◆ Other qualifying districts with protected student concentration exceeding 15%: from \$129 to \$156
  - ◆ Other qualifying districts with protected student concentration of 15% or less: from \$92 to \$111
2. Increase allowances for consolidation transition revenue from \$200 in the first year of consolidation and \$100 in the second year of consolidation to \$240 in the first year and \$120 in the second year. Reduce the cap on the number of students for whom aid is paid from 1,500 to 1,250.
3. Increase the charter school building lease allowance from \$1,200 to \$1,316 for elementary pupils and to \$1,552 for secondary pupils, and adjust the grandfather allowance for each affected school by the ratio of the old formula pupil units to the new formula pupil units for FY 2003.
4. Increase the charter school startup allowance from \$500 to \$550 for elementary pupils and to \$648 for secondary pupils.
5. Increase startup aid for metropolitan magnet schools from \$500 to \$569 per pupil unit.
6. Increase the equalizing factors for debt service equalization from \$3,200 for tier 1 and \$8,000 for tier 2 to \$3,832 for tier 1 and \$9,546 for tier 2.
7. Increase the equalizing factor for health and safety from \$2,935 to \$3,535.
8. Increase the equalizing factor for school age care from \$2,433 to \$2,925.

**Background**

Under current law, school districts and charter schools generate additional pupil units based on enrollment decline and grade level pupil unit weightings. For FY 2007, state total adjusted pupil units are estimated at 942,266, and state total adjusted marginal cost pupil units are estimated at 945,637. Under the Governor’s recommendation, the additional pupil units generated for declining enrollment and grade level weights are eliminated, and regular kindergarten students are counted as .5 pupil unit. For FY 2007, the state total number of pupil units under the governor’s recommendation is estimated at 788,087.

To neutralize the effect of the change in pupil accounting, categorical allowances and equalizing factors based on pupil units are adjusted to maintain approximately the same level of revenue, aid and levy for each district and charter school. The changes from current law in state total aids and levies shown in the table above are due to rounding of the new allowances and equalizing factors.

**Statutory Change:** Amend MS 123A.485, Consolidation Transition Aid. Amend MS 124D.11, Subd 4, Charter School Building Lease Aid, and Subd. 8, Charter School Start-up Aid. Amend MS 124D.22, School Age Care Revenue. Amend MS 124D.86, Integration Revenue. Amend MS 124D.88, Metropolitan Magnet School Grants. Amend MS 123B.53, Debt Service Equalization. Amend MS 123B.57, Health & Safety Levy.

# DEPARTMENT OF EDUCATION

Program: EDUCATION EXCELLENCE

Change Item: Career & Technical Education Grant & Levy

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$1,000	\$1,000	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,000	\$1,000	\$0	\$0

## Recommendation

The Governor recommends improving career and technical education in Minnesota by

- ◆ establishing a two-year Minnesota Modular Career Education grant program, aimed at junior high or middle school students, and
- ◆ replacing the current career and technical levy program with a new levy program based on current data and contemporary vocational education curriculum beginning in FY 2008 by allowing districts to levy, beginning with taxes payable 2008, the lesser of \$80 times the district's average daily membership in grades 10 to 12 for the fiscal year in which the levy is certified or, 25% of the approved expenditures in the fiscal year in which the levy is certified. Eligible expenditures are limited to salaries of eligible instructional staff, contracted services, travel, curriculum development, and specialized vocational instructional supplies.

## Background

Career and technical aid (formerly referred to as secondary vocational aid) was eliminated after FY 2001. Special, one-time levies were authorized for FY 2002 and FY 2003 to continue career and technical support. In 2003, the career and technical levy was made permanent. Under current law, M.S. 126C.457, a school district may levy an amount equal to the greater of \$10,000 or the amount of the district's secondary vocational aid for FY 2001.

This proposal would replace the current career and technical levy with a new career and technical levy program beginning with taxes payable in 2008. As with the current career and technical levy, the new levy would be recognized as revenue in the fiscal year it is certified (e.g., pay 2008 levy recognized as revenue in FY 2008). This new program would restore much of the formula-based program that existed prior to the repeal of the vocational education aid in 2001, but it would be funded by levies instead of aid. The funding would be based on prior year data (instead of frozen FY 2001 data), as well as more contemporary vocational education program features.

Prior to initiation of this new career and technical levy program in FY 2009, the Minnesota Department of Education (MDE) would provide grants to establish up to 20 mid level (junior high or middle school) demonstration programs, which would require students to spend blocks of time in technology-based program modules emphasizing practical, hands-on formats where career possibilities are underscored. Modules examples include: CNS - computer numerical control, decision logic, computer aided design and drafting, graphics and animation, robotics, audio broadcasting, desktop publishing, computer problem solving, material and fabrication, engineer and structures, research and design, electricity and information management, electronic communications, DNA, data management, safety issues, bio-chemistry, computer modeling, genetics, and geographic information systems.

MDE will develop the program approval process and performance measures through the rulemaking process.

## Relationship to Base Budget

The appropriations for FY 2006 and FY 2007 are for a one-time grant program. \$20,000 of the appropriation in FY 2006 will be used for rulemaking. The pay 2008 and pay 2009 levies are expected to increase over current levels by about \$2.6 million per year.

DEPARTMENT OF EDUCATION

Program: EDUCATION EXCELLENCE

Change Item: Career & Technical Education Grant & Levy

**Key Measures**

Minnesota remains globally competitive with emerging workforce skills.

**Alternatives Considered**

The alternative is not to change the current levy formula, which is based on data from FY 2001 (four years old).

**Statutory Change:** Add new section.

# DEPARTMENT OF EDUCATION

Program: Education Excellence

Change Item: Scholarship Tax Credit

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	250	250	250	250
Revenues	0	(3,500)	(3,750)	(3,750)
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	250	3,750	4,000	4,000

## Recommendation

The Governor recommends expanding education choices for children by allowing a tax credit to corporations contributing to scholarship granting organizations that provide financial aid to low- and moderate-income families to help cover the cost of tuition at K-12 private schools.

## Background

Corporate income tax credits will be provided for contributions to qualifying Scholarship Organizations (SOs). Scholarship Organizations are federal tax-exempt charitable organizations that receive private contributions and provide scholarships to students attending K-12 private schools in Minnesota.

To be eligible to participate in the program, Scholarship Organizations would need to meet a number of requirements, including:

- Allocate at least 80% of the annual revenue they receive for their scholarship funds to financial assistance for families.
- Use contributions claimed for the tax credit only for funding scholarships for children of families with incomes at or less than 250% of federal poverty guidelines.
- Not restrict the scholarships to one school or to students in one school.
- Not charge a fee of any kind to students or families applying for a scholarship.

A corporation would be able to claim a tax credit equal to 50% of the amount contributed to a Scholarship Organization (not to exceed its liability for tax) up to a maximum credit of \$100,000. To restrict the potential costs of this program, the statewide maximum amount of tax credit is set at \$3,500,000 in FY 2007 and \$3,750,000 in FY 2008 and beyond. Certification for the tax credit will be handled by either the Department of Revenue or the Department of Education. An amount of \$250,000 per year will be allocated for administrative expenses related to certification of the tax credits, program oversight, and evaluation. The tax credit would be effective for taxable years beginning after December 31, 2005.

## Relationship to Base Budget

This is a new program.

## Key Measures

Qualifying students and families will be provided an additional education choice.

## Alternatives Considered

Several models for scholarship organizations providing this choice exist. This proposal limits state revenue losses.

**Statutory Change:** Amend MS 290.01, subd. 19c. Add new statute.

**DEPARTMENT OF EDUCATION****Program: EDUCATION EXCELLENCE****Change Item: Equal Access to On-Line Learning**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$1,000	\$2,000	\$3,000	\$4,000
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,000	\$2,000	\$3,000	\$4,000

**Recommendation**

The Governor recommends increasing the funding for the on-line learning (OLL) option program authorized under M.S. 124D.095 by \$3 million in FY 2006-07 to provide more Minnesota families with access to public education on-line learning schools and programs.

**Background**

Funding for students who were not enrolled in a Minnesota public school the year before they enrolled in an OLL program is capped at \$1.25 million in FY 2005 and later. As a result, enrollment in OLL schools or programs is limited to the equivalent of about 240 full-time secondary students. The proposal will allow for growth in the number of students who could access on-line learning programs.

Estimates of student participation in OLL that were provided to the commissioner by the programs approved for FY 2005 exceeded the appropriation by \$955,000. As a result, statute requires the commissioner to prioritize funding based on eligible students who participated during FY 2003, holding programs harmless at their FY 2003 funding level. Programs with students who participated in OLL during FY 2003 and who completed the school year at the same program during FY 2004 would require \$425,000 to continue enrollment for these students in FY 2005. An additional \$713,000 was reserved for participants who entered the program in FY 2004. Programs in operation during FY 2004 were allowed the lesser of the expected number of returning students or their actual estimates, which left \$112,000 for new programs and program growth. New programs and those with no returning eligible students in FY 2004 were allowed the lesser of their estimated participation or \$22,620 for start-up. Participants in the OLL programs must complete their OLL courses for the program to generate this funding. No funds were available in FY 2005 for expansion of existing programs with returning eligible students.

The proposal will allow for growth in the number of students who could access OLL programs. The equivalent of 190 additional full-time secondary students could be served in FY 2006 and an additional 380 in FY 2007.

**Relationship to Base Budget**

This initiative would increase the budget base from \$1.25 million in FY 2006 to \$2.25 million and from \$1.25 million in FY 2007 to \$3.25 million.

**Alternatives Considered**

An alternative would be to allow all students that have participated in an OLL program in the prior year to generate general education revenue rather than having some students generate on-line learning aid from the capped appropriation.

**DEPARTMENT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

**Change Item: Staff Development Program & Reserved Revenue**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
<b>Net Fiscal Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Recommendation**

The Governor recommends amending M.S. 122A.60 (Staff Development Program) and M.S. 122A.61 (Staff Development Reserved Revenue) to

- ◆ make the statutory language more reader-friendly and better sequenced;
- ◆ align the legislation with Minnesota statutes on accountability and rigorous academic standards as well as the *No Child Left Behind* (NCLB) law;
- ◆ require staff development funding to be focused on instructional improvement areas that are identified after a study of ways to improve student achievement, including narrowing the achievement gaps among student groups;
- ◆ specify the responsibilities of the district advisory committee and the requirements for each site team’s plan;
- ◆ require that staff development activities meet criteria for high quality professional development;
- ◆ require the principal to approve the site plan and the school board to approve the district staff development goals and site team plans;
- ◆ allow districts to reduce the amount of funds reserved for the current year by the amount expended for these purposes in the current fiscal year from its reserved for staff development fund balance.

**Background**

This proposal focuses the current smorgasbord of staff development activities funded by staff development revenue to a single purpose: Staff development activities must improve the quality of teaching and increase the achievement of all students, including eliminating achievement gaps among groups of students. This purpose replaces the current seven legislative goals for staff development, only one of which directly addresses student achievement.

A district is required to reserve an amount equal to at least 2% of the basic revenue under M.S. 126C.10, Subdivision 2 for staff development programs under M.S. 120B.22, Subdivision 2. Current law requires districts and sites to have staff development plans but does not require plans to be aligned with the results of an analysis of local data related to teacher quality and student achievement issues.

This proposal:

- ⇒ Requires staff development plans to be aligned with needs identified from analysis of local data (i.e., a “local needs assessment,” as referred to in NCLB), and information submitted on federal applications.
- ⇒ Requires districts and schools to use staff development funds on *effective* staff development activities that improve teaching and learning. (Includes activities identified as high-quality professional development in Title IX, Section 9101(34) of the Elementary and Secondary Education Act (ESEA), principles for effective staff development compiled by the Education Commission of the States (ECS) based on research conducted by the *National Partnership for Excellence and Accountability in Teaching*, the *National Staff Development Council* and the *Consortium for Policy Research in Education*, and violence prevention training as authorized in 120B.22, Subdivision 2.)
- ⇒ Provides funding flexibility by allowing school boards to reduce the amount reserved in the current year by the amount of staff development reserves from prior years expended for staff development in the current year.

**Key Measures**

These changes will strengthen the school district's ability to provide effective staff development that impacts student achievement by improving the content knowledge and instructional skills of teachers, and improving the leadership skills of principals in directing instructional improvement.

School districts and sites will more effectively align staff development activities with federal requirements for NCLB. Federal officials will see the clear alignment between Minnesota's staff development legislation and NCLB requirements.

**Statutory Change:** Amend M.S. 122A.60 and M.S. 122A.61.

# DEPARTMENT OF EDUCATION

Program: **SPECIAL EDUCATION**

Change Item: **Special Education Funding Changes**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures				
Equalized Aid Increase	\$0	\$2,030	\$3,406	\$2,690
Special Education Aid	(334)	(407)	(407)	(407)
Academies				
Special Education Excess Cost		(80)	(126)	(80)
Academies				
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$334)	\$1,543	\$2,873	\$2,203

## Recommendation

The Governor recommends changes to increase regular special education funding, improve the stability and predictability of special education excess cost funding, and make special education tuition billing more simple and uniform.

The Governor recommends the following changes in special education funding:

1. Increase regular special education revenue by 4% in FY 2007 and an additional 4% in FY 2008 and later. The revenue increase will be provided through an equalized special education levy. The equalizing factor for this levy will be \$6,900 of Adjusted Net Tax Capacity per pupil.
2. Beginning in FY 2006, allocate most special education excess cost aid using prior year data instead of current year data. Up to \$2 million of the excess cost aid will continue to be allocated based on current year data, for districts with extraordinary special education cost increases between the prior year and the current year.
3. For FY 2006, clarify special education tuition billing calculations in statute to reflect current funding formulas and to make the tuition billing process more simple and uniform. For FY 2007 and later, replace the current locally administered special education tuition billing process with an equivalent set of adjustments to special education aid payments calculated by the department.
4. Reduce state total special education-regular and excess cost aid by the amount of the aid reductions to the Faribault school district as a result of fiscal monitoring findings, if any, related to the district's mainstreaming contract with the Minnesota State Academies.

## Background

### 1. Increase regular special education revenue by 4% in FY 2007 and an additional 4% in FY 2008 through an equalized levy.

Under current law, state total regular special education revenue equals the state total regular special education revenue for the previous fiscal year times the ratio of state total average daily membership (ADM) in the current fiscal year to state total ADM in the previous fiscal year. With special education costs increasing at an average rate of 4% per year and no inflationary increase in special education funding, the cross subsidy of unreimbursed special education costs with general education funds would increase significantly in coming years.

Increasing regular special education revenue by 4% in FY 2007 and an additional 4% in FY 2008 and later will enable special education funding to keep pace with increasing costs for those years, preventing further increases in special education cross subsidies. The increase for FY 2008 is included in the recommendations for the current budget cycle because the revenue will be raised through the 2006 payable 2007 levy, which must be certified in the fall of 2006, before the next budget session. Increases for FY 2009 and later will be considered as part of the next biennial budget.

**2. Beginning in FY 2006, calculate special education excess cost aid using prior year data.**

Special education excess cost aid provides targeted funding to reduce special education cross subsidies in districts with the large unfunded special education costs, after adjusting for regular special education aid and general education aid earned on behalf of special education students. While the department has made concerted efforts to assist districts with budget projections, school districts continue to have great difficulty projecting their excess cost aid and accurately recording their annual aid on year-end financial statements. Because final data for the fiscal year are generally not available when districts close their books, and because of the uncertainty of excess cost aid entitlements, many districts substantially understate their aid for the year, and make large adjustments in the subsequent fiscal year, once the actual aid is finalized.

Allocating most special education excess cost aid using prior year data instead of current year data will provide significantly greater stability and predictability in school district revenue budgeting and greater accuracy in school district financial statements. Districts will know the exact amount of their excess cost aid allocation based on prior year data midway through the fiscal year, instead of waiting six months after the end of the fiscal year. Allocating up to \$2 million of the excess cost aid based on current year data will ensure that districts with extraordinary special education cost increases between the prior year and the current year continue to receive current year funding to offset these increases.

**3. Beginning in FY 2006, make the special education tuition billing process simpler and more uniform.**

Under current law, all tuition billing for the education of nonresident children with disabilities must be done on uniform forms prescribed by the department. While the department has provided uniform forms and extensive training to school district and charter school personnel, the tuition billing process is extremely complicated and requires large amounts of local staff time. In addition, while the forms are uniform, local practices in implementing the forms vary, leading to inequities in the tuition bills. Finally, the statutes governing tuition billing calculations are outdated and do not provide sufficient direction to the department. The recommended changes will update, clarify, and simplify the tuition billing process, to ensure more uniform and understandable tuition billing practices and greatly reduced administrative burdens on school districts and charter schools.

When the general education revenue and referendum aid have been paid to the serving district under an attendance options program, the resident district will pay tuition for FY 2006 to the serving district equal to:

- ⇒ 100% of the actual cost of special education services and special transportation, minus
- ⇒ the special education aid received by the serving district, minus
- ⇒ the general education revenue and referendum aid generated by the pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding the portion of the general education revenue and referendum aid attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

When the resident district receives the general education and referendum revenue, the resident district will pay tuition for FY 2006 to the serving district equal to:

- ⇒ 100% of the actual cost of special education services and special transportation, minus
- ⇒ the special education aid received by the serving district, plus
- ⇒ the full general education revenue and referendum aid attributable to the portion of time the pupil spends in the regular classroom, plus
- ⇒ the portion of general education revenue and referendum aid attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation for the portion of time the pupil receives special instruction and services outside of the regular classroom.

In either case, the resident district will be responsible for the excess cost of special education, and the serving district will receive:

- ⇒ full funding for the cost of special education, plus
- ⇒ the full general education revenue and referendum aid attributable to the portion of time the pupil spends in the regular classroom, plus
- ⇒ the portion of general education revenue and referendum aid attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation for the portion of time the pupil receives special instruction and services outside of the regular classroom.

**4. Reduce state total regular special education and excess cost aid for Faribault fiscal monitoring findings.**

Preliminary fiscal monitoring done by the Minnesota Department of Education indicates that the mainstreaming contract between the Faribault Public Schools and the Minnesota State Academies is not being executed as designed and that special education staff employed by the Faribault Public Schools who provide services at the Academies unrelated to the mainstreaming of Academy students at the Faribault Public Schools are being funded with state special education aid. If the preliminary findings are confirmed, the Faribault Public Schools will lose a significant portion of its special education-regular and special education excess cost funding. This will have a direct impact on how the Academies provide services to their students. To allow the Academies to continue to provide the same services to their students, the aid reduction, if any, to the Faribault Public Schools will be subtracted from the state total regular special education and excess cost aid, and the funding to the Academies will be increased. The Faribault Public Schools and the Minnesota State Academies will have an opportunity to respond to the preliminary fiscal monitoring findings. As the findings are finalized, changes may be made to the recommendation in February.

**Relationship to Base Budget**

The proposed increase in state appropriations is .3% of the regular special education base budget for FY 2007. The proposed revenue increases (aid entitlement plus levy) are 4.0% of current law revenue for FY 2007 and 8.2% of current law revenue for FY 2008.

**Key Measures**

Special education cross subsidies from general education revenue will be reduced by \$21.0 million for FY 2007 and \$42.8 million for FY 2008 and later. School district budgeting and financial reporting relating to excess cost aid and tuition billing will be more accurate and predictable, and local administrative burdens will be reduced significantly.

**Statutory Changes:** Amend M.S. 125A.76 by adding subdivisions for an equalized special education levy. Amend M.S. 125A.79 for changes in the special education excess cost formula. Amend M.S. 125A.11, 127A.47, Subd. 7, and 124D.11, Subd 5, to update, clarify and simplify the special education tuition billing process.

**DEPARTMENT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Change Item: Facilities Funding Changes**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Debt Equalization Appropriation	\$0	(\$683)	(\$1,345)	(\$1,537)
Equalized Deferred Maintenance		2,383	2,226	1,516
Fund 510				
Decreased Revenue Fund 510	0	(793)	(910)	(1,014)
Net General Fund Fiscal Impact	\$0	\$1,700	\$881	(\$21)

**Recommendation**

The Governor recommends changes in facilities funding to make deferred maintenance funding available to all districts and to correct an inequity in the calculation of maximum effort tax rates.

The Governor recommends the following changes in facilities funding:

1. Beginning in FY 2007, permit school districts not eligible to participate in the alternative facilities bonding and levy program under MS 123B.59, Subdivision 1, paragraph (a), to make an equalized levy for deferred maintenance. The maximum deferred maintenance revenue for a qualifying district will be \$50 per pupil times the lesser of one or the ratio of the district's average age of building space to 35 years.
2. Beginning with taxes payable in 2006, reduce the maximum effort debt service tax rate from 40% to 32% for districts granted a capital loan after January 1, 2002, and from 32% to 28% for districts granted a capital loan before January 2, 2002.

**Background**

**1. Provide deferred maintenance revenue for districts not eligible for the alternative bonding and levy program.**

Under current law, 21 large districts are able to levy or issue bonds for deferred maintenance projects approved by the commissioner without voter approval under the alternative bonding and levy program, while other districts must receive voter approval to levy for these projects. For FY 2006, the state average alternative facilities bonding and revenue for the 21 large districts is \$413 per pupil. Deferred maintenance needs in the districts not qualifying for the alternative bonding and levy program are comparable to, and in some cases greater than, those of districts qualifying for the program. Providing limited deferred maintenance revenue to districts not qualifying for the alternative bonding and levy program will begin to level the playing field and help ensure that all pupils in the state are educated in well-maintained facilities.

**2. Reduce maximum effort tax rates.**

When maximum effort tax rates were recalculated to adjust for the impact of the 2001 property tax reforms, the adjustment was made using the state average ratio of ANTC based on the 2000 class rates to ANTC based on the 2001 class rates. This methodology overstated the actual changes in ANTC in capital loan districts, where there is a relatively low concentration of properties that received the greatest rate reductions (e.g., commercial/industrial, apartments). This significantly increased the burden of the maximum effort levy. Adjusting the maximum effort tax rates to reflect a calculation based on data for the median capital loan district rather than the state average for all districts will result in a more fair tax burden in capital loan districts and will reduce the state total debt service equalization aid by \$683,000 in FY 2006-07.

## DEPARTMENT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Change Item: Facilities Funding Changes

### Relationship to Base Budget

For FY 2007, the proposed reduction in the debt service equalization appropriation is approximately 3%. Deferred Maintenance is a new appropriation.

### Key Measures

All districts in the state will have access to deferred maintenance revenue and tax burdens will be more equitable for maximum effort districts.

**Statutory Changes:** Amend M.S. 126C.63, Subd. 5 and 8, to reduce maximum effort debt service tax rates. Add a new section for deferred maintenance levy and aid.

**DEPARTMENT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Change Item: Equity in Telecommunications Access in MN Schools**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$4,500	\$4,600	\$4,700	\$4,700
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$4,500	\$4,600	\$4,700	\$4,700

**Recommendation**

The Governor recommends that telecommunications access aid be provided for K-12 schools to ensure equitable access throughout the state by assisting with the costs of telecommunications access, Internet connectivity, and video connectivity needed for distance learning.

The Equity in Telecommunications Access (ETA) program will be established beginning in FY 2006. Funding will provide reimbursement for expenditures during the previous fiscal year. For FY 2006, a school district or charter school's aid under this program will equal 90% of approved FY 2005 expenditures adjusted for federal E-rate discounts exceeding \$15 per FY 2005 pupil unit. Beginning in FY 2007, the per pupil threshold will be increased to \$18 to adjust for the conversion from adjusted marginal cost pupil units to unweighted current year pupils. As with previous telecommunication access programs, comparable funding will be provided for telecommunication access in nonpublic schools. The aid will assist K-12 schools with the costs of telecommunications access, Internet connectivity, and video connectivity for distance learning. The proposed aid distribution will help improve equitable telecommunications access throughout the state by targeting state support to schools where the need is greatest; i.e., cost per pupil unit is the highest and would maintain incentives for cost-effectiveness through state-local cost sharing.

**Background**

Funding for telecommunications access is critical for rural schools, situated many miles away from information resources or other education facilities, and for metropolitan schools, who face the challenge of maintaining robust Internet access for large populations of students. Telecommunications connections are used by school districts to

- ◆ deliver instruction;
- ◆ operate administrative systems essential for school management;
- ◆ transmit required reporting information to the state;
- ◆ participate in on-line learning and on-line testing programs;
- ◆ receive services supporting compliance with No Child Left Behind (NCLB); and
- ◆ access information from libraries, including on-line collections such as the Electronic Library of Minnesota (ELM) and other on-line information and curriculum resources.

Internet access has become critical to the delivery of educational services and school administration. School districts, both rural and those in metropolitan areas, are currently struggling to maintain Internet access and distance learning capacity using a combination of federal E-rate telecommunications discounts and local resources. In addition, the need for increased Internet capacity is growing as expanded on-line educational opportunities require greater bandwidth for delivery.

Rural school districts face higher costs as a result of their distance from telecommunications providers. The current disparity in resources for telecommunications access results in serious equity issues for rural schools who are attempting to provide quality education and equal education opportunities for students. Rural schools with lower student enrollments generate less revenue to deliver K-12 services to their communities. Their students are at a distinct disadvantage when it comes to access to information resources and educational opportunities, especially college preparatory and specialized courses. These courses often can only be delivered via the Internet due to small student enrollments.

Likewise, metropolitan districts are faced with the challenge of maintaining capacity to sufficiently support large populations of students. While rates for telecommunications service within metropolitan areas can be lower, the bandwidth necessary to maintain core Internet resources for large student populations creates an exponential increase in the cost burden for metropolitan school districts.

**Relationship to Base Budget**

This initiative proposes new spending of \$4.5 million in FY 2006, \$4.6 million in FY 2007, \$4.7 million in FY 2008, and \$4.7 million in FY 2009.

**Key Measures**

- ⇒ On-line learning, on-line testing, and the ELM will be more effective with better telecommunications access.
- ⇒ Data provided by school districts to the Department via web-based reporting mechanisms for policy and decision-making, and for meeting federal requirements will be more readily available.
- ⇒ Internet and e-mail communications used by districts, communities, and others will be more widely available with sufficient telecommunications infrastructure in our schools.

**Statutory Change:** New statutory language required.

# DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Change Item: Electronic Library of MN – Statewide Database Licensing

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$639	\$691	\$740	\$800
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$639	\$691	\$740	\$800

## Recommendation

The Governor recommends increasing state funding for support of Electronic Library of Minnesota (ELM) statewide database licensing to replace federal library funding that has been redirected under federal regulations.

## Background

The state currently provides base support of \$400,000 for ELM to meet the information, research, and educational needs of the K-12 education community and Minnesota citizens. ELM has been subsidized with federal Library Services and Technology Act (LSTA) funds. The federal Institute of Museum and Library Services (IMLS) has instructed Minnesota's state library agency that LSTA funds may not be used for ongoing operational costs and Minnesota must make plans for the sustainability of state level operations using state funds. The current level of federal funding used for ELM is \$638,540. Equivalent state resources are needed to replace the federal funding used for ELM and meet the additional demands of ELM customers.

The ELM is a critical suite of information databases that provide students, parents, teachers, and the general public with access to thousands of full text, on-line publications. Materials available electronically on ELM include academic journals, trade, and other publications covering the topics of biology, chemistry, education, engineering, humanities, physics, psychology, religion and theology, sociology, and all disciplines of business. In addition, ELM provides on-line access to over 13,000 electronic books, over 250 full-text newspapers, and Spanish language reference and magazine resources.

Critical databases were lost in recent contract negotiations due to lack of funds to support their continuation. In addition, a statewide purchase of these databases ensures leveraging the best price for the products as well as providing availability to all citizens throughout the state via school library media centers, the public, and academic libraries. Funding ELM as a statewide resource is an efficient, economical way to provide a valuable service to citizens from early education through higher education as well as the business community. It also helps public libraries to support K-12 schools during after-school hours with identical resources to support curriculum. State funding for ELM helps to relieve the strain on individual school district budgets since the resources available on ELM reduce the need for school districts to obtain individual subscriptions to periodicals and newspapers.

## Relationship to Base Budget

The current annual base for this program is \$400,000. This initiative would increase the base from \$400,000 to \$1,038,540 for FY 2006, from \$400,000 to \$1,090,500 for FY 2007, from \$400,000 to \$1,140,000 for FY 2008, and from \$400,000 to \$1,200,000 for FY 2009.

## DEPARTMENT OF EDUCATION

Program: **EARLY CHILDHOOD FAMILY SUPPORT**

Change Item: Early Childhood Health & Development Screening Modifications

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$323	\$752	\$716	\$690
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$323	\$752	\$716	\$690

### Recommendation

The Governor recommends setting variable reimbursement rates for the early childhood health and development screening program to provide an incentive for school districts to screen children at age three, increasing the likelihood that children who need services will get timely help, and be ready for kindergarten. The Governor also recommends that all pre-kindergarten children be assigned a student identification number at the time they are screened to ensure that all children receive screening before enrolling in kindergarten at a public school, as mandated by law.

### Background

Statutes require that a child must not be enrolled in kindergarten in a public school unless the parent submits evidence of the child's screening and the results of the screening no later than 30 days after the first day of attendance. Most children are screened at age four. Required screening components include:

- ◆ vision;
- ◆ hearing;
- ◆ height;
- ◆ weight;
- ◆ development;
- ◆ immunization review;
- ◆ identification of risk factors that may interfere with learning; and
- ◆ summary interview with parents.

School districts report summary counts of the number of children screened each year to the state, and receive state aid of \$40 for every child screened, regardless of age. If the state reimbursement is not sufficient, current statutes allow districts to make transfers from the general fund. Districts report average screening costs of \$60 to \$65 per child.

Student identification numbers are only assigned to preschool age children who receive special education services.

This recommendation will make the following two changes to the current program to achieve stated goals.

- ⇒ Set variable reimbursement rates to provide an incentive to districts to screen children at an earlier age. The rate would be increased to \$50 per child for age three, maintained at \$40 for ages two and four, and reduced to \$30 for children age five and older.
- ⇒ Assign an identification number to all children at the time of screening to ensure state and district accountability; assist with Minnesota's child find efforts; and improve documentation of educational outcomes.

### Relationship to Base Budget

For FY 2007, the increase in appropriation is approximately 28%. The increase in program costs will peak in FY 2007 as districts screen more three year olds, then begin to taper as the number of four and five year olds who require screening falls. The cost assumes that some five year olds will continue to receive screening at or shortly before kindergarten entrance.

## DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Change Item: Early Childhood Health & Development Screening  
Modifications

### **Key Measures**

The percentage of children in a kindergarten cohort receiving early childhood health and developmental screening at age three will increase.

### **Alternatives Considered**

Increase the reimbursement rate at age three, without decreasing the reimbursement rate for children screened at age five or kindergarten entrance.

**Statutory Change:** Minnesota Statutes 121A.19.

# DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Change Item: School Readiness Program Changes

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures – Agency	\$164	\$200	\$200	\$200
Expenditures – State Aid	(164)	(200)	(200)	(200)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

## Recommendation

The Governor recommends refocusing the school readiness program on the development and assessment of academic skills to prepare four and five year old children for kindergarten as well as strengthening program oversight and accountability.

## Background

The current school readiness program provides grants to school districts for pre-kindergarten child development programs. The program's goal is to promote future success in school, but the statutory requirements of the program are broad, with no accountability for measuring the program's impact on participants' school readiness.

The Governor's proposal phases in new program requirements focused on academic preparation for kindergarten beginning in FY 2007, with all districts required to meet the new standards to receive state aid by FY 2009. Districts would be required to submit a biennial plan for commissioner's approval with evidence that the district:

- ⇒ Has adopted and implemented the Minnesota Department of Education's (MDE's) early learning standards and uses a comprehensive pre-kindergarten curriculum based on early childhood research and professional practice.
- ⇒ Conducts a child development assessment on each child at program entry and completion.

Districts may continue to contract with community providers to provide the school readiness program, as permitted under current law.

School readiness grants in FY 2005 range from less than \$1,000 to nearly \$1 million, with an average grant amount of approximately \$27,000. Several districts' pre-kindergarten programs have already begun to implement the MDE early learning standards.

## Relationship to Base Budget

This proposal adds two full-time equivalent (FTE) staff and a .25 FTE supervisory position, at a cost, including incidental administrative expenses, of \$164,000 in the first year, and \$200,000 in succeeding years. The appropriation for school readiness is decreased by the same amounts. The FY 2006 change equals 1.8% of the forecast base; the FY 2007 change equals 2.2% of the forecast base.

## Key Measures

- ⇒ The number of school district and contract-provided school readiness programs that have adopted and implemented MDE's early learning standards.
- ⇒ The number of school readiness programs that use a comprehensive pre-kindergarten curriculum based on early childhood research and professional practice.
- ⇒ The number of participating children that demonstrate progress in kindergarten readiness from their initial assessment at program entrance to their assessment upon completing a school readiness program.

**Statutory Change:** Minnesota Statutes sections 124D.15 and 124D.16.

**DEPARTMENT OF EDUCATION**

**Program: SELF SUFFICIENCY LIFELONG LRNG**

**Change Item: Intensive English Instruction for New Adult Refugees**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$1,000	\$1,000	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,000	\$1,000	\$0	\$0

**Recommendation**

The Governor recommends an intensive two-year English language instruction program for new adult refugees through the state Adult Basic Education (ABE) system.

**Background**

Large numbers of adult refugees are arriving in Minnesota. At present, the ABE delivery system is unable to add new ESL (English as a Second Language) classes due to existing waiting lists for ESL services in metro area ABE programs. Without intensive English instruction for these new Minnesotans, it is unlikely that individuals and families will become self-sufficient in the short term and they will continue to be dependent on other public welfare services and resources. At a cost of about \$1,000 per ESL student per year, current ABE providers could provide access to intensive ESL services (20+ hours per week) to 1,000 additional students per year. This effort would be similar to the three-year *Intensive ESL TANF (Temporary Assistance for Needy Families) Program* that was funded by the 2000 legislature. New federal resources to assist the refugee resettlement effort have not included English instruction.

**Relationship to Base Budget**

The cost of this program is \$1 million in FY 2006 and \$1 million in FY 2007.

**Key Measures**

More adult refugees would gain English language skills necessary for self-sufficiency.

**Statutory Change:** New statutory language is required.

## DEPARTMENT OF EDUCATION

Program: SELF SUFFICIENCY LIFELONG LRNG

Change Item: Reallocation of Capped ABE Funds

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$127	\$123	\$92	\$69
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$127	\$123	\$92	\$69

### Recommendation

The Governor recommends reallocating the excess portion of Adult Basic Education (ABE) state aid that results a cap on the reimbursement per learner contact hour and from a requirement that aid not exceed program expenditures for the year.

### Background

Under ABE law, M.S. 124D.531, programs may not receive more than \$21 per prior year learner contact hour. In FY 2004, eight programs were capped under this mandated ABE allocation formula, which resulted in \$405,000 being returned to the state general fund. Beginning in FY 2006, the savings from this cap and from any aid reductions due to the requirement that aid not exceed program expenditures will be added to total ABE funding for the subsequent fiscal year. The projected reductions under this provision are \$154,000 for FY 2005, \$116,000 for FY 2006, \$87,000 for FY 2007, and \$65,000 for FY 2008. The 51 other ABE programs averaged \$8.00 per contact and some had waiting lists for services. This would ensure that the funding appropriated by the legislature for ABE would remain available for ABE purposes. The impact to non-capped ABE programs would be to slightly increase each program's contact hour rate.

### Relationship to Base Budget

The proposed increase is 0.4% of the base budget for FY 2006 and 0.3% of the base budget for FY 2007.

### Key Measures

- ⇒ Increase in number of students served.
- ⇒ More services would be provided in programs with greatest need.

**Statutory Change:** Amend M.S. 124D.531, Subd. 1 and 4.

**DEPARTMENT OF EDUCATION**

Change Item: Administrative Reduction

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	(\$1,225)	(\$1,225)	(\$1,225)	(\$1,225)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$1,225)	(\$1,225)	(\$1,225)	(\$1,225)

**Recommendation**

The Governor recommends \$67.1 million for the Department of Education's administrative budget in FY 2006-07, \$46 million for agency operating costs, and \$18.0 million for statewide testing support.

**Background**

This is a total biennial reduction of \$4.6 million when included with reductions to grant programs recommended in a separate change item. The Governor expects that the department will continue to focus on its mission of improving K-12 education in Minnesota as it implements these administrative reductions in service areas. Additionally, the Governor intends to provide as much flexibility as possible to the agency for implementation of these reductions.

**Relationship to Base Budget**

This change and the proposed grant changes reflect a reduction of approximately 10% of the agency's FY 2006-07 base budget.

**DEPARTMENT OF EDUCATION**

Change Item: Grant Reduction

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	(\$1,075)	(\$1,075)	(\$1,075)	(\$1,075)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$1,075)	(\$1,075)	(\$1,075)	(\$1,075)

**Recommendation**

The Governor recommends elimination of funding from the Department of Education administrative budget for best practice seminars (\$1 million/year) and a grant to provide state agency libraries participation in the integrated library system, Project for Automated Library Systems (\$75,000/year).

**Background**

Best practices grants are competitive grants awarded to school districts and other education organizations to provide professional development. The grant for state agency library participation provides funds to Minnesota State Colleges and Universities (MNSCU) for 10 agency libraries to participate in the Project for Automated Library Services (PALS).

**Relationship to Base Budget**

This change and the proposed agency budget changes reflect a reduction of approximately 10% of the agency's FY 2006-07 base budget.

# DEPARTMENT OF EDUCATION

Change Item: Statewide Assessments: Develop Interactive Science Test

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$1,200	\$1,200	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,200	\$1,200	\$0	\$0

## Recommendation

The Governor recommends \$1.2 million in FY 2006 and \$1.2 million in FY 2007 to develop a computer-based, interactive statewide science assessment that will be administered in grades 5, 8, and in high school after the completion of biology.

## Background

In January 2002, Congress reauthorized the Elementary and Secondary Education Act (ESEA), otherwise known as *No Child Left Behind*. The federal law requires states to implement annual tests in grades 3-8 in reading and math, high school tests in reading and math, and one science test each within elementary, middle, and high school grade spans. The new tests, called the Minnesota Comprehensive Assessments-II (MCA-II), will be aligned to the new Minnesota Academic Standards in reading, math, and science.

Before *No Child Left Behind* was enacted, the state administered tests for grade 3, 5, and 7 and high school tests in reading and math in grades 10 and 11 that were aligned to the Profiles of Learning. In 2003, the Governor recommended and the legislature repealed the Profiles and adopted new, grade-specific standards in reading and math called the Minnesota Academic Standards. Additionally, in 2004, the Governor recommended and the legislature adopted new academic standards in science and social studies.

The MCA-II tests for reading and math in grades 3-8 will be fully operational and aligned to the Minnesota Academic Standards beginning with the 2005-06 school year. The science assessment, a new state test, will take approximately three years to become fully operational and will be administered starting in the 2007-08 school year.

The proposal calls for the science test to be computer-based, instructive, and interactive upon the first administration of the test. Developing these types of tests initially requires additional state funds due to the expense of developing an interactive assessment. It is expected that the development costs will be a one-time appropriation.

## Relationship to Base Budget

This recommendation is an addition to the current appropriation for the statewide assessment program. The state currently appropriates \$9 million per year for statewide assessments.

## Key Measures

Statewide science assessments for students will be administered starting in FY 2008.

## Alternatives Considered

The Minnesota Department of Education (MDE) considered seeking private grant funds for development of the science assessment. However, due to timing and compliance issues under *No Child Left Behind*, there was not enough time to seek the funding and remain in compliance with the federal requirement.

**Statutory Change:** None required; statewide assessment statute is Minn. Stat. 120B.30.

**DEPARTMENT OF EDUCATION**

**Change Item: Alternative Teacher Preparation/Licensing Program**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$500	\$500	\$500
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
<b>Net Fiscal Impact</b>	<b>\$0</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>

**Recommendation**

The Governor recommends \$500,000 each year beginning in FY 2007 to establish a teacher-training program for qualified professionals. The program will establish partnerships with teacher preparation programs in order to establish alternative preparation programs leading to a standard entrance license for mid-career professionals to enter the teaching profession in high need subject areas.

**Background**

This recommendation will provide additional teachers in selected subject areas experiencing teacher shortages. Entrance licenses will be available in selected high need areas such as math, science (chemistry, physics, biology, earth science), world languages, ELL/ESL (English language learner/English as a second language), and special education. These alternative preparation programs will provide a means for qualified professionals currently employed in other fields to attain licensure as a teacher in high need subject areas.

The teacher preparation program will be developed and offered by teacher preparation institutions and approved by the commissioner of the Minnesota Department of Education based on criteria developed by an appointed advisory group that will include a representative from the Board of Teaching, school superintendents, and representatives from post-secondary institutions. The one-year teacher-training program will include:

- ◆ summer preparation program prior to the beginning of the school year;
- ◆ 200 clock hours of instruction in curriculum, instruction, and classroom management presented after school, on weekends, or both;
- ◆ on the job mentoring and support by an experienced teacher;
- ◆ three evaluations throughout the school year and prior to completion of the program by a team including the mentor, the principal, and a college program representative; and
- ◆ a one-week intensive workshop at the close of the school year that includes analysis and reflection on the first year of teaching.

To qualify for participation in the alternative programs, the applicant must:

- ◆ have a bachelor’s degree from an accredited four-year post-secondary institution;
- ◆ have an undergraduate major or post-baccalaureate degree in the subject to be taught; or have equivalent academic qualifications in the subject area in which the applicant is seeking licensure;
- ◆ pass an examination of skills in reading, writing, and mathematics as required by M.S. 122A.18 and the Praxis II content exam under M.S. 122A.09;
- ◆ have a cumulative grade point average of 2.75 or higher on a 4.0 scale for bachelor’s degree;
- ◆ have employment experience related to the subject area to be taught; and
- ◆ provide evidence of being hired as a teacher as a condition of participating in the alternative teacher preparation program.

Prior to entering the classroom, participants meeting the above requirements will receive a one-year eligibility license, which allows the candidate to be employed. During the school year, the participant completes 200 hours of formal instruction which can lead to teacher licensure only or can result in teacher licensure and 15 credits that will roll into a masters program, allowing the newly licensed teacher higher placement on the teacher salary schedule. The Board of Teaching will issue licenses to candidates receiving a positive recommendation from the evaluation team at the end of the education program and the school year.

**Key Measures**

Measure the number of candidates by category of high subject area need who:

- ◆ enter the program,
- ◆ receive eligibility licensure,
- ◆ qualify for standard entrance licensure, and
- ◆ join the teaching force.

**Statutory Change:** Add new code in M.S. 122A.

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$300	\$1,600	\$1,600	\$1,600
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$300	\$1,600	\$1,600	\$1,600

### Recommendation

The Governor recommends that the commissioner develop a value-added assessment program to assist public schools in evaluating and reporting student growth in academic achievement under Minnesota Statutes, Section 120B.30, Subdivision 1a. The program will use assessments of student achievement to make longitudinal comparisons of each student's academic growth over time.

### Background

In general, value-added models are a class of statistical procedures that use longitudinal test score data, i.e. data collected over a period of time, to measure the change in a student's performance during a specific period of time. Value-added models can measure how a student's performance is growing toward a targeted outcome, such as the proficient standard on a state test. A value-added model focuses on the achievement growth of individual students in terms of subject-matter proficiency. Under a value-added model, the growth rate toward proficiency can serve as a tool for targeting remedial assistance to students. The model can also form the basis for important state education reforms.

**Better evaluation of policies and programs.** Because the value-added model measures and projects how each individual student is progressing toward proficiency, it can be used to evaluate whether a student's exposure to a particular education program or affected that progress.

**Promotion of better instruction.** By measuring student achievement gains under individual teachers who may be using similar or different teaching methodologies, the value-added model can inform lawmakers, education officials, teachers, and the public about which instructional practices are best able to move students toward subject-matter proficiency.

**Better measurement of teacher effectiveness.** Since the value-added model focuses on student achievement growth toward subject-matter proficiency, it can help identify schools that raise student achievement and those that do not. Based on this identification, incentives can be given to effective teachers to teach in classrooms with low-performing students and compensation systems can be crafted based on teacher effectiveness.

This initiative would require that the commissioner of the Minnesota Department of Education implement a value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting students' growth in academic achievement under M.S. 120B.30, Subdivision 1a. The program would use assessments of students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools would apply to the commissioner to participate in the program. The commissioner would select program participants from urban, suburban, and rural areas throughout the state. Up to 125,000 students would participate in the first year of the program. Statewide implementation will occur in FY 2007.

The initiative would allow the commissioner the option to issue a Request for Proposal (RFP) and contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time. The model selected must accommodate diverse data from various test sources and must use each student's test data across grades and subjects. The tracking of students over time requires the development of a student information system to aid the value added model.

This program requires additional reporting and computation to determine multi-year student performance data. Anticipated implementation cost is estimated at approximately \$2 per student. The data management requirements to track students on year-to-year basis are estimated at an additional \$1 per student per year.

**Relationship to Base Budget**

The cost of this program will be \$300,000 in FY 2006, \$1.6 million in FY 2007, \$1.6 million in FY 2008, and \$1.6 million in FY 2009.

**Key Measures**

School districts will be provided with a value-added assessment model to better assess the school and school district efforts on student achievement over time.

**Statutory Change:** Amend M.S. 13.321 by adding a new subdivision, create new language under M.S. 120B.30.

# DEPARTMENT OF EDUCATION

## Change Item: Rulemaking Authority for Board of School Administrators

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$20	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$20	\$0	\$0	\$0

### Recommendation

The Governor recommends granting the Board of School Administrators (BOSA) rulemaking authority under the 2001 legislation that created the board and providing an appropriation of \$20,000 to complete the task. The board will make technical changes, clarifications, and corrections to MN Rule 3512 (School Administrator Rules).

### Background

The board's actions created MN Rule 3512.5300 Variance, in Sept. 2002. The rulemaking authority has lapsed.

The board was created by the 2001 legislature without an order to the Revisor of Statutes for language cleanup. Essential language changes needed are the references for authority to "Children, Families and Learning" and "Commissioner." These former references continue to cause confusion for personnel licensing, Minnesota colleges and universities with approved educational administration preparation programs, school administrators, and the public.

To provide clear understanding of the rule, to eliminate and expedite processes for the issuing of licensures, and to enhance enforcement of the Code of Ethics for Minnesota School Administrators, clarity of language is needed. A task force formed in 2002 completed preliminary analysis of changes required in the rule. The board will seek collaborative input from education organizations through the rulemaking process.

The following is a listing of most of MN Rule 3512 and a brief description of changes needed:

- 3512.0100 **Definitions.** Some definitions need to be added.
- 3512.0200 **Education and experience requirements.** Delete portions of subp. 2, clarify subp. 5
- 3512.0300 **School superintendents and principals.** Subp. 5 add definitions.
- 3512.0500 **Program requirements for K-12 principals.** Review competencies for any changes needed.
- 3512.0600 **Program requirements for superintendents.** Review competencies for any changes needed.
- 3512.0700 **Administrative licensure without teaching experience.** Add definition.
- 3512.1100 **Superintendents competencies.** Review competencies for any changes needed.
- 3512.1300 **Procedures for voluntary surrender of licenses.** Minor language changes to reflect current law.
- 3512.1400 **Suspension and revocation of licenses.** Minor language changes to reflect current law.
- 3512.1500 **The issuance and renewal of licenses.** Slight language changes.
- 3512.1700 **Appeals.** Minor language changes.
- 3512.2000 **Requirements for issuance and renewal of licenses.** Insert correct references.
- 3512.2400 **Suspension and revocation of licenses.** Minor language changes to reflect current law.
- 3512.2500 **Procedures for approval of licensure programs.** Change to a five year review or on appeal.
- 3512.2600 **Licensure of persons prepared in states other than Minnesota.** Delete language in paragraph 1b.
- 3512.5200 **Code of ethics for school administrators.** Update to current legal references.

### Relationship to Base Budget

The state cost of this proposal is \$20,000 in FY 2006 only.

**Key Measures**

Rule changes and clarifications will improve communications and understanding, expedite licensure processes, and enhance Code of Ethics enforcement.

**Statutory Change:** Modify Minnesota Rule 3512.

**DEPARTMENT OF EDUCATION**

**Change Item: Reimbursement of BOSA Teacher Substitutes**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
<b>Net Fiscal Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Recommendation**

The Governor recommends authority for the Board of School Administrators (BOSA) to reimburse school districts for substitute teacher costs associated with a teacher serving on BOSA.

**Background**

The BOSA, created by the 2001 legislature in M.S. 122A.12, requires a member who is a teacher. The board has no authority to reimburse a school district for the cost of a substitute teacher when the required teacher member is absent from the classroom for board meetings. This is a barrier to teacher participation, as the teacher's employing district incurs additional cost due to the employee's membership on the board.

**Relationship to Base Budget**

Cost will be absorbed within the current appropriation for BOSA.

**Key Measures**

Current law requires a licensed teacher to be on BOSA. This administrative change allowing the board to reimburse school districts for substitute teacher costs will allow BOSA to have a full compliment of board members.

**Statutory Change:** Amend M.S. 122A.12.

**Preliminary Proposal**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	0	0	0

**Recommendation**

The Governor recommends replacing the Basic Skills Test (BST)-Grade 8 test with the Minnesota Comprehensive Assessments-II (MCA-II) Grade 8 test. This change would reduce the number of tests administered in Grade 8.

**Background**

**Replacing the Basic Skills Test**

Since 1998, Minnesota has had in place the BST as a graduation requirement. Its purpose is to determine a minimum level of educational competence that all students graduating from Minnesota’s public schools should possess. The BST requires students to possess skills at approximately the 6<sup>th</sup> grade level in reading and mathematics.

This test is given the first time in 8<sup>th</sup> grade for reading and math and in 10<sup>th</sup> grade for written composition. There are a number of retest opportunities for students to pass any part they failed previously. The initial failure rate for reading and math in 8<sup>th</sup> grade is approximately 30%. Hence, many students participate in the retest opportunities.

The advent of No Child Left Behind (NCLB) and an increasing demand for accountability has led to the development of reading and mathematics tests for all students in grades 3 through 8, as well as, grades 10 and 11. The MCA-IIs are designed to measure the academic standards approved in 2003 by the Minnesota Legislature. Therefore, there will be two tests administered in the 8<sup>th</sup> grade. Each test is similar in that they measure the same content areas but are quite different in the approach used to build the tests and the inferences that can be drawn from each.

Given the goal that all children in Minnesota’s public schools achieve proficiency in reading and mathematics, the BST and its minimum competency approach will be redundant and obsolete. However, it would still be appropriate for some testing requirement to be met for graduation. It would be prudent, therefore, to use the MCA-II assessment for this purpose. Doing so is not without challenges in terms of policy, logistics, and technical aspects of the tests themselves.

**Policy and Logistical Changes**

Beginning in 2006, the MCA-II in grade 10 reading and grade 11 math will become operational. It would be appropriate to implement the new graduation requirement for those student who would be in 8<sup>th</sup> grade, for the first time, beginning with the 2006 administration of the MCA-II reading and mathematics test. In addition, students not meeting the graduation requirement – passing the tests – would be allowed to retest with the appropriate tests at each subsequent spring administration. In addition, retest opportunities would occur in the fall of each subsequent year. There would be six retest opportunities and approximately three school years of remedial instruction in reading and two years in mathematics. In addition, one additional retest opportunity would be afforded seniors in the summer after completion of his or her senior year course work. This retest should occur no later than the end of July of that year.

For students, who will have taken the BST as 8<sup>th</sup> graders in 2005 and all those students who are in a retest situation, the BST will continue to be administered using intact forms from previous administrations. This will continue until all students in this category have passed the BST or are no longer enrolled in public school.

**Technical Considerations**

Although 100% proficiency on each of the MCA-II grade and content combinations is the goal, some students may not achieve that goal. In fact, using current MCA results, a very large proportion of students will probably not achieve proficiency on the MCA-II in the first several years. In addition, the level of proficiency is considerably more stringent than the current minimal competency requirement of the BST. Additionally, enabling skill items (10-15) will be placed on the grade 10 reading and the grade 11 mathematics tests. This will help ensure that foundational skills for students are evaluated.

In addition, some consideration must be given as to what level of achievement on the MCA II would be required for graduation. Using test information from the MCA administration of 2004 and the BST administration of 2005, it may be possible to match student scores to analyze the relationship between the two tests. This information will enable a better-informed choice of possible graduation requirements. Once a determination is made for the estimated cut score required for graduation using 2004 and 2005 data, it will be necessary to verify that data in 2006 using a small sample of students who will take a BST form in addition to the MCA-II.

Most likely, a secondary cut score on the 10<sup>th</sup> grade MCA-II reading and 11<sup>th</sup> grade mathematics test will be established for graduation purposes. Again, this cut score would establish the basic academic skills required to receive a high school diploma from a Minnesota high school.

**Key Measures**

All children in Minnesota's public schools achieve proficiency in reading and mathematics.

**Alternatives Considered**

Make no changes to the current 8<sup>th</sup> grade basic skills testing requirement.

**Statutory Change:** Amend M.S. 120B.30, Statewide Testing and Reporting System.

## Agency Purpose

The Minnesota Department of Education's (MDE) mission is to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning.

MDE strives to be an innovative education agency, assisting schools, families, and other education providers with exemplary services that result in high academic achievement for all students, pre-kindergarten to grade 12, and adult learners.

Every learner will have access to a high-quality education that promotes his or her development to full potential through an outstanding Minnesota education system that is a world leader.

MDE focuses on four primary goals:

- ◆ improve achievement for all students;
- ◆ enhance teacher quality;
- ◆ expand education options for students and families; and
- ◆ implement education finance reform and enhance accountability.

MDE provides services and assistance to students, teachers, parents, and school districts in the following areas:

- ◆ Academic Standards and Professional Development;
- ◆ Adult and Career Education and Service-Learning;
- ◆ Assessment and Testing;
- ◆ Compliance and Assistance;
- ◆ Early Learning Services;
- ◆ English Language Learners/Limited English Proficiency (LEP);
- ◆ Food and Nutrition Service;
- ◆ Library Development and Services;
- ◆ No Child Left Behind (NCLB) Consolidated Programs;
- ◆ Personnel Licensing;
- ◆ Safe and Healthy Learners;
- ◆ School Choice;
- ◆ School Finance;
- ◆ School Technology; and
- ◆ Special Education.

## Core Functions

*Improve Achievement for all Students:* Raise overall student achievement levels, and close the achievement gap that currently exists among students of color and students with disabilities by implementing standards, research-based best practices, measuring progress with statewide assessments, and promoting lifelong learning.

*Teacher Quality:* Improve teacher quality in Minnesota by implementing initiatives to increase the number of highly trained teachers, enhance teacher preparation, improve teacher retention in high-needs schools, and provide ongoing professional development.

## At A Glance

MDE Customers (FY 2004):

- ◆ 829,000 pre-kindergarten through grade 12 students and their parents/guardians
- ◆ 55,400 licensed teachers
- ◆ 1,856 public schools
- ◆ 343 school districts and 88 charter schools
- ◆ 82,000 adult learners
- ◆ 118,214 young children and their families participating in early learning programs

Annual K-12 School Funding (FY 2004):

- ◆ State - \$6.1 billion or 71% of total funding
- ◆ Local - \$2.0 billion or 23% of total funding
- ◆ Federal - \$0.5 billion or 6% of total funding

*Options for Students:* Ensure that programs offering education options to families support quality schools and continuous improvement in student achievement. Create new choices to better meet the educational needs of all children, especially students from low-income families, students of color, students with disabilities, and students who are English language learners.

*Finance Reform:* Encourage improved financial management of school districts and charter schools, make the system more understandable and accountable to the public, implement performance-based pay linked to student achievement gains, and enhance accountability for student learning through a comprehensive data system.

## Operations

### *Office of Academic Excellence*

The Office of Academic Excellence is responsible for academic standards development, professional development for educators, Indian education programs, school choice, charter schools, and supplemental services programs, library development, school technology, the Faribault Library for the Blind, and school administrator and teacher licensing.

### *Office of Student Support Services*

The Office of Student Support Services is responsible for adult basic education, adult and career education, special education programs, early learning, and food and nutrition services.

### *Office of Finance and Administrative Services*

The Office of Finance and Administrative Services is responsible for distributing aid payments to school districts and calculating school district property tax levy limitations; providing information technology support services to the agency; providing policy, management, fiscal and human resource direction and leadership; and special education compliance and accountability.

### *Office of Accountability and Improvement*

The Office of Accountability and Improvement is responsible for statewide testing, No Child Left Behind, and research and evaluation.

## Budget

MDE will administer over \$6 billion in state and federal funding for E-12 and adult and career education funding. In addition, MDE will calculate in excess of \$1 billion of annual property tax levy limitations.

### Contact

Department of Education Web site: [education.state.mn.us](http://education.state.mn.us)

Minnesota Department of Education  
1500 Highway 36 West  
Roseville, Minnesota 55113-4266  
Phone: (651) 582-8200

For information on how this agency measures whether it is meeting statewide goals, please refer to [www.departmentresults.state.mn.us](http://www.departmentresults.state.mn.us)

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,822,276	6,120,579	6,120,579	6,120,579	12,241,158
<b>Recommended</b>	<b>5,822,276</b>	<b>6,264,365</b>	<b>6,008,714</b>	<b>6,192,925</b>	<b>12,201,639</b>
Change		143,786	(111,865)	72,346	(39,519)
% Biennial Change from 2004-05					1%
<b>State Government Spec Revenue</b>					
Current Appropriation	96	96	96	96	192
<b>Recommended</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(96)	(96)	(192)
% Biennial Change from 2004-05					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,697,377	6,166,252	6,008,714	6,192,925	12,201,639
<b>Open Appropriations</b>					
Endowment School	15,953	16,182	16,519	16,857	33,376
<b>Statutory Appropriations</b>					
General	23	0	0	0	0
Special Revenue	9,538	10,344	9,078	8,905	17,983
Federal	555,757	594,260	589,369	585,131	1,174,500
Miscellaneous Agency	444	400	400	400	800
Gift	110	594	265	265	530
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	28,889	32,914	33,266	33,160	66,426
Other Operating Expenses	34,768	43,852	40,290	40,105	80,395
Payments To Individuals	2,589	2,623	2,623	2,623	5,246
Local Assistance	6,212,512	6,708,213	6,547,743	6,728,172	13,275,915
Other Financial Transactions	444	400	400	400	800
Transfers	0	30	23	23	46
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b><u>Expenditures by Program</u></b>					
General Education	4,753,123	5,184,521	5,045,949	5,216,042	10,261,991
Other General Education Prgs	43,594	45,620	46,204	48,491	94,695
Choice Programs	84,415	98,372	106,550	115,883	222,433
Indian Programs	5,583	6,338	6,489	6,682	13,171
Innovation & Accountability	3,700	3,700	3,700	3,700	7,400
Spec Student & Teacher Prgs	201,844	182,047	183,798	182,874	366,672
Special Education	759,775	822,995	798,140	798,654	1,596,794
Facilities & Technology	61,791	58,269	55,252	53,379	108,631
Nutrition Programs	172,611	180,767	179,758	179,963	359,721
Library Programs	12,900	13,456	13,892	13,944	27,836
Early Childhood Family Support	53,914	49,345	47,489	48,284	95,773
Community Ed & Prevention	17,079	18,839	17,592	16,874	34,466
Self Sufficiency Lifelong Lrng	39,152	43,227	43,746	43,773	87,519
Discontinued/Transfer Programs	4,416	0	0	0	0
Department Of Education Agency	65,305	80,536	75,786	75,940	151,726
<b>Total</b>	<b>6,279,202</b>	<b>6,788,032</b>	<b>6,624,345</b>	<b>6,804,483</b>	<b>13,428,828</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>403.1</b>	<b>412.8</b>	<b>403.8</b>	<b>403.8</b>	

**Budget Activities Included:**

## General Education Revenue

- ⇒ General Education
- ⇒ Property Tax Shift (information only)
- ⇒ Referendum Tax Replacement Aid

## Other General Education Programs

- ⇒ First Grade Preparedness
- ⇒ Enrollment Options Transportation
- ⇒ Abatement Revenue
- ⇒ Consolidation Transition
- ⇒ Nonpublic Pupil Aid
- ⇒ Nonpublic Pupil Transportation
- ⇒ Special Provisions for Selected Districts
- ⇒ Miscellaneous Levies
- ⇒ State Paid Property Tax Credit (information only)

DEPARTMENT OF EDUCATION  
 Program: GENERAL EDUCATION

Program Summary

<i>Dollars in Thousands</i>					
<i>Direct Appropriations by Fund</i>	Current		Agency Request		Biennium 2006-07
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General</b>					
Current Appropriation	4,734,562	5,035,579	5,035,579	5,035,579	10,071,158
Open Appropriation	8,733				
	4,743,295	5,035,579	5,035,579	5,035,579	10,071,158
<b>Technical Adjustments</b>					
End-of-session Estimate	(8,733)		(43,603)	(88,823)	(132,426)
November Forecast Adjustment	2,914	34,959	18,506	34,816	53,322
Cancellation	(306)				
Aid Payment Buyback		97,801	(689)	(963)	(1,652)
Subtotal-Forecast Base	<b>4,737,170</b>	<b>5,168,339</b>	<b>5,009,793</b>	<b>4,980,609</b>	<b>9,990,402</b>
<b>Governor's Recommendations</b>					
Increase Basic Formula			72,404	159,566	231,970
Alternative Compensation - Basic			10,000	50,000	60,000
Alternative Compensation - Equalization				3,406	3,406
Eliminate Negative TRA Adjustment				8,565	8,565
Equalized Discretionary Levy/Eliminate Misc. Levies				11,289	11,289
Discretionary Aid for Charter Schools				1,609	1,609
Training and Experience to Equalized Levy				(5,519)	(5,519)
Referendum Cap to 28% of Formula Allowance				1,657	1,657
Eliminate January 15 Contract Deadline			82	18	100
Delink and Inflate Compensatory			4,782	11,470	16,252
Inflate Extended Time			778	1,763	2,541
Delink and Inflate PSEO			384	799	1,183
Inflate Shared Time			61	136	197
Inflate Contract Alternative			218	486	704
Delink and Inflate Sparsity and Trans. Sparsity			313	2,413	2,726
Transition Revenue - Pre-K Programs			1,366	301	1,667
Transition Revenue - New Formula Inc. Pre-K				1,903	1,903
Shared Time to Reimbursement				(3,028)	(3,028)
Compensatory - Hmong Refugees			1,574	348	1,922
Property Tax Early Recognition			(72,325)	(28,606)	(100,931)
<b>Total</b>	<b>4,737,170</b>	<b>5,168,339</b>	<b>5,029,430</b>	<b>5,199,185</b>	<b>10,228,615</b>
<b>Expenditures by Fund</b>					
<b>Direct Appropriations</b>					
General	4,737,170	5,168,339	5,029,430	5,199,185	10,228,615
<b>Statutory Appropriations</b>					
Gift					
<b>Total</b>	<b>4,737,170</b>	<b>5,168,339</b>	<b>5,029,430</b>	<b>5,199,185</b>	<b>10,228,615</b>
<b>Expenditures by Category</b>					
Local Assistance	4,737,170	5,168,339	5,029,430	5,199,185	10,228,615
<b>Total</b>	<b>4,737,170</b>	<b>5,168,339</b>	<b>5,029,430</b>	<b>5,199,185</b>	<b>10,228,615</b>
<b>Expenditures by Activity</b>					
General Education Aid	4,729,380	5,159,541	5,020,726	5,190,481	10,211,207
Referendum Tax Base Replacement Aid	7,790	8,798	8,704	8,704	17,405
<b>Total</b>	<b>4,737,170</b>	<b>5,168,339</b>	<b>5,029,430</b>	<b>5,199,185</b>	<b>10,228,615</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

## Activity Description

**Citation:** M.S. 122A.61; 123A.27; 123B.05; 126C; 127A.51; 127A.47

General Education is the largest single item of state General Fund spending and also the largest resource available to school districts. The following is a description of the purposes, uses, history, and measures of General Education as a funding source for school finance, as well as a detailed explanation of each of the component parts that make up total funding.

## Activity at a Glance

- ◆ 823,000 pre-kindergarten through grade 12 students – FY 2005
- ◆ 343 school districts and 121 charter schools
- ◆ \$5.1 billion in state aid and \$0.5 billion in levies for FY 2005 (est.)
- ◆ \$8,004 average revenue per pupil – (est.) FY 2005 Average Daily Membership (ADM)

The purpose of this activity is to promote a general and uniform, thorough and efficient system of public schools throughout the state by providing the following:

- ⇒ **Adequate and equitable core funding for students** – General education revenue provides sufficient funding to ensure that each student receives an adequate education (excluding unique needs funded through categorical programs). This includes a large base of funding on a uniform per pupil basis and additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students; and 2) the cost of programs to meet the unique needs of different student populations.
- ⇒ **Equity for taxpayers** – Core educational programs are funded primarily by the state with proceeds from uniform statewide taxes. Discretionary programs and services are funded with local operating referendum levies, which are equalized by the state to enable participation by districts with low tax base.
- ⇒ **Efficient use of resources** – This program encourages school districts to provide programs and services efficiently by allocating resources based on uniform formulas applied to demographic and economic factors that are beyond local control and by giving districts flexibility in the use of funds.
- ⇒ **Limited local control** – The referendum levy permits local school districts to raise limited additional revenues, with voter approval, to supplement state allocations.
- ⇒ **Facilitate state priorities** – This program encourages the development of programs and services identified as priorities by the state, such as class size reduction, staff development, and basic skills.
- ⇒ **Stability** – This program provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

## Population Served

General education revenue is provided for all public school students in kindergarten through grade 12 and for pre-kindergarten students with disabilities. In addition to students attending schools operated by school districts, this includes charter school students, students in grades 11 and 12 attending Minnesota higher education institutions under the Post-Secondary Enrollment Options (PSEO) program, students enrolled in private, nonsectarian schools that have contracted with a public school district to provide educational services (contract alternative), and students attending public schools on a part-time basis while also attending nonpublic schools (shared time).

The following table shows the estimated state total number of students served in FY 2005 by grade level grouping and program type. The student counts shown are average daily membership (ADM) or the average number of students enrolled throughout the school year.

# DEPARTMENT OF EDUCATION

**Program: GENERAL EDUCATION PROGRAMS –**

**Activity: GENERAL EDUCATION REVENUE  
GENERAL EDUCATION**

Narrative

	Regular District	Charter School	PSEO College	Contract Alternative	Shared Time	Total ADM
Disabled Pre-K	5,599	1	0	0	5	5,605
Disabled Kndgrtn	3,688	19	0	2	22	3,731
Regular Kndgrtn	52,254	1,516	0	56	10	53,836
Grades 1-3	171,163	4,252	0	131	147	175,693
Grades 4-6	178,303	3,645	0	102	228	182,278
Grades 7-12	387,080	8,184	3,669	2,530	278	401,741
TOTAL ADM	798,087	17,617	3,669	2,821	690	822,884

Historical and projected ADM state totals and historical ADM by school district are available on the Division of Program Finance web site: [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

## Services Provided

General education revenue is the primary source of general operating funds for school districts and charter schools. In FY 2005, it accounts for 84% of school district General Fund state aid and levy revenues.

- ⇒ Programs supported by general education revenue include regular instruction, vocational instruction, special education, instructional support services, pupil support services, operations and maintenance of school facilities, pupil transportation, district and school administration, district support services, and capital expenditures.
- ⇒ The School District Profiles report, available on the Minnesota Department of Education (MDE) web site, provides a breakdown of FY 2003 operating expenditures for each school district, as well as regional and state totals.

Most general education revenue is unrestricted, and can be used for any school operating purpose. Exceptions are as follows:

- ⇒ *Class-size reduction* (M.S. 126C.12). The additional basic revenue generated by the portion of the pupil unit weight for regular kindergarten students exceeding 0.5 and the portion of the pupil unit weight for students in grades 1 – 6 exceeding 1.0 is reserved for class-size reduction, beginning with kindergarten through grade three.
- ⇒ *Staff development* (M.S. 122A.61). An amount equal to 2% of basic revenue (\$92.02 per pupil unit in FY 2005) must be reserved for staff development. This requirement is waived for school districts in statutory operating debt and may be waived by a majority vote of the school board and the teachers in any district. This requirement is waived for all districts for FY 2004 and FY 2005 only, pursuant to Laws 2003, First Special Session, Chapter 9, Article 1, Section 51.
- ⇒ *Basic skills* (M.S. 126C.15). This revenue, which includes compensatory education revenue and Limited English Proficiency (LEP) revenue, must be used to meet the educational needs of students who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learners of their age. Compensatory revenue must be allocated to the buildings where the children generating the revenue are served; however, an amount up to 5% of the prior year's revenue may be allocated according to a local plan approved by the commissioner.
- ⇒ *Operating capital* (M.S. 126C.10, Subd. 13, 14). This revenue must be used for facilities, equipment, or for personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and software.

## Historical Perspective

The general education program has undergone several changes since its inception in the late 1980s, including the following:

- ⇒ Initiated in FY 1989, the general education program replaced the foundation program and numerous categorical programs, including teacher retirement aid, summer program aid and levy, gifted and talented aid, arts education aid, chemical dependency aid, programs of excellence grants, and the liability insurance levy.

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

- ⇒ In FY 1994, FY 1995, and FY 2000, the pupil weighting factors for regular kindergarten and elementary students were increased to provide additional funding for elementary class-size reduction.
- ⇒ Beginning in FY 1997, funding for regular transportation and operating capital is included in the general education program.
- ⇒ Beginning in FY 1998, compensatory education revenue is computed using building-level free and reduced-price lunch counts, instead of district-level Aid to Families with Dependent Children (AFDC) counts.
- ⇒ Beginning in FY 2000, additional funding is provided for districts with declining enrollments through the use of “marginal cost” pupil units, which reflect a mix of current and prior-year data. Also beginning in FY 2000, LEP program revenue is included in the general education program.
- ⇒ Beginning in FY 2001, district cooperation revenue was rolled into the general education formula, increasing the formula allowance by \$67. Also beginning in FY 2001, LEP revenue is converted from an expenditure-based to an enrollment-based formula.
- ⇒ Beginning in FY 2003, the general education levy is eliminated and the general education formula is fully funded by the state. In addition, \$415 per pupil unit was transferred from referendum revenue to the general education formula.
- ⇒ Beginning in FY 2004, two new components were added to general education revenue; extended time revenue and transition revenue. Except for the computation of extended time revenue, ADM is limited to 1.0 for each pupil.
- ⇒ Beginning in FY 2005, levy components were added to operating capital revenue, equity revenue, and transition revenue.

Additional information on the history of Minnesota School Finance is available on the Division of Program Finance web site.

## Key Measures

Indicators of the adequacy and equity of general education revenue include the following:

- ⇒ *Growth in revenue per ADM.* The table below shows the change in general education revenue per ADM from FY 2000 through FY 2005 in current and constant (2004) dollars. Between FY 2000 and FY 2005, general education revenue per ADM increased by 20.4%. After adjusting for inflation using the consumer price index (CPI), the increase was 8.6%.

**General Education Revenue per ADM, FY 2000 - FY 2005**  
(Including Operating Referendum Revenue and amounts rolled into  
General Education Revenue since FY 1996)

	Revenue per ADM Current Dollars		Revenue per ADM Constant (2004) Dollars	
	Amount	Cumulative % Change	Amount	Cumulative % Change
2000	6,650	N/A	7,280	N/A
2001	7,057	6.1%	7,469	2.6%
2002	7,247	9.0%	7,539	3.6%
2003	7,725	16.2%	7,862	8.0%
2004	7,904	18.9%	7,904	8.6%
2005	8,004	20.4%	7,904	8.6%

Excludes revenues and pupils for PSEO College Shared Time and Contract Alternative Adjustments.

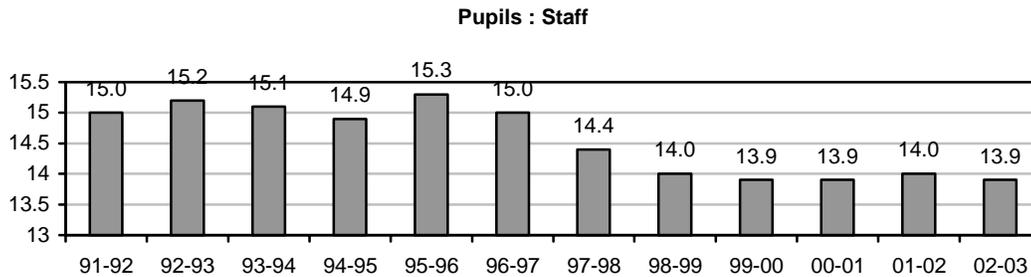
# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

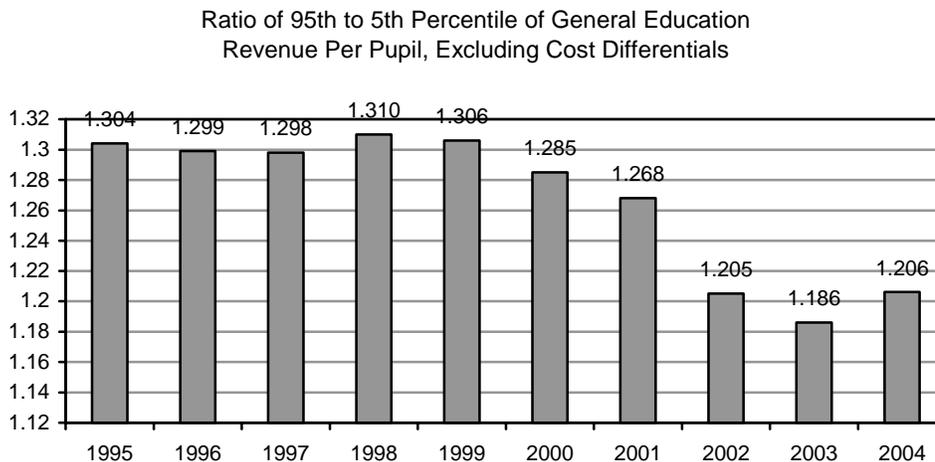
**Activity:** GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

⇒ *Pupil – staff ratios.* Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph shows the ratio of ADM pupils to licensed professional staff. From FY 1990 to FY 1997 there was little variation in the ratio. Since then, after initially decreasing, the ratio has remained constant. For FY 1999 through FY 2003 the ratio was 14.0.



⇒ *Disparity in revenue per pupil unit.* M.S. 127A.51 requires the department to report annually on the disparity in general education revenue per pupil unit, as measured by the ratio of the 95th percentile to the 5th percentile of general education revenue per pupil unit. The General Education Disparity Report can be found on the Division of Program Finance web site. Beginning in FY 2003, equity revenue is included in the analysis. Therefore, for comparison purposes, the numbers in the following chart have been adjusted to include equity revenue for all years. According to this measure, the disparity in general education revenue per pupil unit remained fairly constant between FY 1995 and FY 1997; then increased for FY 1998 and FY 1999. Since then there has been a decline in the ratio until FY 2004 when a small increase was experienced.



⇒ *Other measures.* Except for the portion of revenue attributable to compensatory revenue, which must be passed through to each school site, each local school board determines how to allocate the general education revenue among school sites and programs subject to certain legislative restrictions. Information on school performance and school district spending can be found on the department's web site.

## Activity Funding

- ⇒ Funding is based primarily on the ADM of students in pre-kindergarten through grade 12. ADM is computed by dividing the number of student membership days by the number of days school is in session.
- ⇒ Except for the computation of extended time revenue, ADM is limited to 1.0 for each pupil beginning FY 2004.

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

- ⇒ ADM in excess of 1.0, not to exceed an additional 0.2 ADM per pupil, is used only to compute extended time revenue for students in learning year programs.
- ⇒ To reflect cost differences, the ADM is weighted by grade level to determine the number of pupil units:

Disabled Pre-K	1.25	Grades 1 – 3	1.115
Disabled Kindergarten	1.0	Grades 4 – 6	1.06
Regular Kindergarten	0.557	Grades 7 – 12	1.30

- ⇒ Most revenues are computed using adjusted marginal cost pupil units (AMCPU). “Adjusted” means that the resident pupil units have been adjusted by adding the pupil units generated by nonresident students served in the district under alternative attendance programs such as open enrollment and subtracting the pupil units generated by resident students served in another district under an alternative attendance program. “Marginal cost” means that pupil units are computed using a mix of current and prior year data, recognizing that school districts have fixed costs that do not decline in direct proportion to enrollment decline. AMCPU equal the greater of the adjusted pupil units for the current year or 77% of the adjusted pupil units for the current year plus 23% of the adjusted pupil units for the prior year.

General education revenue includes several components, as shown in the table below. For FY 2003 and FY 2004, all components except referendum revenue are funded entirely with state aid. Referendum revenue is funded with a mix of local property taxes, state referendum equalization aid, and state tax base replacement aid. Beginning in FY 2005, a levy component is added to operating capital revenue, equity revenue, and transition revenue as well.

Spreadsheets showing general education revenue by component for FY 2002 through FY 2006 for individual districts and the state are at [district revenue FY 2002 through FY 2006 by district](#). Detailed spreadsheets showing the calculation of each revenue component for each school district and charter school for each fiscal year are on the Division of Program Finance web site.

### General Education Revenue by Component – FY 2005 (est.)

	Number of Districts	Number of Charter Schools	Amount (Millions)	Percent of Total
1. Basic	343	105	\$ 4,382.1	78.5%
2. Extended Time	203	8	48.5	0.9%
3. Basic Skills:				
a) Compensatory	341	101	265.6	4.8%
b) LEP (incl. Concentration)	230	44	36.9	0.7%
4. Sparsity	81	105	16.9	0.3%
5. Transportation Sparsity	343	54	55.7	1.0%
6. Training & Experience	196	105	14.2	0.3%
7. Operating Capital	343	105	193.3	3.5%
8. Equity	322	105	41.3	0.7%
9. Transition	198	47	30.8	0.6%
10. Alternative Attendance Adjust.	246	99	2.1	0.0%
11. Misc. Adjustments				
a) Pension Adjustment	342	105	(46.8)	
b) PSEO-College	N/A	N/A	19.1	0.3%
c) Shared Time	N/A	N/A	3.7	0.1%
d) Contract Alternative	N/A	N/A	13.2	0.2%
<b>SUBTOTAL</b>	<b>343</b>	<b>105</b>	<b>5,076.6</b>	<b>91.0%</b>
11. Operating Referendum	299	0	504.3	9.0%
<b>GRAND TOTAL REVENUE</b>	<b>343</b>	<b>105</b>	<b>\$5,580.9</b>	<b>100.0%</b>

## DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS –

Activity: GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

**DETAIL OF REVENUE COMPONENTS.** For FY 2005 and later, the components of general education revenue are as follows:

### Basic Revenue

- ⇒ Basic revenue provides all districts with a uniform allocation per pupil unit.
- ⇒ Basic revenue for a district equals the product of the district's AMCPU times the formula allowance established in law.
- ⇒ The formula allowance for FY 2003 and later is \$4,601.
- ⇒ The change in the formula allowance is not a reliable indicator of the growth in school district revenue per student over time because of several factors, including changes in pupil weights, changes in formulas for allocating additional pupil units to districts with declining enrollment, transfers of various funding programs into or out of the general education formula, offsets to the formula for changes in other funding components, and changes in other funding components.

### Extended Time Revenue

- ⇒ Extended time revenue provides districts with additional revenue to fund extended day, extended week, summer school, and other programming authorized under the learning year program.
- ⇒ Extended time revenue for a district equals the product of the district's extended time marginal cost pupil units times \$4,601. The extended time allowance does not automatically increase with increases to the basic formula allowance.

### Basic Skills Revenue

Basic skills revenue includes compensatory revenue and LEP revenue:

*Compensatory Revenue* is based on the concentration of poverty in a school building.

- ⇒ A site's compensatory revenue for each eligible pupil increases as the concentration of eligible pupils at the site increases. The maximum compensatory funding per free-lunch pupil is 60% of the formula allowance minus \$415 in sites where the free lunch count plus one-half of the reduced-price lunch count is 80% or more of the total enrollment. Funding is based on the October 1 count for the prior school year.

*LEP Revenue* is based on the number and concentration of LEP students enrolled in the district. There are two components to LEP revenue: regular LEP revenue and concentration aid.

- ⇒ For districts and charter schools with at least one LEP ADM student, regular LEP revenue equals \$700 times the greater of 20 or the marginal cost number of LEP ADM's pupils enrolled in the district (greater of current year count or 77% of current year plus 23% of prior year).
- ⇒ LEP concentration aid provides additional funding of \$250 times the LEP ADM, times the lesser of one or the ratio of the district's LEP concentration percent to 11.5%.

Beginning in FY 2004, an LEP pupil ceases to generate revenue in the school year following the school year in which the pupil attains the state cut-off score on the Test of Emerging Academic English (TEAE). This test is designed to provide information about how well students with limited English language proficiency are learning academic English required for achievement of the high standards in reading and writing.

Also beginning in FY 2004, to be eligible for LEP funding a student must have generated fewer than five years of ADM in Minnesota public schools and must be served in an LEP program during the current fiscal year.

### Sparsity Revenue

- ⇒ This revenue funds the added costs of operating small schools that are too isolated to reduce costs by cooperating or consolidating. The smaller the enrollment, the greater the potential sparsity revenue per student. The greater the isolation, the greater the portion of potential revenue that is paid. Sparsity revenue is calculated on a school-by-school basis.

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

⇒ Separate formulas are used for elementary schools and secondary schools.

For a secondary school to generate sparsity revenue, it must have a secondary ADM (grades 7-12) less than 400, and an isolation index greater than 23. The isolation index equals the square root of 55% of the attendance area of the school district, plus the distance to the nearest other high school. The isolation index approximates the longest travel distance that would be necessary after consolidation.

For an elementary school to generate sparsity revenue, it must have an elementary ADM (grades K-6) less than 140 and be located at least 19 miles from the nearest other elementary school.

### Transportation Sparsity Revenue

⇒ This revenue funds the added cost of pupil transportation in areas with low population density, supplementing the 4.85% of basic revenue (\$223 per pupil unit in FY 2005), provided to all districts for transportation purposes. The transportation sparsity allowance for a district increases as the number of pupil units per square mile decreases.

### Training and Experience (T & E) Revenue

⇒ This revenue adjusts for cost variations associated with differences in the training and experience of the faculty. It is being phased out as teaching staff employed in FY 1997 leave the district.

### Operating Capital Revenue

⇒ This revenue, which is reserved for facilities and equipment purposes, equals \$173 per pupil unit, plus an adjustment of up to \$50 per pupil unit, based on the average age of the district's buildings.

### Operating Capital Aid and Levy

- ⇒ In order to receive operating capital revenue, school districts must levy for this purpose beginning in FY 2005. The levy is spread based on the adjusted net tax capacity (ANTC) of the district.
- ⇒ The local levy share of operating capital revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's ANTC per AMCPU to \$22,222.

### Equity Revenue

- ⇒ This formula provides additional revenue for districts with referendum revenue per pupil unit below the 95<sup>th</sup> percentile for the region where the district is located (metro or rural).
- ⇒ Minneapolis, St. Paul, and Duluth are not eligible for this revenue.
- ⇒ For qualifying districts with no referendum levy, the revenue allowance is \$13 per pupil unit.
- ⇒ For qualifying districts with a referendum levy, the equity revenue allowance is \$13 plus an amount up to \$75 per pupil unit, depending on how far the district's referendum revenue per pupil unit is below the regional 95<sup>th</sup> percentile (sliding scale).

### Equity Aid and Levy

- ⇒ In order to receive equity revenue, school districts must levy for this purpose beginning in FY 2005. The levy is spread based on the referendum market value (RMV) of property, which excludes seasonal recreational cabin property and agriculture land (the house, garage, and one acre of farm properties are taxable).
- ⇒ Equity revenue is equalized by state aid at the same rate as Tier 1 referendum equalization.
- ⇒ The local levy share of equity revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$476,000.

## DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS –

Activity: GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

### Transition Revenue

- ⇒ Transition revenue was added in FY 2004 to mitigate the loss of general education revenue that districts experienced from changes in the calculation of compensatory and LEP revenue and the effect of changes in pupil accounting.
- ⇒ Transition revenue guarantees that a district's FY 2004 general revenue per old formula AMCPU, excluding referendum revenue and alternative attendance adjustments, will not be less than the lesser of 1) the district's FY 2003 general education revenue per old formula AMCPU, excluding referendum revenue and alternative attendance adjustments, or 2) the district's old formula FY 2004 general education revenue per old formula AMCPU, excluding referendum revenue and alternative attendance adjustments (as computed using Minnesota Statutes 2002).
- ⇒ A district's transition allowance for FY 2004 through FY 2008 equals the FY 2004 transition allowance per old formula pupil unit times the ratio of the old formula pupil units to the new formula pupil units. Transition allowance is not recalculated after FY 2004.
- ⇒ The transition allowance expires after FY 2008, unless a district holds a referendum election to convert the transition revenue to referendum revenue.

### Transition Aid and Levy

- ⇒ For FY 2004, transition revenue is all state aid. Beginning in FY 2005, in order to receive transition revenue, school districts must levy for this purpose. The levy is also spread based on the RMV of property.
- ⇒ Transition revenue is equalized by state aid at the same rate as Tier 1 referendum equalization.
- ⇒ The local levy share of transition revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$476,000.

### Alternative Attendance Adjustment

- ⇒ Referendum equalization aid follows the student to the nonresident district or charter school the student attends. The resident district loses the aid generated by the student.
- ⇒ If the student enrolls in another school district, that district's aid is increased by the nonresident district's referendum equalization aid per pupil unit.
- ⇒ If the student enrolls in a charter school, the charter school's aid is increased by the amount subtracted from the aid paid to the resident district.

### Miscellaneous Adjustments to General Education Revenue

- ⇒ *PSEO Aid* is paid to Minnesota higher education institutions for courses taken by 11th and 12th grade students for high school credit. For institutions granting quarter credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3 and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3 and divided by 30. Additional information on this program can be found on the department's web site.
- ⇒ *Contract Alternative Aid* is paid to districts for students eligible to participate in the graduation incentives program who enroll in nonpublic, nonsectarian schools that have contracted with the serving school district to provide education services.
- ⇒ *Shared Time Aid* is paid to districts for students who attend public schools on a part-time basis while also attending private schools. Revenue for shared time pupils equals their full-time equivalent pupil units times the formula allowance.
- ⇒ *Pension Adjustment* is an adjustment to general education aid to offset the impact of certain changes in employer contribution rates for members of the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). General education aid is reduced by an amount equal to 2.34% of the FY 1997 salaries for TRA members and is increased by an amount equal to 0.7% of FY 1997 salaries for PERA members. In addition to these adjustments, an adjustment is made for a 1984 PERA rate change.

## DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS –

Activity: GENERAL EDUCATION REVENUE  
GENERAL EDUCATION

Narrative

### Referendum Revenue

- ⇒ A school board may increase its revenue for general education, beyond the level otherwise provided by state law, by obtaining approval from district voters for a referendum levy.
- ⇒ A district's gross referendum revenue equals the allowance per resident marginal cost pupil unit specified on the ballot times the school district's resident marginal cost pupil units.
- ⇒ A district's referendum allowance per pupil unit may not exceed the greater of 1) 18.6% of the formula allowance adjusted for inflation (\$856 in FY 2005), or 2) 117.7% of the district's referendum allowance in FY 1994 adjusted for inflation minus \$415. The referendum allowance cap does not apply to districts receiving sparsity revenue.

### Referendum Aid and Levy

- ⇒ School districts receiving referendum revenue make an additional levy for this purpose. The levy is spread based on the referendum market value of property, which excludes seasonal recreational cabin property and agricultural land (the house, garage and one acre of farm properties are taxable).
- ⇒ The state funds a portion of referendum revenue with referendum equalization aid and tax base replacement aid. Beginning in FY 2003, a two-tiered referendum equalization formula is used. For the first \$405 of revenue per pupil unit (\$500 beginning in FY 2006), the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$476,000. For revenue over \$405 per pupil unit, up to the referendum allowance cap, the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$270,000. For districts qualifying for sparsity revenue, the referendum allowance cap does not apply and the full referendum revenue over \$405 per pupil unit is eligible for equalization using the \$270,000 equalizing factor.
- ⇒ For districts with an FY 2002 referendum allowance levy exceeding \$415, the state pays tax base replacement aid equal to the portion of the district's referendum levy for taxes payable in 2002 attributable to the portion of the referendum allowance exceeding \$415 levied against seasonal recreational cabin property and agricultural land. Because tax base replacement aid is subtracted from referendum equalization aid, in FY 2005, it provides a net reduction in taxes only for 29 school districts where the tax base replacement aid exceeds the referendum equalization aid. Tax base replacement aid remains in effect each year that a district's current referendum authority exceeds its FY 2002 referendum authority over \$415 per pupil unit.

### Replacements of General Education Revenue

A district's general education aid is reduced by the amount that it receives from the following sources:

- ⇒ *School Endowment Fund*. This fund is apportioned twice a year to all districts on the basis of the previous year's ADM (M.S. 127A.33). The School Endowment Fund distributes investment earnings transferred to it from the permanent school fund. The principal of the permanent school fund, which must remain perpetual and inviolate, has been generated by land sales, mining royalties, timber sales, lakeshore and other leases, and other miscellaneous sources.
- ⇒ *County Apportionment Deduction*. School districts receive revenue from the apportionment of certain county receipts (M.S. 127A.34). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, fines, and other sources.
- ⇒ *Taconite Aid*. Certain districts may receive a small portion of their general education revenue from various taconite taxes (M.S. 294.21-294.28; M.S. Chapter 298). Taconite receipts of a school district for a fiscal year exceeding the amount needed to offset the taconite levy limitation reduction recognized for that fiscal year are subtracted from general education aid under M.S. 126C.21, subd. 4.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651)-582-8868, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS

Activity: General Education Aid

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation - Direct	4,726,466	5,026,983	5,026,983	5,026,983	10,053,966
Open Appropriation	8,733				
a. End of Session Estimate	(8,733)		(43,658)	(88,864)	(132,522)
b. November Forecast Adjustment	2,914	34,922	18,453	34,749	53,202
c. Aid Payment Buy Back		97,636	(689)	(963)	(1,652)
2 Forecast Base	<b>4,729,380</b>	<b>5,159,541</b>	<b>5,001,089</b>	<b>4,971,905</b>	<b>9,972,994</b>
3 Governor's Recommendation					
a. Increase Basic Formula			72,404	159,566	231,970
b. Alternative Compensation - Basic			10,000	50,000	60,000
c. Alternative Compensation - Equalization				3,406	3,406
d. Eliminate Negative TRA Adjustment				8,565	8,565
e. Equalized Discretionary Levy/Eliminate Misc. Levies				11,289	11,289
f. Discretionary Aid for Charter Schools				1,609	1,609
g. Training and Experience to Equalized Levy				(5,519)	(5,519)
h. Referendum Cap to 28% of Formula Allowance				1,657	1,657
i. Eliminate January 15 Contract Deadline			82	18	100
j. Delink and Inflate Compensatory			4,782	11,470	16,252
k. Inflate Extended Time			778	1,763	2,541
l. Delink and Inflate PSEO			384	799	1,183
m. Inflate Shared Time			61	136	197
n. Inflate Contract Alternative			218	486	704
o. Delink and Inflate Sparsity and Trans. Sparsity			313	2,413	2,726
p. Transition Revenue - Pre-K Programs			1,366	301	1,667
q. Transition Revenue - New Formula Inc. Pre-K				1,903	1,903
r. Shared Time to Reimbursement				(3,028)	(3,028)
s. Compensatory - Hmong Refugees			1,574	348	1,922
t. Property Tax Early Recognition			(72,325)	(28,606)	(100,931)
Subtotal Governor's Appropriation Recommendation			19,637	218,576	238,213
4 Recommended Appropriation	<b>4,729,380</b>	<b>5,159,541</b>	<b>5,020,726</b>	<b>5,190,481</b>	<b>10,211,207</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	5,143,219	5,110,973	5,074,602	5,024,213	10,098,815
6 Statutory Excess/(Shortfall)		(34,922)			
7 Appropriated Entitlement	5,143,219	5,076,051	5,074,602	5,024,213	10,098,815
8 Adjustments					
a. Supplemental Appropriation		34,922			
b. Prior Year Payments					
9 State Aid Entitlement Current Law	5,143,219	5,110,973	5,074,602	5,024,213	10,098,815
<b>10 Governor's Recommendation</b>					
a. Increase Basic Formula			88,405	175,293	263,698
b. Alternative Compensation - Basic			13,027	58,171	71,198
c. Alternative Compensation - Equalization				3,406	3,406
d. Equalized Discretionary Levy/Eliminate Misc. Levies				13,856	13,856
e. Discretionary Aid for Charter Schools				1,964	1,964
f. Training and Experience to Equalized Levy				(6,771)	(6,771)
g. Referendum Cap to 28% of Formula Allowance				2,023	2,023
h. Eliminate January 15 Contract Deadline			100		100
i. Delink and Inflate Compensatory			5,838	12,715	18,553
j. Inflate Extended Time			949	1,943	2,892
k. Delink and Inflate PSEO			384	799	1,183
l. Inflate Shared Time			74	150	224
m. Inflate Contract Alternative			265	536	801
n. Delink and Inflate Sparsity and Trans. Sparsity			381	2,863	3,244
o. Transition Revenue - Pre-K Programs			1,667		1,667
p. Transition Revenue - New Formula Inc. Pre-K				2,323	2,323
q. Compensatory - Hmong Refugees			1,922		1,922
Subtotal Governor's Entitlement Recommendation			113,012	269,271	382,283
11 Governor's Aid Recommendation	<b>5,143,219</b>	<b>5,110,973</b>	<b>5,187,614</b>	<b>5,293,484</b>	<b>10,481,098</b>

DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS

Activity: General Education Aid

Budget Activity

<b>LEVY</b>	<b>Levy</b>					
	12 Local Levy Current Law	351,819	461,381	499,203	592,985	1,092,188
	13 <i>Governor's Recommendation</i>					
	a. Alternative Compensation - Equalized Levy				23,294	23,294
	b. Equity and Operating Capital Changes				(45)	(45)
	c. Discretionary Levy				94,754	94,754
	d. Repeal Miscellaneous Levies				(56,818)	(56,818)
	e. Training and Experience to Equalized Levy				6,820	6,820
	f. Referendum Cap to 28% of Formula Allowance				42,120	42,120
	g. Transition Revenue - Pre-K Programs			4,702		4,702
	h. Transition Revenue - New Formula Inc. Pre-K				15,440	15,440
	Subtotal Governor's Levy Recommendation			4,702	125,565	130,267
	<b>14 Governor's Levy Recommendation</b>	<b>351,819</b>	<b>461,381</b>	<b>503,905</b>	<b>718,550</b>	<b>1,092,188</b>
<i>equals</i>						
<b>REVENUE</b>	15 Current Law Revenue (State Aid & Levy)	5,495,038	5,572,354	5,573,805	5,617,198	11,191,003
	16 <i>Governor's Recommendation</i>	-	-	117,714	394,836	512,550
	<b>17 Governor's Revenue Recommendation</b>	<b>5,495,038</b>	<b>5,572,354</b>	<b>5,691,519</b>	<b>6,012,034</b>	<b>11,703,553</b>
	<b>18 Other Revenue - Endowment Fund</b>	<b>15,953</b>	<b>16,182</b>	<b>16,519</b>	<b>16,857</b>	<b>33,376</b>
	<b>19 Total All Sources Current Law</b>	<b>5,510,991</b>	<b>5,588,536</b>	<b>5,590,324</b>	<b>5,634,055</b>	<b>11,224,379</b>
	<b>20 Governor's Total Revenue Recommendation</b>	<b>5,510,991</b>	<b>5,588,536</b>	<b>5,708,038</b>	<b>6,028,891</b>	<b>11,736,929</b>
<b>Appropriations Basis for State Aid</b>						
	Prior Year (20%/18.1%)	860,552	1,009,822	906,039	919,851	1,825,890
	Cancellation (20%)	(3,120)				
	Aid Payment Buy Back		97,636			
	Current Year (80%/81.9%)	3,874,537	4,052,083	4,114,687	4,270,630	8,385,317
	Cancellation	(2,589)				
	<b>Total State Aid - General Fund</b>	<b>4,729,380</b>	<b>5,159,541</b>	<b>5,020,726</b>	<b>5,190,481</b>	<b>10,211,207</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
PROPERTY TAX SHIFT (info only)

Narrative

## Activity Description

**Citation:** M.S. 123B.75, Subd.5

### Information Only

This accounting mechanism was first implemented in 1983 to help balance the state's budget and lessen cuts in education programs.

### Population Served

This activity benefits the state and its citizens by allowing the state to balance the state budget without making severe cuts in education aid. In addition, districts benefit from certain provisions of the law that allow districts to preserve fund balance created by historic early recognition of the specific levies including referendum, health benefits and insurance, and reemployment.

### History

While property taxes are paid on a calendar year basis, school districts operate on a fiscal year that runs from July 1 to June 30. The first half of the property taxes payable for the calendar year are due in May and the second half are due in October or November.

Prior to FY 1983, all of the school districts' May property tax collections were held and recognized as revenue in the following fiscal year, beginning July 1. Beginning in FY 1983, the revenue recognition policy was changed so that a portion of the spring proceeds were recognized as revenue in the fiscal year of collection. The shift provision was structured to be revenue neutral to school districts<sup>1</sup> by adjusting state aid payments by the difference between the current year's early levy recognition amount and the previous year's early levy recognition amount. This accounting change provided the state with one-time savings in aid payments, without reducing the overall revenue recognized by a school district.

The state began repaying the revenue neutral portion of the shift in 1994. The following amounts were appropriated to eliminate the revenue neutral portion of the shift between FY 1994 and FY 1999.

Dollars in Thousands

<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>TOTAL</u>
\$171,290	\$710	\$314,832	\$180,000	\$18,700	\$90,200	\$775,732

The referendum levy portion of the recognition change amount (along with several other smaller levies) was not revenue neutral and was not eliminated in FY 1999. Districts with first-time referendum levies recognized a portion of the levy a year early, while districts levying for the last time recognized only the balance not recognized the previous year. The continued early recognition of the referendum levy portion prevented school districts from experiencing a revenue loss in the year the revenue neutral portion of the shift was eliminated. The continued early recognition of the other specified levies matches the timing of revenue recognition to district expenditure.

Beginning in FY 2004, the revenue recognition policy was reinstated so that a portion of the spring tax proceeds are again recognized as revenue in the fiscal year of collection, with a corresponding reduction in state aid payments to school districts. The provision is revenue neutral to school districts, but provides the state with a one-time savings in state aid, without reducing the overall revenue recognized by a school district.

<sup>1</sup> Except for the referendum levy and other levies (such as health insurance) specified in law.

## Activity at a Glance

Estimated State General Fund Savings

- ◆ FY 2004 \$230.5
- ◆ FY 2005 \$24.2
- ◆ FY 2006 \$48.7
- ◆ FY 2007 \$29.9

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
PROPERTY TAX SHIFT (info only)

Narrative

Districts are currently required to shift the lesser of:

- ◆ their spring tax collections plus general education aid to be received in July and August, or
- ◆ the sum of:
  1. referendum levy portion recognized early in FY 2003, plus
  2. certain levies specified in statute, e.g., reemployment and health benefits, plus
  3. general and community service fund levies minus levies shifted in 1 and 2 above, times 48.6%.

If the commissioner of the Department of Finance determines that there will be a positive unrestricted budgetary General Fund balance at the close of the biennium, the commissioner must allocate money to four specific purposes, one of which is to buy back the property tax shift. The buy back of the property tax shift is fourth in priority after the other three specified purposes, as listed below:

1. cash flow account until the account reaches \$350 million,
2. budget reserve account until that account reaches \$653 million,
3. increase the aid payment schedule for school district aids and credit payments to not more than 90%.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE

Narrative

REFERENDUM TAX BASE REPLACEMENT AID

## Activity Description

Citation: M.S. 126C.17, Subd. 7a

This activity ensures that the removal of agricultural land and seasonal recreational cabin properties from the referendum tax base beginning with taxes payable in 2002 will not increase tax burdens for other taxpayers in a district for the portion of pre-existing referendum authorizations that remain in effect for later years or for renewals to the level of pre-existing referendum authorizations.

### Activity at a Glance

◆ FY 2005 State Aid Entitlement	(est.) \$8,704,000
◆ Districts Participating	131
◆ Average Aid Amount	\$66,443

## Population Served

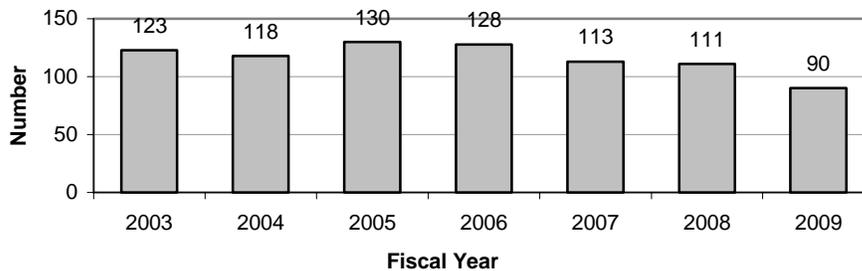
Referendum tax base replacement aid provides property tax relief to property owners who would otherwise have experienced tax increases as a result of the removal of farmland and seasonal recreational cabin property from referendum market value. All else being equal, the removal of these properties from the referendum tax base would have increased tax burdens on other taxpayers in a school district.

## Services Provided

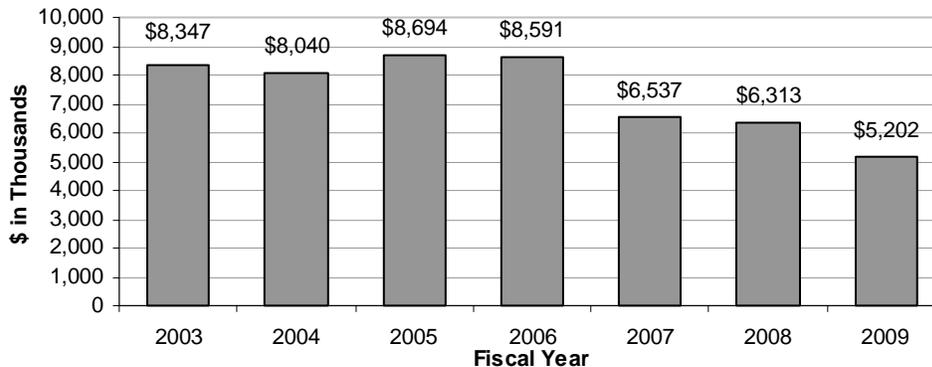
School districts do not receive additional revenue as a result of this aid.

## Key Measures

Participating Districts



State Aid Dollars



## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS –

**Activity:** GENERAL EDUCATION REVENUE  
REFERENDUM TAX BASE REPLACEMENT AID

Narrative

### Activity Funding

The referendum tax base replacement aid for a district equals the amount of the FY 2002 referendum levy attributable to the portion of the referendum allowance exceeding \$415 per pupil unit that was levied against agricultural land and seasonal recreational cabin properties. In any year that a district's referendum allowance per pupil is less than the base year amount, the district's tax base replacement aid will be proportionately reduced for that year.

Because referendum tax base replacement aid is subtracted from referendum equalization aid otherwise due the school district, it provides a net reduction in property taxes only for 29 school districts where the tax base replacement aid exceeds the referendum equalization aid.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8868, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

DEPARTMENT OF EDUCATION  
 Program: GENERAL EDUCATION

Activity: Referendum Tax Replacement Aid

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General Fund</b>					
1 Current Appropriation	8,096	8,596	8,596	8,596	17,192
a. End of Session Estimate			55	41	96
b. November Forecast Adjustment		37	53	67	120
c. Cancellation	-306				
d. Aid Payment Buy Back		165			0
2 Forecast Base	<b>7,790</b>	<b>8,798</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
3 Governor's Initiatives					
4 Recommended	<b>7,790</b>	<b>8,798</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>					
5	Statutory Formula Aid	8,040	8,704	8,704	8,704	17,408
6	Statutory Excess/(Shortfall)	306	-37			
7	Appropriated Entitlement	8,346	8,667	8,704	8,704	17,408
8	Adjustments					
a.	Cancellation	-306				
b.	Supplemental Appropriation		37			
9	State Aid Entitlement Current Law	8,040	8,704	8,704	8,704	17,408
10	<i>Governor's Initiatives</i>					
11	<b>Governor's Aid Recommendation</b>	<b>8,040</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
12	Local Levy Current Law	0	0	0	0	0
13	<i>Governor's Initiatives</i>					
14	<b>Governor's Levy Recommendation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>						
<b>REVENUE</b>	<b>15 Current Law Revenue (State Aid &amp; Levy)</b>	8,040	8,704	8,704	8,704	17,408
16	<i>Governor's Initiatives</i>					
17	<b>Governor's Revenue Recommendation</b>	<b>8,040</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
18	<b>Other Revenue</b>					
19	<b>Total All Sources Current Law</b>	<b>8,040</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
20	<b>Governor's Total Revenue Recommendation</b>	<b>8,040</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
<b>Appropriations Basis for State Aid</b>						
	Prior Year (20%)	1,419	1,669	1,740	1,740	3,480
	Supplemental Appropriation		37			
	Aid Payment Buy Back		165			
	Current Year (80%)	6,677	6,927	6,964	6,964	13,928
	Cancellation (80%)	-306				
	<b>Total State Aid - General Fund</b>	<b>7,790</b>	<b>8,798</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>

**Budget Activities Included:**

- ⇒ First Grade Preparedness
- ⇒ Enrollment Options Transportation
- ⇒ Abatement Revenue
- ⇒ Consolidation Transition
- ⇒ Nonpublic Pupil Aid
- ⇒ Nonpublic Transportation
- ⇒ Special Provisions for Selected Districts
- ⇒ Miscellaneous Levies
- ⇒ State Paid Property Tax Credits (information only)

**DEPARTMENT OF EDUCATION**

Program: OTHER GENERAL EDUCATION PRGS

Program Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Agency Request		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General</b>					
Current Appropriation	45,186	45,861	45,861	45,861	91,722
<b>Technical Adjustments</b>					
Current Law Base Change			38	37	75
End-of-session Estimate			2,431	5,193	7,624
Program/agency Sunset			(174)	(309)	(483)
Cancellations	(1,592)				
Aid Payment Buy Back		705			
November Forecast Adjustment		(946)	(1,905)	(2,808)	(4,713)
Subtotal-Forecast Base	43,594	45,620	46,251	47,974	94,225
<b>Governor's Recommendations</b>					
Changes in Abatement			(537)	(530)	(1,067)
2% Inflation Nonpublic Pupil Transportation			400	834	1,234
2% Inflation Nonpublic Pupil			90	213	303
<b>Total</b>	<b>43,594</b>	<b>45,620</b>	<b>46,204</b>	<b>48,491</b>	<b>94,695</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	43,589	45,620	46,204	48,491	94,695
<b>Statutory Appropriations</b>					
Gift	5	0	0	0	0
<b>Total</b>	<b>43,594</b>	<b>45,620</b>	<b>46,204</b>	<b>48,491</b>	<b>94,695</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	43,594	45,620	46,204	48,491	94,695
<b>Total</b>	<b>43,594</b>	<b>45,620</b>	<b>46,204</b>	<b>48,491</b>	<b>94,695</b>
<b><u>Expenditures by Activity</u></b>					
First Grade Preparedness	7,255	7,250	7,250	7,250	14,500
Enrollment Options Transportation	45	55	55	55	110
Abatement Revenue	2,436	1,469	819	871	1,690
Consolidation Transition	35	0	0	246	246
Nonpublic Pupil Aid	13,335	15,222	15,797	16,770	32,567
Nonpublic Pupil Transportation Aid	19,955	21,265	22,098	23,249	45,347
Yellow Medicine Declining Pupil	78	39	0	0	0
Albert Lea Declining Pupil	225	150	75	0	75
Mesabi East Declining Pupil	150	100	50	0	50
Roseau Declining Pupil	30	20	10	0	10
One Room Schoolhouse	50	50	50	50	100
<b>Total</b>	<b>43,594</b>	<b>45,620</b>	<b>46,204</b>	<b>48,491</b>	<b>94,695</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
FIRST GRADE PREPAREDNESS

Narrative

## Activity Description

**Citation:** M.S. [124D.081](#)

This state aid program provides the First Grade Preparedness (FGP) program funding to ensure that children in the state's highest poverty schools have the opportunity before first grade to develop the skills and abilities necessary to learn to read and succeed in school and to reduce the underlying causes that create a need for compensatory services and revenue in subsequent academic years.

## Activity at a Glance

- ◆ 73 sites funded in FY 2004
- ◆ Over 3,440 kindergarten students and 429 pre-kindergarten children served in FY 2004

## Population Served

Four and five year old students attending eligible schools participate in this program.

## Services Provided

School sites have used these funds primarily to fund all-day everyday kindergarten programs for five year olds. The school board of a qualifying school site is required to approve a plan to provide extended day services to serve as many children as possible.

## Historical Perspective

This program was created by the 1996 legislature and school year 1996-97 was the first year of operation. The state was divided into four geographical areas, with each area receiving 25% of the funding. The geographical areas are: Minneapolis, St. Paul, metro suburban, and greater Minnesota. School sites were ranked from highest to lowest poverty level based on the percentage of students qualifying for free or reduced price lunches and sites were funded in rank order in each geographic area until the funds were exhausted. In the first year of operation, \$3 million was distributed to 36 sites statewide. For the 2003-04 school year, \$7.25 million was distributed to 73 sites.

## Historical Number Sites Funded by First Grade Preparedness Program

	1996-97 \$3 million	1997-98 \$5 million	1998-99 \$5 million	1999-00 \$7 million	2000-01 \$7.1 million	2001-02 \$7.1 million	2002-03 \$7.2 million	2003-04 \$7.2 million
St. Paul	8	14	14	14	12	13	13	15
Minneapolis	7	14	15	14	17	16	14	16
Suburbs	5	11	11	11	13	13	11	13
Greater Minnesota	16	12	26	29	29	29	28	29
<b>TOTAL</b>	<b>36</b>	<b>51</b>	<b>66</b>	<b>68</b>	<b>71</b>	<b>71</b>	<b>66</b>	<b>73</b>

## Key Measures

- ⇒ Approximately two-thirds of the kindergarten children received proficient ratings on 29 of the 41 indicators on a formal assessment instrument. This finding suggests that FGP children are demonstrating skills, behaviors, and knowledge in areas of social development, language and literacy, and mathematical thinking that will support their transition to first grade.
- ⇒ Approximately 75% of the kindergarten children received higher ratings on all 41 indicators from the fall to the spring assessment. Most of the children rated not proficient in the fall demonstrated improvement by spring.
- ⇒ 90% of the children for whom first grade teacher assessments were obtained were assessed as doing well or making adequate adjustment to first grade.
- ⇒ 96% of the parents responding to the survey felt their child was prepared for their next level in school.
- ⇒ Approximately 75% of the parents indicated their child had changed in ways important to school success.
  - ◆ 82% said their child looked forward to school;
  - ◆ 81% said their child is interested in books and stories;

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
FIRST GRADE PREPAREDNESS

Narrative

- ◆ 81% said their child has improved communication skills; and
- ◆ 75% said their child is more independent and self-confident.

The most convincing data concerning the efficacy of all-day everyday kindergarten programming are the increases in the third grade reading scores of schools that have participated in FGP since FY 1996-97. Spring 2000 was the first time that students who participated in FGP all-day everyday kindergarten took the third grade Minnesota Comprehensive Assessments (MCAs). Of the 18 metro and greater Minnesota schools that participated in FGP in 1996-97, 12 schools showed significant growth from spring 1999 to spring 2000 in third grade reading scores. Nine schools showed growth from spring 2000 to spring 2001. All showed significant gains over the baseline scores of spring 1999. Three of the schools had enrollments of fewer than 10 students and those scores were not reported. Student mobility in the St. Paul and Minneapolis areas is so high that it is not possible to attribute any gains in these schools solely to FGP programs. For more information visit the department's web site at: [http://education.state.mn.us/html/intro\\_first\\_grade\\_prep.htm](http://education.state.mn.us/html/intro_first_grade_prep.htm).

### Activity Funding

This program is funded entirely with state aid. For the purposes of distribution, the state is divided into four areas; Minneapolis, St. Paul, suburban metro, and greater Minnesota. Each area receives 25% of the allocation. Schools in each area are ranked from highest to lowest based on the percent of students eligible for free or reduced price lunch. Funds are distributed in rank order in each area based on the number of five year-olds attending kindergarten from the previous October 1 times 0.53 times the general education formula allowance. Funds may be used for start-up costs for new sites as well as for teacher salaries, fringe benefits, staff development, and parent involvement.

Although the allocation for this program has more than doubled since its beginning in 1997, funds are not sufficient to fund all eligible schools in each area. None of the geographic areas are prorated in FY 2004.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education at (651) 582-8397.

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PRGS  
 Activity: FIRST GRADE PREPAREDNESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,250	7,250	7,250	7,250	14,500
Subtotal - Forecast Base	7,250	7,250	7,250	7,250	14,500
<b>Total</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,250	7,250	7,250	7,250	14,500
<b>Statutory Appropriations</b>					
Gift	5	0	0	0	0
<b>Total</b>	<b>7,255</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	7,255	7,250	7,250	7,250	14,500
<b>Total</b>	<b>7,255</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
ENROLLMENT OPTIONS TRANSPORTATION

Narrative

## Activity Description

**Citation:** M.S. [124D.03](#); [124D.09](#); [124D.10](#)

This state aid program helps low-income students participate in the Post-Secondary Enrollment Options (PSEO), School District Enrollment Options (SDEO), and Results-Oriented Charter Schools (ROCS) programs by providing state aid to school districts that reimburse families for transportation expenses associated with these programs (see Student Choice/Tax Incentives narrative for more information).

### Activity at a Glance

FY 2003

- ◆ 73 students served
- ◆ \$443 average reimbursement

## Population Served

Low-income students participating in PSEO, SDEO, and ROCS programs are served by this program.

## Services Provided

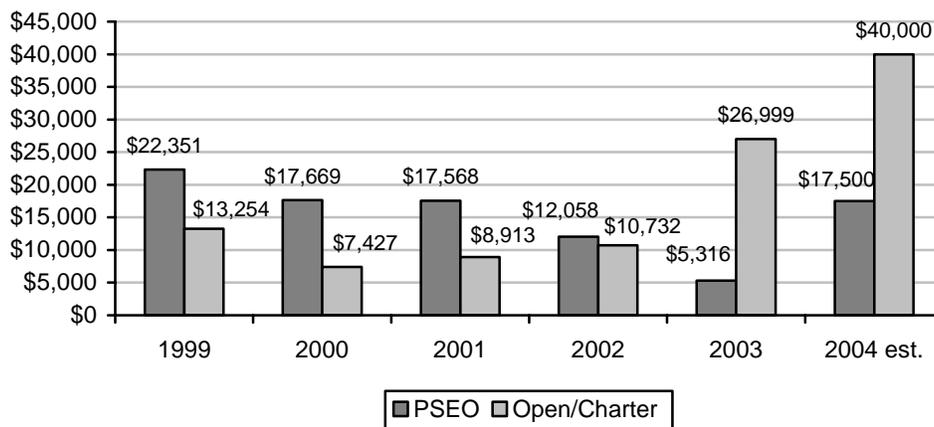
State aid is paid to school districts to reimburse transportation costs to families whose income is at or below the federal poverty income guideline level.

Some students, because of disabilities, cannot participate in this program unless they receive district-provided transportation services. For disabled students participating in open enrollment, districts may be required to travel beyond district boundaries to transport the students. Some charter schools, even though they elected to use district-provided transportation, may be required to transport nonresident students with disabilities within those students' resident districts. In all these cases, these potentially high cost transportation services are not authorized for state special education transportation aid. This program assures that disabled students of low-income families will not be discouraged from participating in options programs due to high cost transportation.

## Historical Perspective

Beginning in FY 1999, the program was expanded to allow PSEO mileage reimbursement to students attending nonpublic schools (including home schools).

**Transportation Claim Amount from Low-Income Families**



## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
ENROLLMENT OPTIONS TRANSPORTATION

Narrative

### Key Measures

All students meeting eligibility are reimbursed.

### Activity Funding

The mileage reimbursement rate is set at \$0.15 per mile and is limited to 250 miles per week. There is an exception to the 250 miles per week limit in the PSEO program if the nearest post-secondary institution is more than 25 miles from the student's home or high school. School districts and post-secondary institutions receive notification of this program on an annual basis. Students provide their own transportation in this program. PSEO students apply through their resident districts (or the post-secondary institutions, if nonpublic). Open enrollment students submit their applications to the enrolling districts. Charter school students apply to their charter schools.

The low eligibility threshold for this program (100% of federal poverty guidelines) excludes many students qualifying for other poverty-based measures (e.g., free and reduced priced lunch).

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8855, [http://education.state.mn.us/html/intro\\_finance\\_trans\\_forms.htm](http://education.state.mn.us/html/intro_finance_trans_forms.htm).

DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Activity: ENROLLMENT OPTIONS TRANSPORTAT

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	50	55	55	55	110
Subtotal - Forecast Base	50	55	55	55	110
<b>Total</b>	<b>50</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>110</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	45	55	55	55	110
<b>Total</b>	<b>45</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>110</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	45	55	55	55	110
<b>Total</b>	<b>45</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>110</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
ABATEMENT REVENUE

Narrative

## Activity Description

**Citation:** M.S. 126C.46; 127A.49, Subd.2

This state aid and local levy program maintains equity for students and taxpayers by replacing revenue to which the district was entitled but did not receive due to abatements.<sup>1</sup> The objective is to replace the revenue in the same proportion of aid and levy as the original entitlement.

## Activity at a Glance

In calendar year 2003:

◆ Taxes Abated	\$7.8 million
◆ Abatement Aid	\$1.3 million
◆ Abatement Levy	\$6.5 million
◆ Number of Districts	234

## Population Served

All eligible school districts in Minnesota participate in this program.

## Services Provided

Abatement revenue is provided to school districts to prevent permanent revenue losses. The amount of abatement revenue for a school district is determined from data on net revenue losses as certified by the county auditors.

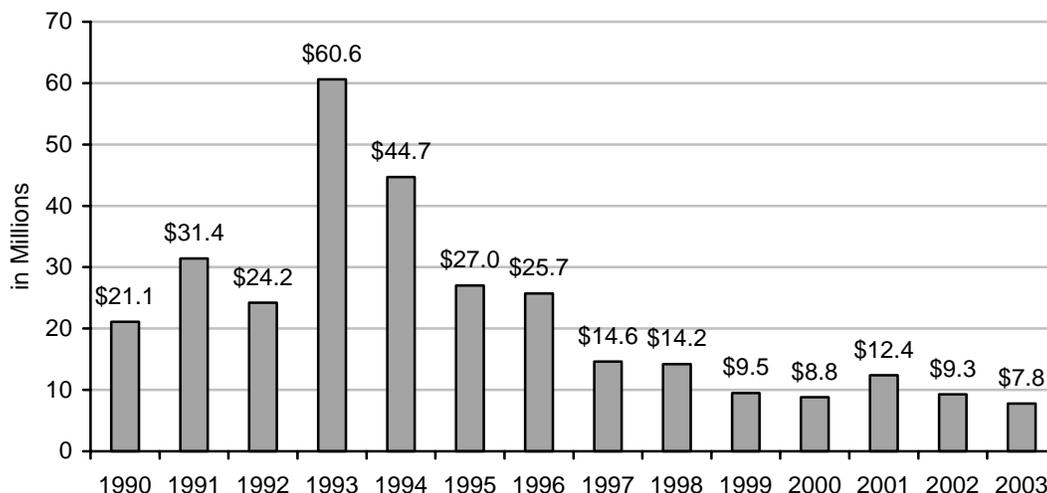
## Historical Perspective

Funding for abatement revenue began in the late 1970s and was expanded in 1993 to include interest paid by the district on abatement refunds.

## Key Measures

- ⇒ A total of 234 school districts receive abatement revenue in FY 2005 for taxes abated in calendar 2003.
- ⇒ The following graph shows the amount of school taxes abated each year since 1990. These amounts would be losses to school district budgets without the abatement revenue formula.

**Net Schools Taxes Abated**



<sup>1</sup> Court-ordered net reductions in the tax capacity of the district after taxes have been spread by the county auditor.

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
ABATEMENT REVENUE

Narrative

### Activity Funding

Net revenue loss due to abatements is replaced with state aid and levy authority. The intent is to pay approximately the same amount in abatement aid as would have been paid to the district in general education and other equalized aids if the adjusted net tax capacity could have been adjusted to the lower level.

In general, school taxes abated in one calendar year are reported to the state in the following calendar year and included in the levy certified in the fall of that year for taxes payable in the next calendar year. For example, school taxes abated in 2003 are reported in the spring of 2004 and included on the 2004 payable 2005 levy.

A district may levy a year early for the net revenue loss incurred during the first six months of the calendar year (advance abatement levy) or choose to spread the levy over two years (three years with approval of the commissioner).

A district's aid entitlement is equal to its revenue loss multiplied by the ratio of: 1) the amount certified by the district in equalized referendum, health and safety, and community education levies for which the district received corresponding state aid in the second preceding year, to 2) the district's total certified levy in the preceding fall, plus or minus auditor's adjustments.

Abatement levy authority is the total of the three following components:

- ◆ the net revenue loss minus abatement aid after any proration is deducted,
- ◆ the net revenue loss for the first six months of the following calendar year, less any amount certified for the first six months of the prior calendar year, and
- ◆ an amount for any interest paid by the district on abatement refunds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS

Activity: Other General Education Programs  
Abatements

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	2,436	1,559	1,559	1,559	3,118
a. End of Session Estimate			455	697	1,152
b. November Forecast Adjustment		(112)	(663)	(855)	(1,518)
c. Aid Payment Buy Back		22	5		5
2 Forecast Base	2,436	1,469	1,356	1,401	2,757
3 Governor's Recommendation			(536)	(531)	(1,067)
4 Recommended	2,436	1,469	820	870	1,690

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	2,455	1,194	1,391	1,403	2,794
6 Statutory Excess/(Shortfall)		112			
7 Appropriated Entitlement	2,455	1,306	1,391	1,403	2,794
<b>8 Adjustments</b>					
a. Appropriation Reduction		-112			
9 State Aid Entitlement Current Law	2,455	1,194	1,391	1,403	2,794
<b>10 Governor's Recommendation</b>					
a. Abatement Changes			(654)	(504)	(1,158)
11 Governor's Aid Recommendation	2,455	1,194	737	899	1,636
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	6,852	5,278	6,435	6,569	13,004
<b>13 Governor's Recommendation</b>					
a. Abatement Changes				654	654
14 Governor's Levy Recommendation	6,852	5,278	6,435	7,223	13,658
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	9,307	6,472	7,826	7,972	15,798
<b>16 Governor's Recommendation</b>					
a. Abatement Changes			(654)	150	(504)
17 Governor's Revenue Recommendation	9,307	6,472	7,172	8,122	15,294
<b>18 Other Revenue</b>					
a. Abatement Changes	0	0	0	0	0
19 Total All Sources Current Law	9,307	6,472	7,826	7,972	15,798
20 Governor's Total Revenue Recommendation	9,307	6,472	7,172	8,122	15,294
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%)	472	491	216	133	349
Current Year (80%)	1,964	978	604	737	1,341
<b>Total State Aid - General Fund</b>	<b>2,436</b>	<b>1,469</b>	<b>820</b>	<b>870</b>	<b>1,690</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
CONSOLIDATION TRANSITION

Narrative

## Activity Description

**Citation:** M.S. 123A.485

This state aid program supports districts that have recently consolidated by providing funds for one-time reorganization costs and fosters conditions that better promote student success.

## Activity at a Glance

No districts consolidated in FY 2003, FY 2004, or FY 2005.

## Population Served

Students and communities in eligible districts are served by this activity.

## Services Provided

Voluntary school district reorganizations help to expand programs and services to students and families in greater Minnesota at a lower cost. This program provides an incentive for district consolidation and addresses some of the one-time costs associated with district consolidation. This program provides an alternative means of dealing with fiscal issues, such as staff reduction and operational debt reduction that often prevent permanent school district reorganization. Revenue may be used to cover district costs for early retirement incentives granted by the district under M.S. 123A.48, Subd. 23; to reduce operating debt as defined in M.S. 123B.82; to enhance learning opportunities; and to cover reorganization expenses.

A school district is eligible for revenue if it has reorganized under M.S. 123A.48 after 06-04-94 and has not received cooperation and combination revenue for at least six years. M.S. 123A.48 provides for the process of school consolidation, including approval procedures and timelines.

## Historical Perspective

This program was enacted by the 1994 legislature. This revenue replaced the cooperation and combination (C & C) revenue and transition and severance levies for consolidating districts.

## Key Measures

While there are financial implications to consolidation, the primary reason for districts to consolidate is to address the academic needs of students. School districts that have consolidated through this program have reported that the consolidation has provided additional opportunities to meet student academic needs, increased efficiency in district operations, and improved the likelihood of long-term financial health of the newly formed district. The potential cost efficiencies that could be attributed to this program vary by district due to the unique financial, operating, and facility characteristics of the combining districts.

For example, Jackson County Central Independent School District (ISD) 2895 was formed by consolidation of two existing districts in FY 2001. On a per student measure, expenditures for the new district decreased by 22% for district support services, 11% for pupil support services, and 15% for operations and maintenance costs when compared to the sum of previous year expenditures for the two districts that combined. The savings are primarily due to the closing of the Sioux Valley school site.

## Activity Funding

This program is funded with state aid and a local property tax levy. State aid is equal to \$200 times the actual pupil units in the first year after consolidation and \$100 times the actual pupil units in the second year after consolidation. A maximum of 1,500 pupils may be counted for the purpose of aid calculation. If consolidation transition aid is not sufficient to cover the eligible district costs, school districts may levy the difference, spreading the levy over up to three years.

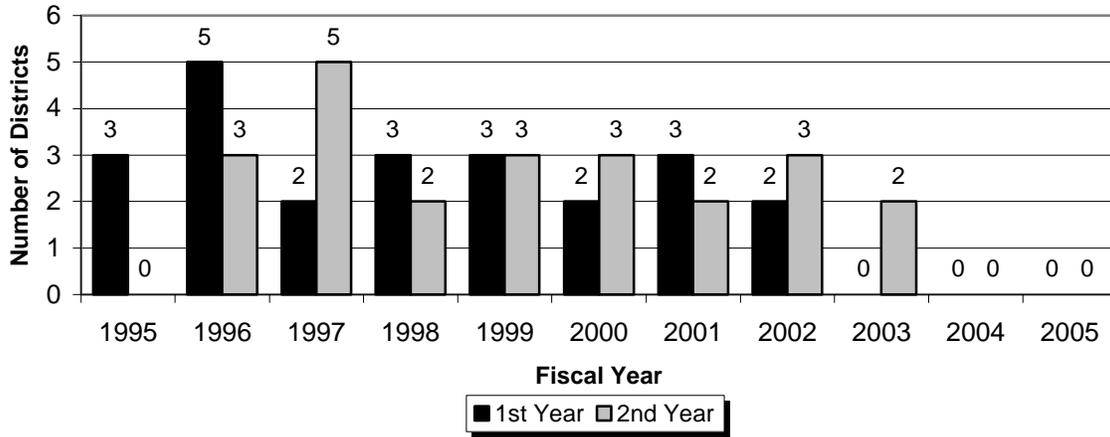
**DEPARTMENT OF EDUCATION**

**Program: GENERAL EDUCATION PROGRAMS**

**Activity: OTHER GENERAL EDUCATION PROGRAMS  
CONSOLIDATION TRANSITION**

Narrative

**District Participation**



\*No districts consolidated in FY 2003, FY 2004, or FY 2005.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8757, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PROGRAMS

Activity: Consolidation Transition

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	35	145	145	145	290
a. End of Session Estimate			(36)	113	77
b. November Forecast Adjustment		(145)	(109)	(18)	(127)
c. Aid Payment Buy Back				6	6
2 Forecast Base	35	0	0	246	246
3 Governor's Initiatives					
4 Recommended	35	0	0	246	246

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	0	0	0	300	300
6 Statutory Excess/(Shortfall)		145			
7 Appropriated Entitlement	0	145	0	300	300
8 Adjustments					
a. Appropriation Reduction		(145)			
9 State Aid Entitlement Current Law	0	0	0	300	300
10 Governor's Initiatives					
11 Governor's Aid Recommendation	0	0	0	300	300
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>	<b>Other Revenue</b>				
15 Current Law Revenue (State Aid & Levy)	0	0	0	300	300
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	0	0	0	300	300
18 Other Revenue					
19 Total All Sources Current Law	0	0	0	300	300
20 Governor's Total Revenue Recommendation	0	0	0	300	300
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	35	0	0	0	0
Current Year (80%/81.9)	0	0	0	246	246
<b>Total State Aid - General Fund</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>246</b>	<b>246</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
NONPUBLIC PUPIL AID

Narrative

## Activity Description

**Citation:** M.S. 123B.40; 123B.41; 123B.42; 123B.43; 123B.44; 123B.445; 123B.45; 123B.46; 123B.47; 123B.48.

This state aid program provides every pupil in the state with equitable access to secular study materials and pupil support services.

## Population Served

Services are provided to Minnesota students attending nonpublic and home schools.

## Services Provided

Funding is allocated to public school districts for the benefit of nonpublic school students and not directly to nonpublic schools.

School districts are reimbursed for the costs of the educational materials loaned to the nonpublic pupil (textbooks, individualized instructional materials, and standardized tests) or for the costs of providing support services (health services and secondary guidance and counseling services) to the nonpublic pupil. School districts receive additional funds to cover administrative costs. This amount is equal to 5% of their total aid reimbursement amount.

## Activity at a Glance

- ◆ Number of students participating (FY 2004):

Text Book/Materials	87,630
Health Services	82,121
Guidance & Counseling	28,503
- ◆ Percentage of nonpublic students participating in program (FY 2004):

Text Book/Materials	91%
Health Services	84%
Guidance & Counseling (grades 7-12)	87%
- ◆ FY 2005 rates per nonpublic pupil:

Text Book/Materials	\$58.07
Health Services	\$51.03
Guidance & Counseling	\$164.57
- ◆ All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

There are three basic categories of nonpublic pupil aid supporting the following services.

### *Textbooks, Individualized Instructional Materials, and Standardized Tests*

⇒ Public school districts, upon formal request, must provide nonpublic pupils with instructional materials that are secular, neutral, nonideological, and not able to be diverted to religious use. These items are loaned to the nonpublic pupil and remain the property of the district.

### *Health Services*

⇒ Public school districts, upon formal request, provide nonpublic pupils with student health services provided to public pupils. Health services may be provided to nonpublic students at a public school, a neutral site, the nonpublic school, or any other suitable location.

### *Guidance and Counseling Services*

⇒ Public school districts, upon formal request, provide nonpublic secondary pupils with guidance and counseling services provided to public secondary pupils. This does not include guidance or counseling in the planning or selection of particular courses or classroom activities of the nonpublic school. Eligible services must be provided either at the public school, the nonpublic school, or a neutral site.

## Key Measures

### *Textbooks, Individualized Instructional Materials, and Standardized Tests*

⇒ The percentage of nonpublic school pupils participating in this category increased slightly from 89% in FY 1990 to 91% in FY 2004.

### *Health Services*

⇒ The percentage of nonpublic school pupils participating in this category decreased from 88% in FY 1990 to 84% in FY 2004.

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
NONPUBLIC PUPIL AID

Narrative

## *Guidance and Counseling Services*

⇒ The percentage of nonpublic secondary school pupils participating in this category increased from 76% in FY 1990 to 87% in FY 2004.

## **Activity Funding**

Nonpublic pupil aid is funded exclusively with state funds.

### *Textbooks*

⇒ The districts are reimbursed for the cost of purchasing and distributing eligible materials. This is calculated as an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the general education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served. For purposes of this formula, kindergarten pupils are weighted at 0.5. For FY 2005, the maximum per pupil rate for textbooks is \$58.07.

⇒ The formula for computing the per pupil rate is as follows for FY 2005:

$$\text{FY 2005 Per Pupil Rate} = \text{FY 2003 Avg. Expend per Public Pupil for like materials} \times \frac{\text{FY 2005 Gen. Ed. Form. Allow.}}{\text{FY 2003 Gen. Ed. Form. Allow.}}$$

### *Health Services*

⇒ Each participating district is reimbursed for the cost of providing these services up to an amount equal to the statewide average expenditure per public school pupil for similar services in the second preceding school year, times the number of nonpublic pupils served.

⇒ For FY 2005, the maximum per pupil rate for health services is \$51.03.

### *Guidance and Counseling Services*

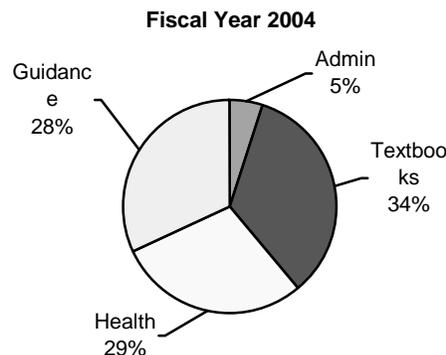
⇒ Each participating district is reimbursed for the cost incurred in providing eligible services up to an amount equal to the statewide average expenditure per public secondary pupil for similar services in the second preceding school year, times the number of nonpublic secondary pupils served.

⇒ For FY 2005, the maximum per pupil rate for guidance and counseling is \$164.57.

### *Administration*

⇒ A district may claim and receive an additional amount equal to 5% of the district's aid for administrative costs.

The chart below provides a breakdown of estimated nonpublic pupil aid for FY 2004. Money is allocated based on the number of participating nonpublic students and actual program expenditures.



## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
NONPUBLIC PUPIL AID

Narrative

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8858 or at [http://education.state.mn.us/html/intro\\_nonpublic\\_choice.htm](http://education.state.mn.us/html/intro_nonpublic_choice.htm).

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PROGRAMS  
 Activity: Nonpublic Pupil Aid

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	14,411	15,072	15,072	15,072	30,144
a. End of Session Estimate			827	1,823	2,650
b. November Forecast Adjustment		(135)	(208)	(355)	(563)
c. Cancellation	(1,076)				
d. Aid Payment Buy Back		285	16	17	33
2 Forecast Base	13,335	15,222	15,707	16,557	32,264
3 Governor's Recommendation					
a. 2% inflation factor			90	213	303
4 Recommended	13,335	15,222	15,797	16,770	32,567

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	14,147	15,017	15,859	16,711	32,570
6 Statutory Excess/(Shortfall)	472	135			
7 Appropriated Entitlement	14,619	15,152	15,859	16,711	32,570
<b>8 Adjustments</b>					
a. Cancellation	(472)				
b. Appropriation Reduction		(135)			
9 State Aid Entitlement Current Law	14,147	15,017	15,859	16,711	32,570
<b>10 Governor's Recommendation</b>					
a. 2% inflation factor			110	235	345
11 Governor's Aid Recommendation	14,147	15,017	15,969	16,946	32,915
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
<b>13 Governor's Recommendation</b>					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	14,147	15,017	15,859	16,711	32,570
16 Governor's Recommendation			110	235	345
17 Governor's Revenue Recommendation	14,147	15,017	15,969	16,946	32,915
<b>19 Total All Sources Current Law</b>					
19 Total All Sources Current Law	14,147	15,017	15,859	16,711	32,570
<b>20 Governor's Total Revenue Recommendation</b>					
20 Governor's Total Revenue Recommendation	14,147	15,017	15,969	16,946	32,915
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	2,715	2,923	2,718	2,890	5,608
Cancellation (20%)	(604)				
Current Year (80%/81.9%)	11,696	12,299	13,079	13,879	26,958
Cancellation (80%)	(472)				
<b>Total State Aid - General Fund</b>	<b>13,335</b>	<b>15,222</b>	<b>15,797</b>	<b>13,770</b>	<b>32,567</b>

# DEPARTMENT OF EDUCATION

Program: GENERAL EDUCATION PROGRAMS

Activity: OTHER GENERAL EDUCATION PROGRAMS  
NONPUBLIC PUPIL TRANSPORTATION

Narrative

## Activity Description

Citation: M.S. 123B.92, Subd. 9, 123B.84, 123B.85, 123B.86 and 123B.87

This program ensures that nonpublic school students receive the same level of transportation services as public school students receive and that the school districts are able to provide this transportation without significant cross-subsidy from the district's general fund.

## Activity at a Glance

FY 2003:

- ◆ 68,677 nonpublic students were transported to and from schools
- ◆ 212 districts transported students

## Population Served

Minnesota students attending nonpublic schools are provided transportation services.

## Services Provided

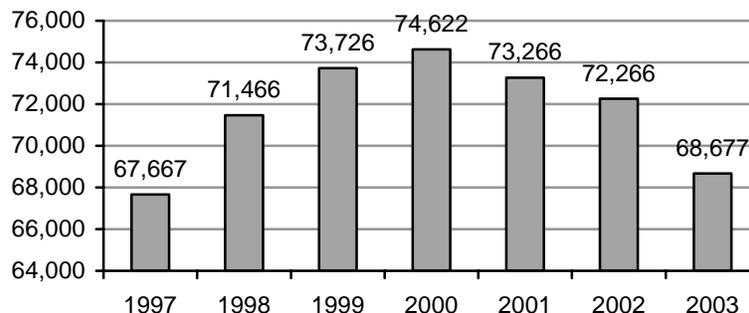
School districts must provide equal transportation within the district for public and nonpublic school students. This means that the district where a non-disabled pupil resides must provide transportation for the nonpublic pupil within the district in like manner as that provided to the public school student residing in the district. If the district transports nonpublic students to a school in another district because there is not a suitable nonpublic school located within the district, the nonpublic school or the parents pay the cost of transportation outside the district boundaries.

Public schools must also provide nonpublic school pupils with transportation within the district boundaries between the private school and public school or neutral site for health and secondary guidance and counseling services provided to nonpublic school pupils. The public school district must also transport nonpublic school students on late activity bus routes if it provides that service for public school students.

## Historical Perspective

Since FY 1997, funding for the transportation of nonpublic students has been calculated using a separate formula based on average second prior year costs and the number of current year nonpublic students transported. The following graph shows the number of nonpublic students transported to and from school for FY 1997-2003.

Nonpublic Students Transported To and From School



## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
NONPUBLIC PUPIL TRANSPORTATION

Narrative

### Activity Funding

Nonpublic transportation aid equals the sum of:

- ◆ for regular and excess transportation, an amount equal to the product of the district's actual cost per public and nonpublic pupil transported in the regular and excess categories for the second preceding year, times the number of nonpublic pupils receiving regular or excess transportation in the current year, times the ratio of the formula allowance for the current year to the formula allowance for the second preceding year; plus
- ◆ for non-regular (e.g., shared time, support services) and late activity transportation, an amount equal to the product of the district's actual cost in the second preceding year, times the ratio of the formula allowance for the current school year to the formula allowance for the second preceding year.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8858 and at [http://education.state.mn.us/html/intro\\_finance\\_trans\\_res.htm](http://education.state.mn.us/html/intro_finance_trans_res.htm).

DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PROGRAMS

Activity: Nonpublic Pupil Transportation

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	20,471	21,421	21,421	21,421	42,842
a. End of Session Estimate			1,185	2,560	3,745
b. November Forecast Adjustment		(554)	(925)	(1,580)	(2,505)
c. Cancellation	(516)				
d. Aid Payment Buy Back		398	17	14	31
2 Forecast Base	19,955	21,265	21,698	22,415	44,113
3 Governor's Recommendation			400	834	1234
a. 2% inflation factor					
4 Recommended	19,955	21,265	22,098	23,249	45,347

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	20,085	20,933	21,868	22,535	44,403
6 Statutory Excess/(Shortfall)	516	693			
7 Appropriated Entitlement	20,601	21,626	21,868	22,535	44,403
8 Adjustments					
a. Cancellation	(516)				
b. Appropriation Reduction		(693)			
9 State Aid Entitlement Current Law	20,085	20,933	21,868	22,535	44,403
10 Governor's Recommendation					
a. 2% inflation factor			488	910	1,398
11 Governor's Aid Recommendation	20,085	20,933	22,356	23,445	45,801
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Recommendation					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	20,085	20,933	21,868	22,535	44,403
16 Governor's Recommendation			488	910	1,398
17 Governor's Revenue Recommendation	20,085	20,933	22,356	23,445	45,801
18 Other Revenue	0	0	0	0	0
19 Total All Sources Current Law	20,085	20,933	21,868	22,535	44,403
20 Governor's Total Revenue Recommendation	20,085	20,933	22,356	23,445	45,801
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	3,990	4,120	3,788	4,046	7,834
Current Year (80%/81.9%)	16,481	17,145	18,310	19,202	37,512
Cancellation	(516)				
<b>Total State Aid - General Fund</b>	<b>19,955</b>	<b>21,265</b>	<b>22,098</b>	<b>23,249</b>	<b>45,347</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
SPECIAL PROVISIONS FOR SELECTED DISTRICTS

Narrative

## Activity Description

The following state aid programs provide financial assistance to four public school districts with declining pupil units due to industry plant closings or natural disasters and to one district to operate a one-room schoolhouse.

## Population Served

All students and communities in selected school districts benefit from this funding.

## Services Provided

### Declining Pupil Unit Aid – Albert Lea

Citation: Laws 2002, Chapter 220, Article 4, Section 10, Subd 1,2,3,4

This program provides declining pupil aid to the Albert Lea school in the amount of \$300,000 in FY 2003, \$225,000 in FY 2004, \$150,000 in FY 2005, \$75,000 in FY 2006, and \$0 in FY 2007. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Albert Lea public schools due to the closure of the Farmland Foods plant.

### Declining Pupil Unit Aid – Mesabi East

Citation: Laws 2002, Chapter 220, Article 4, Section 11, Subd 1,2,3,4

This program provides declining pupil aid for the Mesabi East school district in the amount of \$200,000 in FY 2003, \$150,000 in FY 2004, \$100,000 in FY 2005, \$50,000 in FY 2006, and \$0 in FY 2007. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Mesabi East schools due to the closure of the LTV plant in Hoyt Lakes.

### Declining Pupil Unit Aid - Yellow Medicine East

Citation: Laws 2001, First Special Session, Chapter 6, Article 1, Section 49

This program provides declining pupil aid for the Yellow Medicine East school district in the amount of \$156,000 in FY 2002, \$117,000 in FY 2003, \$78,000 in FY 2004, \$39,000 in FY 2005, and \$0 in FY 2006 and FY 2007. This program was implemented by the 2001 legislature in response to the anticipated loss of pupils and revenues in the Yellow Medicine East schools due to the tornado destruction of homes in the district.

### Flood Enrollment Impact Aid – Roseau

Citation: Laws 2002, First Special Session, Chapter 1, Section 6

This program provides declining pupils aid to the Roseau School District. In FY 2003, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2003 or \$40,000. In FY 2004, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2004 or \$30,000. In FY 2005, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2005 or \$20,000. In FY 2006, the aid is equal to the lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil decline between FY 2002 and FY 2006 or \$10,000. The aid for FY 2007 is \$0.

## Activity at a Glance

### Target Districts

- ◆ Albert Lea
- ◆ Mesabi East
- ◆ Yellow Medicine East
- ◆ Roseau
- ◆ Angle Inlet

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
SPECIAL PROVISIONS FOR SELECTED DISTRICTS

Narrative

### **One-Room Schoolhouse**

Citation: Laws 2003, Chapter 9, Article 1, Section 53, Subd. 13

This program provides additional revenue to the Warroad school district to assist with expenses related to the Angle Inlet school. This program was implemented in FY 1995 for the Warroad school district to open and operate a one-room schoolhouse at Angle Inlet. This aid program provides aid of \$50,000 in each year, FY 2004 through FY 2007.

### **Key Measures**

These programs address specific and unique financial circumstances for impacted districts. No specific measurement data is collected.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8851.

**Activity Description**

The following state aid programs provide financial assistance to four public school districts with declining pupil units due to industry plant closings or natural disasters and to one district to operate a one-room schoolhouse.

**Population Served**

All students and communities in selected school districts benefit from this funding.

**Services Provided**

**Declining Pupil Unit Aid – Albert Lea**

Citation: Laws 2002, Chapter 220, Article 4, Section 10, Subd 1,2,3,4

This program provides declining pupil aid to the Albert Lea school in the amount of \$300,000 in FY 2003, \$225,000 in FY 2004, \$150,000 in FY 2005, \$75,000 in FY 2006, and \$0 in FY 2007. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Albert Lea public schools due to the closure of the Farmland Foods plant.

**Declining Pupil Unit Aid – Mesabi East**

Citation: Laws 2002, Chapter 220, Article 4, Section 11, Subd 1,2,3,4

This program provides declining pupil aid for the Mesabi East school district in the amount of \$200,000 in FY 2003, \$150,000 in FY 2004, \$100,000 in FY 2005, \$50,000 in FY 2006, and \$0 in FY 2007. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Mesabi East schools due to the closure of the LTV plant in Hoyt Lakes.

**Declining Pupil Unit Aid - Yellow Medicine East**

Citation: Laws 2001, First Special Session, Chapter 6, Article 1, Section 49

This program provides declining pupil aid for the Yellow Medicine East school district in the amount of \$156,000 in FY 2002, \$117,000 in FY 2003, \$78,000 in FY 2004, \$39,000 in FY 2005, and \$0 in FY 2006 and FY 2007. This program was implemented by the 2001 legislature in response to the anticipated loss of pupils and revenues in the Yellow Medicine East schools due to the tornado destruction of homes in the district.

**Flood Enrollment Impact Aid – Roseau**

Citation: Laws 2002, First Special Session, Chapter 1, Section 6

This program provides declining pupils aid to the Roseau School District. In FY 2003, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2003 or \$40,000. In FY 2004, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2004 or \$30,000. In FY 2005, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2005 or \$20,000. In FY 2006, the aid is equal to the lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil decline between FY 2002 and FY 2006 or \$10,000. The aid for FY 2007 is \$0.

**Activity at a Glance**

Target Districts

- ◆ Albert Lea
- ◆ Mesabi East
- ◆ Yellow Medicine East
- ◆ Roseau
- ◆ Angle Inlet

## DEPARTMENT OF EDUCATION

**Program:** OTHER GENERAL EDUCATION PRGS

**Activity:** SPECIAL PROVISIONS FOR SELECTED DISTRICTS

Narrative

### **One-Room Schoolhouse**

Citation: Laws 2003, Chapter 9, Article 1, Section 53, Subd. 13

This program provides additional revenue to the Warroad school district to assist with expenses related to the Angle Inlet school. This program was implemented in FY 1995 for the Warroad school district to open and operate a one-room schoolhouse at Angle Inlet. This aid program provides aid of \$50,000 in each year, FY 2004 through FY 2007.

### **Key Measures**

These programs address specific and unique financial circumstances for impacted districts. No specific measurement data is collected.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8851.

DEPARTMENT OF EDUCATION

Program: OTHER GENERAL EDUCATION PRGS

Activity: YELLOW MEDICINE DECL PUPIL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	78	39	39	39	78
<b>Technical Adjustments</b>					
Program/agency Sunset			(39)	(39)	(78)
Subtotal - Forecast Base	78	39	0	0	0
<b>Total</b>	<b>78</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	78	39	0	0	0
<b>Total</b>	<b>78</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	78	39	0	0	0
<b>Total</b>	<b>78</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PRGS  
 Activity: ALBERT LEA DECLINING PUPIL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	225	150	150	150	300
<b>Technical Adjustments</b>					
Program/agency Sunset			(75)	(150)	(225)
Subtotal - Forecast Base	225	150	75	0	75
<b>Total</b>	<b>225</b>	<b>150</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	225	150	75	0	75
<b>Total</b>	<b>225</b>	<b>150</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	225	150	75	0	75
<b>Total</b>	<b>225</b>	<b>150</b>	<b>75</b>	<b>0</b>	<b>75</b>

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PRGS  
 Activity: MESABI EAST DECLINING PUPIL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	150	100	100	100	200
<b>Technical Adjustments</b>					
Program/agency Sunset			(50)	(100)	(150)
Subtotal - Forecast Base	150	100	50	0	50
<b>Total</b>	<b>150</b>	<b>100</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	150	100	50	0	50
<b>Total</b>	<b>150</b>	<b>100</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	150	100	50	0	50
<b>Total</b>	<b>150</b>	<b>100</b>	<b>50</b>	<b>0</b>	<b>50</b>

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PRGS  
 Activity: ROSEAU DECLINING PUPIL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	30	20	20	20	40
<b>Technical Adjustments</b>					
Program/agency Sunset			(10)	(20)	(30)
Subtotal - Forecast Base	30	20	10	0	10
<b>Total</b>	<b>30</b>	<b>20</b>	<b>10</b>	<b>0</b>	<b>10</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	30	20	10	0	10
<b>Total</b>	<b>30</b>	<b>20</b>	<b>10</b>	<b>0</b>	<b>10</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	30	20	10	0	10
<b>Total</b>	<b>30</b>	<b>20</b>	<b>10</b>	<b>0</b>	<b>10</b>

DEPARTMENT OF EDUCATION  
 Program: OTHER GENERAL EDUCATION PRGS  
 Activity: ONE ROOM SCHOOLHOUSE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	50	50	50	50	100
Subtotal - Forecast Base	50	50	50	50	100
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	50	50	50	50	100
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	50	50	50	50	100
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
MISCELLANEOUS LEVIES

Narrative

## Activity Description

**Citation:** See individual activities.

The following state programs currently exist to provide additional local property tax levy revenue to school districts to fund specific obligations of the district's general fund. School districts must meet statutory requirements for each levy program. Local school boards must annually approve each levy authority.

### Activity at a Glance

◆ Number of Current Levy Programs 18

- ⇒ *Reemployment Insurance Levy* (M.S. 126C.43, Subd. 2). A school district may levy for the district's obligations for unemployment insurance under M.S. 268.052, Subd. 1 and for job placement services offered to employees who may become eligible for benefits under M.S. 268.085. Starting with taxes payable in 2004, this levy is limited to 90% of costs exceeding \$10 times the district's adjusted marginal cost pupil units.
- ⇒ *Operating Debt Levy* (Laws of 1984, Chapter 463, Article 6, Section 15 and Laws of 1999, Chapter 241, Article 1, Section 2). Under special legislation, certain districts have authority to levy for past operating debt.
- ⇒ *Judgment Levy* (M.S. 126C.43, Subd. 3). A school district may levy for the district's obligations for judgments against the district, including interest costs. Starting with taxes payable in 2004, this levy is limited to 90% of costs exceeding \$10 times the district's adjusted marginal cost pupil units.
- ⇒ *Health Insurance Levy* (M.S. 126C.41, Subd. 1 and Laws 1993, Chap. 224, Art. 8, Sec. 18). As an early retirement incentive, a school district may levy for health, medical, and dental expenses for certain eligible employees who retired between 05-15-92 and 07-21-92 and between 05-17-93 and 08-01-93. The levy is authorized for the retiree's expenses up to age 65 so payable 2004 is the last year of levy for districts under this authority.
- ⇒ *Health Benefit Levy* (M.S. 126C.41, Subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on 03-30-92 for health insurance and unreimbursed medical expenses of employees who retired before 07-01-92. The district levy authority may not exceed \$600,000. The levy is limited to the costs for the current fiscal year.
- ⇒ *Additional Retirement Levy* (M.S. 126C.41 Subd. 3). Beginning in 1991, the Minneapolis school district may levy an additional amount required for contributions to the Minneapolis Employees Retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund. The Minneapolis and St. Paul school districts may also levy for the increased costs of Teachers Retirement Association contributions due to changes in the contribution rates since 1992 and for supplemental contributions they have been required to make since 1998.
- ⇒ *Minneapolis Health Insurance Subsidy Levy* (M.S. 126C.41, Subd. 4). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for retired teachers who were basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 05-01-74, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
- ⇒ *St. Paul Severance Levy* (M.S. 126C.41, Subd. 5). The St. Paul school district may levy 0.34% of the district's adjusted net tax capacity to pay for severance costs.
- ⇒ *Safe Schools Levy* (M.S. 126C.44). A school district may levy up to \$27 times the district's adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide liaison services in the schools, to provide a gang resistance education program in the schools, to pay the costs for security on school property, and/or pay for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district.
- ⇒ *Ice Arena Levy* (M.S. 126C.45). A school district that operates and maintains an ice arena may levy for the net operational costs of the ice arena for the previous fiscal year. The school district must demonstrate that it will offer equal access for male and female students.
- ⇒ *Reorganization Operating Debt Levy* (M.S. 123A.73, Subd. 9 and M.S. 123B.82). A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds. The levy may be spread over a period up to five years.

## DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
MISCELLANEOUS LEVIES

Narrative

- ⇒ *Severance Levies* (M.S. 123A.30, Subd. 6; M.S. 123A.73, Subd. 12; M.S. 123A.444; M.S. 124D.05, Subd. 3). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses.
- ⇒ *Consolidation/Transition Levies* (M.S. 123A.76). A school district that reorganizes under dissolution and attachment may levy for transition expenses associated with the reorganization.
- ⇒ *Swimming Pool Levy* (M.S. 126C.455). Each year, a school district with its home office located in a county that has (i) a population density of ten or fewer persons per square mile according to the 2000 census of population; (ii) an international border; and (iii) more than one school district within its boundaries, may levy for the net operational costs of a swimming pool. The levy may not exceed the net actual costs of operation of the swimming pool for the previous year.
- ⇒ *Career and Technical Education Levy* (M.S. 126C.457). A district may levy an amount equal to the district's FY 2001 entitlement for Career and Technical Education or \$10,000, whichever is greater. This revenue may be used only for career and technical programs.
- ⇒ *Economic Development Abatement Levy* (M.S. 469.1812 through M.S. 469.1815). The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if: 1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase; and 2) it finds that doing so is in the public interest. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.
- ⇒ *Lost Interest Earnings Levy* (Laws of 2001, First Special Session, Chapter 6, Article 1, Section 53, as amended by Laws of 2002, Chapter 377, Article 5, Section 5). Districts may levy for the reduction in estimated net interest earnings attributable to the repeal of the general education levy, as calculated by the Minnesota Department of Education. This levy expires after taxes payable 2006.
- ⇒ *Tree Growth Replacement Levy* (M.S. 126C.445). Districts may levy an amount not to exceed its tree growth revenue for taxes payable in 2001.

Minnesota school districts will generate revenue to the extent needed for various general fund obligations, thereby contributing to their overall financial health. School districts will not need to allocate general education formula funding to these identified costs.

# DEPARTMENT OF EDUCATION

**Program: GENERAL EDUCATION PROGRAMS**

**Activity: OTHER GENERAL EDUCATION PROGRAMS**  
**MISCELLANEOUS LEVIES**

Narrative

## Activity Funding

The following table shows certified levy amounts and number of school districts participating in each program.

Dollars in Thousands				
	FY 2002 00 PAY 01	FY 2003 01 PAY 02	FY 2004 02 PAY 03	FY 2005 03 PAY 04
1. Reemployment Ins.	\$1,989.4	\$3,775.2	\$8,251.1	\$3,333.5
Number of Districts	114	155	184	92
2. Operating Debt	593.1	502.9	525.4	174.1
Number of Districts	16	11	11	2
3. Judgment Levy	451.8	494.9	185.7	87.0
Number of Districts	11	12	8	4
4. Health Insurance	2,613.7	1,592.6	751.7	164.2
Number of Districts	156	125	71	12
5. Health Benefit	3,625.4	4,071.4	4,278.7	3,319.9
Number of Districts	72	42	30	25
6. Additional Retirement	8,391.3	9,168.1	9,649.4	9,885.9
Number of Districts	2	2	2	2
7. Mpls. Health Ins.	0	261.9	291.5	323.3
8. St. Paul Severance	525.9	433.3	662.2	777.9
9. Safe Schools Levy <sup>(1)</sup>	9,984.5	10,065.9	27,615.2	24,395.1
Number of Districts	263	275	309	309
10. Ice Arena Levy	608.4	751.4	840.1	747.2
Number of Districts	8	9	10	9
11. Reorg. Oper. Debt	705.4	378.1	378.1	212.4
Number of Districts	7	5	5	3
12. Severance Levies	1,330.7	866.0	621.3	630.1
Number of Districts	8	8	6	6
13. Consol/Transition	0	0	0	0
Number of Districts	0	0	0	0
14. Swimming Pool <sup>(2)</sup>	0	411.7	383.4	424.2
Number of Districts	0	4	4	4
15. Career and Technical <sup>(2)</sup>	0	12,498.0	12,620.3	12,505.7
Number of Districts	0	292	312	305
16. Econ. Dev. Abatement <sup>(2)</sup>	0	353.0	299.6	395.5
Number of Districts	0	5	5	8
17. Lost Interest Earnings <sup>(3)</sup>	0	0	2,994.2	2,992.8
Number of Districts	0	0	337	339
18. Tree Growth <sup>(3)</sup>	0	0	631.5	630.2
Number of Districts	0	0	48	47
19. Attached Machinery <sup>(4)</sup>	-808.7	-810.1	-810.1	0
Number of Districts	11	12	12	0
20. Statutory Oper Debt <sup>(5)</sup>	50.4	49.7	18.8	0
Number of Districts	2	2	1	0
21. Staff Dev. Levy <sup>(6)</sup>	34.9	33.7	36.3	0
Number of Districts	4	4	5	0

(1) Renamed Safe Schools Levy for Pay 2003  
 (2) New Levy for Pay 2002  
 (3) New levy for Pay 2003

(4) Levy adjustment repealed for Pay 2003 after levy set, will be reversed in Pay 2005  
 (5) Levy authority expired after Pay 2003  
 (6) Levy repealed after Pay 2003

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Division, (651) 582-8566, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
STATE PAID PROPERTY TAX CREDITS (info only)

Narrative

## Activity Description

**Citation:** M.S. 273.123; M.S. 273.1398; M.S. 273.1384;  
M.S. 469.170; M.S. 469.171; M.S. 473.10

### Information Only

Property tax credits and aids administered by the Department of Revenue provide a vehicle for property tax reform or relief for targeted real property classes. The effect of these state paid property tax credits and aids is to shift a portion of property tax burden for education from property owners to the state.

## Activity at a Glance

- ◆ 7 credit programs in FY 2005
- ◆ \$81 million total amount of credits FY 2005

## Population Served

All school districts in the state receive some form of state paid property tax credits. The number and the amount of state paid tax credits that districts and property tax owners in the district receive is dependent upon the local conditions.

## Activity Funding

Current property tax credit and aid programs paid to school districts by the Minnesota Department of Education (MDE) affect property tax in one of two ways:

Programs reducing the property tax rate applied to the property value to calculate property tax.

⇒ *Disparity Reduction Aid* provides relief to high tax rate areas. The Department of Revenue calculates a reduction to the initial tax rate to reduce the rate as much as 10%.

Programs providing a reduction to the calculated property tax (listed in the order applied to the tax).

⇒ *Disaster Credit* provides relief to homesteads located in declared disaster or emergency areas.

⇒ *Agricultural Preserves Credit* provides relief to owners of agricultural property in the seven county metropolitan area.

⇒ *Enterprise Zone Credit* provides relief to commercial and industrial properties in economically depressed areas designated as enterprise zones with the purpose of retaining business base and generating employment.

⇒ *Disparity Reduction Credit* provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.

⇒ *Residential Homestead Market Value Credit*, implemented in 2002, provides relief to residential homestead property, including the house, garage, and one acre of land for farm homesteads and certain resort homesteads. The credit is computed as 0.4% of the first \$76,000 market value of each homestead property. The maximum credit is \$304 and is phased out at a rate of .09% of the value over \$76,000.

⇒ *Agricultural Land Market Value Credit*, implemented in 2002, provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 0.3% of the first \$115,000 market value of each homestead property. The maximum credit is \$345 and is phased out at a rate of .05% of the value over \$115,000 with a maximum reduction of \$115.

In addition to the property tax relief aids and credits listed above, school districts may receive others paid by the county, including power line credit, county conservation credit, and taconite homestead credit. Taconite homestead credit targets Iron Range homeowners with a credit of either 66% or 57%, depending on characteristics of the mining industry within the school district. The 66% credit has a maximum of \$315.10 per property. The 57% credit has a maximum of \$289.80 per property.

## Key Measures

Open appropriations are provided for the following aids and credits paid to school districts by MDE. The amounts include credits and aids for mobile home properties. The Department of Revenue reports the property tax credit appropriation within its budget.

# DEPARTMENT OF EDUCATION

**Program:** GENERAL EDUCATION PROGRAMS

**Activity:** OTHER GENERAL EDUCATION PROGRAMS  
STATE PAID PROPERTY TAX CREDITS (info only)

Narrative

Source: Tax Research Division, Department of Revenue, October 20, 2003

## State Paid Property Tax Credits

	Dollars in Thousands				
	FY 2002 <u>00 Pay 01</u>	FY 2003 <u>01 Pay 02</u>	FY 2004 <u>02 Pay 03</u>	FY 2005 <u>03 Pay 04</u>	FY 2006 <u>04 Pay 05</u>
Disparity Reduction Aid	\$10,398	\$7,802	\$8,432	\$8,736	\$8,736
Disaster Credit	9	2	19	0	0
Agricultural Preserves Credit	163	288	110	110	110
Enterprise Zone Credit	1	0	0	0	0
Disparity Reduction Credit	1,433	259	439	468	514
Homestead Market Value Credit	N/A	69,468	69,007	66,540	64,176
Agric Homestead Market Value Credit	N/A	3,853	5,879	5,031	5,031
Education Homestead Credit	405,887	* 806	* 111	N/A	N/A
Education Agricultural Credit	55,116	N/A	N/A	N/A	N/A
Homestead and Agricultural Credit Aid	17,199	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$490,206</b>	<b>\$82,478</b>	<b>\$83,997</b>	<b>\$80,885</b>	<b>\$78,567</b>
Prior Year Adjustment	17	0	128	128	128
<b>Adjusted TOTAL</b>	<b>\$490,223</b>	<b>\$82,478</b>	<b>\$84,125</b>	<b>\$81,013</b>	<b>\$78,695</b>

\*Prior year adjustment

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

**Budget Activities Included:**

## Choice Programs

- ⇒ Charter School Lease Aid
- ⇒ Charter School Startup Aid
- ⇒ Integration Revenue
- ⇒ Magnet School Grants
- ⇒ Magnet School Startup Grants
- ⇒ On-Line Learning
- ⇒ Interdistrict Desegregation Transportation
- ⇒ Student Choice/Tax Incentives (information only)

## Indian Programs

- ⇒ Success for the Future
- ⇒ Indian Scholarships
- ⇒ Indian Teacher Preparation Grants
- ⇒ Tribal Contract Schools Aid
- ⇒ Early Childhood Programs at Tribal Schools

## Innovation and Accountability Programs

- ⇒ Statewide Testing
- ⇒ Best Practices Seminars
- ⇒ Alternative Teacher Compensation

## Special Student and Teacher Programs

- ⇒ Advance Placement/International Baccalaureate
- ⇒ Collaborative Urban Educator
- ⇒ Youthworks Programs
- ⇒ Title I Programs
- ⇒ Miscellaneous Federal Programs

**DEPARTMENT OF EDUCATION**

Program: CHOICE PROGRAMS

Program Summary

*Dollars in Thousands*

<b><i>Direct Appropriations by Fund</i></b>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
					<b>FY2006-07</b>
<b>General</b>					
Current Appropriation	81,091	87,837	87,837	87,837	175,674
<b>Technical Adjustments</b>					
Current Law Base Change			197	121	318
End-of-session Estimate			9,949	18,769	28,718
Cancellations	(2,929)				
Aid Payment Buy Back		1,440			
November Forecast Adjustment		(3,474)	(4,002)	(3,478)	(7,480)
Subtotal-Forecast Base	78,162	85,803	93,981	103,249	197,230
<b>Governor's Recommendations</b>					
On-Line Learning Access			1,000	2,000	3,000
Integration Aid Change				65	65
<b>Total</b>	<b>78,162</b>	<b>85,803</b>	<b>94,981</b>	<b>105,314</b>	<b>200,295</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	78,162	85,803	94,981	105,314	200,295
<b>Statutory Appropriations</b>					
Federal	6,253	12,569	11,569	10,569	22,138
<b>Total</b>	<b>84,415</b>	<b>98,372</b>	<b>106,550</b>	<b>115,883</b>	<b>222,433</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	84,415	98,372	106,550	115,883	222,433
<b>Total</b>	<b>84,415</b>	<b>98,372</b>	<b>106,550</b>	<b>115,883</b>	<b>222,433</b>
<b><i>Expenditures by Activity</i></b>					
Charter School Lease Aid	16,603	26,179	29,401	33,791	63,192
Charter School Startup Aid	7,044	7,725	8,922	10,710	19,632
Integration Revenue	55,396	56,309	57,513	57,310	114,823
Magnet School Grants	473	750	750	750	1,500
Magnet School Startup Grants	37	0	0	221	221
On Line Learning	662	1,250	2,250	3,250	5,500
Interdistrict Deseg Transportation	4,200	6,159	7,714	9,851	17,565
<b>Total</b>	<b>84,415</b>	<b>98,372</b>	<b>106,550</b>	<b>115,883</b>	<b>222,433</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
CHARTER SCHOOL LEASE AID

Narrative

## Activity Description

**Citation:** M.S. 124D.11, Subd. 4

This program provides funding to charter schools to access appropriate facilities for instructional purposes.

## Population Served

All charter schools that lease a facility are eligible to participate in this program.

### Activity at a Glance

Estimated FY 2004 Activity

◆ Pupil units (PU) served	16,296
◆ Lease aid per PU (max)	\$1,200
◆ Average gross aid per PU	\$1,082

## Services Provided

This program provides funding to charter schools to access appropriate facilities for instructional purposes. Charter schools may apply to the commissioner to receive additional funding for lease costs, after having determined that the total operating capital revenue under M.S. 126C.10, subd. 13 is insufficient for their capital financial needs.

Eligibility criteria are specified in M.S. 124D.11, subd. 4. Approval criteria include:

- ◆ the reasonableness of the price based on current market conditions;
- ◆ the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school; and
- ◆ conformity of the lease to the laws and rules of the state of Minnesota.

## Historical Perspective

This program began in FY 1998 with 24 charter schools receiving aid; 86 schools received lease aid in FY 2004.

## Key Measures

Charter School Lease Statistics

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Estimate FY 2004	Estimate FY 2005
Eligible Net Lease	1,757,852	3,645,157	7,882,451	12,443,440	14,275,979	17,833,440	21,221,707	27,123,089
Max Aid Per PU	416	440	1,500	1,500	1,500	1,500	1,200	1,200
Total Gross Aid	1,141,177	2,093,894	6,904,968	10,705,174	12,620,780	15,625,000	17,636,000	21,516,000
Average Aid PU	330.68	386.11	822.31	1,031.23	1,099.37	1,131.42	1,082.22	1,064.0
Average Lease Cost Per PU	509.37	672.17	938.72	1,198.67	1,243.55	1,229.93	1,302.26	1,341.33

## Activity Funding

Aid is limited to the lesser of

- ◆ 90% of actual net lease costs, or
- ◆ the product of the charter school's pupil units served for the current year times the greater of \$1,200 or the charter school's building lease aid per pupil unit served for FY 2003 (35 charter schools have a grandfather allowance greater than \$1,200).<sup>1</sup>

<sup>1</sup> Because M.S. 126C.05, Subd. 14, requires that pupil units be adjusted to reflect any change for the relative weighting by grade level or category of special assistance, the grandfather allowance based on FY 2003 was calculated to reflect the change in pupil unit weighting that occurred in FY 2004.

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
CHARTER SCHOOL LEASE AID

Narrative

The maximum aid per pupil unit increased from \$416 in FY 1998 to \$440 in FY 1999, \$1,500 in FY 2000 through FY 2003, and to \$1,200 in FY 2004 (except for districts that were grandfathered in at a higher level). FY 1998 and FY 1999 lease aid was limited to 80% of the actual net lease costs.

The purpose of the State Charter School Facilities Incentive Grants program (CFDA 84.282D) is to assist charter schools with school facility costs by providing Federal funds to states to establish or enhance and administer per-pupil facilities aid programs. The program was created under section 5205(b) of the Elementary and Secondary Act as amended by the No Child Left Behind Act of 2001. The maximum Federal share of funds decreases each year (from 90 percent in the first year to 20 percent in year 5) and phases out entirely after 5 years. The state may reserve up to 5 percent of its grant to carry out evaluations, to provide technical assistance, and to disseminate information.

Priority is given to states that provide for a periodic review and evaluation at least once every 5 years and require the state to: demonstrate progress in increasing the number of high-quality charter school; provide for an authorized public chartering agency that is not a school district, have an appeals process, and ensure that charter schools have a high degree of autonomy over the charter school's budget and expenditures.

Federal Funds for FY 2005, FY 2006, and FY 2007 are shown at the award amounts.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm). Information about charter school laws, school formation, and operation is available at [http://education.state.mn.us/html/intro\\_charter.htm](http://education.state.mn.us/html/intro_charter.htm).

DEPARTMENT OF EDUCATION  
 Program: CHOICE PROGRAMS  
 Activity: Charter School Lease

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	16,753	21,347	21,347	21,347	42,694
a. End of Session Estimate			4,654	9,617	14,271
b. November Forecast Adjustment		(577)	(690)	(278)	(968)
c. Cancellation	(150)				
d. Aid Payment Buy Back		409	90	105	195
2 Forecast Base	16,603	21,179	25,401	30,791	56,192
3 Governor's Initiatives					
4 Recommended	16,603	21,179	25,401	30,791	56,192

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		17,622	21,516	26,259	31,793
6 Statutory Excess/(Shortfall)		150	577		
7 Appropriated Entitlement		17,772	22,093	26,259	31,793
8 Adjustments					
a. Cancellation		(150)			
b. Prior Year Payments		14			
c. Appropriation Reduction			(577)		
9 State Aid Entitlement Current Law		17,636	21,516	26,259	31,793
10 Governor's Initiatives					
11 Governor's Aid Recommendation		17,636	21,516	26,259	31,793
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation		0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		17,636	21,516	26,259	31,793
16 Governor's Initiatives					
17 Governor's Revenue Recommendation		17,636	21,516	26,259	31,793
18 Other Revenue					
a. Federal (FY 06-07 at Award Amount)		0	5,000	4,000	3,000
19 Total All Sources Current Law		17,636	26,516	30,259	34,793
20 Governor's Total Revenue Recommendation		17,636	26,516	30,259	34,793
<i>Appropriations Basis for State Aid</i>					
	Prior Year (20%/18.1%)	2,524	3,557	3,894	4,752
	Current Year (80%/81.9%)	14,229	17,622	21,507	26,039
	Cancellation (80%)	(150)			
	<b>Total State Aid - General Fund</b>	<b>16,603</b>	<b>21,179</b>	<b>25,401</b>	<b>30,791</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS

CHARTER SCHOOL STARTUP AID

Narrative

## Activity Description

**State Citation:** M.S. 124D.11, Subd. 8

**Federal Citation:** Title V, Part C Elementary and Secondary Education Act, CFDA 84.282A

This state and federal funded program provides start-up funding for charter schools. State funding is available for the first two years of operation and federal funding is available for three years (typically one year for planning and the first two years of operations). No appropriation for state start-up aid was provided for schools opening in FY 2005.

## Population Served

This program serves charter school organizers, charter schools, students, and their parents.

## Services Provided

State and federal aids for start up charter schools provide funding for the costs associated with start-up. State and federal start-up funds may be used for costs such as

- ◆ accountability/evaluation development,
- ◆ curriculum/instruction planning,
- ◆ student recruitment,
- ◆ staff development/governance training,
- ◆ minor facility renovation, and
- ◆ classroom materials.

Additionally, the federal program provides funding to charter schools in at least the fourth year of operation to support dissemination of charter school best practice.

## Key Measures

	Charter Schools Receiving for Start-Up Revenue						
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
State	11	20	28	32	26	20	11
Federal	39	47	53	48	40	40	39

In addition, five charter schools received federal dissemination grants in FY 2000, two in FY 2001, and two in FY 2004.

The best measurement for this program would be to collect data regarding the use of these funds and the impact on the long-term financial health of the charter. There are no specific requirements in law to collect or report this data.

## Activity Funding

The state funded start-up aid is available for two years and for each year equals the greater of \$50,000 per charter school or \$500 times the charter school's pupil units for that year.

Federal funding (Public Charter School Program) planning and start-up aid is available for three years of funding. Schools receive a first year planning award of \$150,000. The first year operating grant is \$150,000. The second year operating grant is \$150,000.

## Activity at a Glance

### Charter School Start-Up

◆ Number of Charter Schools FY 2004	88
◆ Number of Students Served FY 2004	14,287
◆ Number of Elementary Charters	32
◆ Number of Secondary Charters	40
◆ Number of K-12 Charters	18
◆ Number of Middle School Charters	5
◆ Number of Charters Receiving	
- State Start-Up FY 2004	11
- Federal Start-Up FY 2004	39

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS

CHARTER SCHOOL STARTUP AID

Narrative

Dissemination awards may total 10% of the total federal award, based on the total planning and start-up awards made. Awards may vary depending upon the grant award made to the state of Minnesota.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, School Choice & Innovation Division, (651) 582-8217. Information about charter school laws, school formation, and operation is available at [http://education.state.mn.us/html/intro\\_charter.htm](http://education.state.mn.us/html/intro_charter.htm).

DEPARTMENT OF EDUCATION

Program: CHOICE PROGRAMS

Activity: Charter School Startup Aid

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	844	156	156	156	312
a. End of Session Estimate			1,045	2,666	3,711
b. November Forecast Adjustment			121	284	405
c. Cancellation	(53)				
d. Aid Payment Buy Back			31	35	66
2 Forecast Base	791	156	1,353	3,141	4,494
3 Governor's Initiatives					
4 Recommended	791	156	1,353	3,141	4,494

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	727	0	1,652	3,470	5,122
6 Statutory Excess/(Shortfall)	53				
7 Appropriated Entitlement	780	0	1,652	3,470	5,122
<b>Adjustments</b>					
a. Cancellation	(53)				
9 State Aid Entitlement Current Law	727	0	1,652	3,470	5,122
10 Governor's Initiatives					
11 Governor's Aid Recommendation	727	0	1,652	3,470	5,122
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	727	0	1,652	3,470	5,122
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	727	0	1,652	3,470	5,122
<b>Other Revenue</b>					
a. Federal (FY 06-07 at Award Amount)	6,253	7,569	7,569	7,569	15,138
19 Total All Sources Current Law	6,980	7,569	9,221	11,039	20,260
20 Governor's Total Revenue Recommendation	6,980	7,569	9,221	11,039	20,260
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	220	156	0	299	299
Current Year (80%/81.9%)	624	0	1,353	2,842	4,195
Cancellation (80%)	(53)				
<b>Total State Aid - General Fund</b>	<b>791</b>	<b>156</b>	<b>1,353</b>	<b>3,141</b>	<b>4,494</b>

**Activity Description**

Citation: M.S. 124D.86

The purpose of this state aid and local levy program is to promote racial integration, increase learning opportunities, and close the academic achievement gap between learners living in high concentrations of poverty and their peers through programs established under a desegregation plan mandated by state rules or under court order.

**Population Served**

All students attending public schools receiving integration revenue are served by this program.

**Services Provided**

Integration revenue may be used in the following ways:

- ◆ additional operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- ◆ desegregation transportation costs;
- ◆ staff development costs for preparing teachers to work with diverse populations in an integrated setting;
- ◆ development and implementation of strategies to meet the unique needs of specific cultural groups of students; and
- ◆ supplemental support services for unique student needs in integrated schools.

Under State Board of Education Rule 3535, a desegregation plan is required in two instances.

- ⇒ When the percentage of protected students in a school exceeds the percent of protected students in the district and grade levels served by the school by 20 percentage points or more. In this case, the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the building with other students in the same district.
- ⇒ When the percentage of protected students in a district exceeds the percent of protected students in any contiguous district by 20 percentage points or more. In this case, the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the district.

The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of Rule 3535 and have had approved desegregation plans in place since the 1970s. In FY 2000, 19 more districts operated under desegregation plans. Effective FY 2002, districts that were not required to implement a desegregation plan under the State Board of Education Rule are eligible for integration revenue if they participate in a multidistrict integration collaborative. These districts are eligible to generate up to \$92 per adjusted pupil unit.

**Historical Perspective**

As shown in the following table, the concentration of students of color has increased significantly in all districts operating under a desegregation plan.

**Activity at a Glance**

- ◆ 76 school districts are currently eligible to generate integration revenue. Most of the integration plans are designed to provide voluntary strategies to reduce the racial isolation of 19 school districts from their neighboring districts.
- ◆ 10 Minnesota school districts also have a total of 44 schools within their districts that are racially isolated from the rest of the district's schools. Integration revenue supports plans to help the schools integrate within the district's borders.

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
INTEGRATION REVENUE

Narrative

	FY 1995	FY 1997	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Students Enrolled October 1								
Duluth	14,056	13,970	13,023	12,758	12,430	12,135	11,603	11,272
Minneapolis	45,187	47,978	49,242	48,688	48,834	48,156	46,037	43,397
St. Paul	40,732	43,766	45,349	45,253	45,115	44,201	43,923	42,510
Percent Students of Color								
Duluth	8.5%	10.0%	10.6%	11.1%	11.5%	12.1%	12.6%	13.3%
Minneapolis	61.1%	65.7%	69.8%	71.1%	72.8%	73.4%	73.6%	72.9%
St. Paul	51.9%	57.4%	62.5%	64.7%	66.7%	68.1%	69.2%	70.7%

We anticipate growing concentrations of poverty and growing concentrations of students of color in both urban core districts and in southwestern Minnesota. The new desegregation rule requires greater collaboration among more districts in addressing integration issues.

## Key Measures

In conjunction with other programs focused on preparing integrated educational environments, this program helps achieve these goals:

- ◆ to increase the number of students enrolled in schools that offer an integrated educational environment;
- ◆ to promote opportunities to close achievement gaps relative to the progress that district's are making on their own;
- ◆ to create welcoming and encouraging school environments for children and families of color; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

## Activity Funding

This program is funded with a combination of state aid and a local property tax levy, the sum of which is revenue. The percent of revenue from state aid has ranged from 54% in FY 1999 to 78% for several of the years covered, with the balance coming from local tax payers. Unlike most levies, for cities of the first class and for FY 2001 the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. Effective FY 2002 for other than cities of the first class, the revenue is recognized in the fiscal year following the levy.

Each eligible district must submit a budget detailing the costs of implementing the integration plan. At the end of the school year the district reports the actual expenditures related to implementation of the plan. For FY 2000 and later years, the maximum integration revenue is the lesser of the cost of implementing the district's plan or the statute-defined rate times the adjusted pupil units. The rates vary by district and, in some cases, by year.

### Minneapolis

- ◆ \$445 plus an additional levy amount of \$35 per adjusted pupil unit, effective FY 2004

### St. Paul

- ◆ \$446

### Duluth

- ◆ \$207

### Other eligible districts

- ◆ \$92 for all other eligible districts effective FY 2004
- ◆ \$92 effective FY 2004 for other eligible districts with an enrollment of protected students that does not exceed 15%
- ◆ \$129 effective FY 2004 for other eligible districts with an enrollment of protected students that exceeds 15%

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
INTEGRATION REVENUE

Narrative

Effective FY 2001, districts other than cities of the first class can generate alternative attendance integration aid providing a budget and reporting related expenditures. The state aid is equal to the lesser of the cost of the plan or the state aid portion of the revenue amount generated by residents of Minneapolis, St. Paul, or Duluth.

Additional information on desegregation transportation is available in the Interdistrict Desegregation Transportation budget narrative.

The following table summarizes the trends in integration revenue since FY 1997.

## Total Integration Revenue by District

Dollars in Thousands

	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Est. FY 2004</b>	<b>Est. FY 2005</b>
Duluth	\$ 2,909	\$ 2,906	\$ 2,998	\$ 2,974	\$ 2,918	\$ 2,841	\$ 2,722	\$ 2,606	\$ 2,535
Minneapolis	27,556	28,243	29,263	29,873	30,390	30,259	23,906	22,780	21,157
St. Paul	21,424	22,489	22,446	23,265	23,517	23,282	23,136	21,416	20,933
Other Districts	0	0	0	238	11,303	24,147	27,393	31,157	31,021
<b>STATE TOTALS</b>	<b>\$51,889</b>	<b>\$53,638</b>	<b>\$54,707</b>	<b>\$56,350</b>	<b>\$68,128</b>	<b>\$80,529</b>	<b>\$77,157</b>	<b>\$77,959</b>	<b>\$75,646</b>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Office of Choice and Innovation, (651) 582-8695.

DEPARTMENT OF EDUCATION  
 Program: CHOICE PROGRAMS  
 Activity: Integration Revenue

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	55,911	55,893	55,893	55,893	111,786
a. End of Session Estimate			(247)	696	449
b. November Forecast Adjustment		(615)	1,791	680	2,471
c. Cancellation	(515)				
d. Aid Payment Buy Back		1,031	76	(24)	52
2 Forecast Base	55,396	56,309	57,513	57,245	114,758
3 Governor's Recommendation					
a. Pupil unit calculation change				65	65
4 Recommended	55,396	56,309	57,513	57,310	114,823

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	58,941	54,259	58,232	57,028	115,260
6 Statutory Excess/(Shortfall)	412	615			
7 Appropriated Entitlement	59,353	54,874	58,232	57,028	115,260
8 Adjustments					
a. Cancellation	(412)				
b. Appropriation Reduction		(615)			
9 State Aid Entitlement Current Law	58,941	54,259	58,232	57,028	115,260
10 Governor's Recommendation					
a. Pupil unit calculation change				79	79
11 Governor's Aid Recommendation	58,941	54,259	58,232	57,107	115,339
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	19,063	24,394	26,037	25,509	51,546
13 Governor's Recommendation					
a. Pupil unit calculation change				66	66
14 Governor's Levy Recommendation	19,063	24,394	26,037	25,575	51,612
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	78,004	78,653	84,269	82,537	166,806
16 Governor's Recommendation				145	145
17 Governor's Revenue Recommendation	78,004	78,653	84,269	82,682	166,951
18 Other Revenue	0	0	0	0	0
19 Total All Sources Current Law	78,004	78,653	84,269	82,537	166,806
20 Governor's Total Revenue Recommendation	78,004	78,653	84,269	82,682	166,951
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	8,428	11,870	9,820	10,539	20,359
Cancellation (20%)	(103)				
Current Year (80%/81.9%)	47,483	44,439	47,693	46,771	94,464
Cancellation (80%)	(412)				
Total State Aid - General Fund	55,396	56,309	57,513	57,310	114,823

**Activity Description**

**Citation:** Laws 1994, Ch. 647, Art. 8, Sec. 38; M.S. 124D.88; Laws 1997, 1 Sp. Ch. 4, Art 2, Subd.13

The purpose of this state aid program is to provide for integrated K-12 education that will provide programs, services, and facilities essential to meeting students' academic needs and abilities.

**Population Served**

Districts, students, and parents in participating programs or projects are the primary population served. However, districts not eligible for integration revenue under the desegregation rule are aware of the importance of developing integrated learning environments for students and look to magnet schools and programs funding to meet integration needs.

Minnesota's minority population is projected to increase 52% between the years 2000 and 2015. Minnesota's public schools invest in integration programs and activities to meet the needs of their increasingly diverse students but also to prepare both majority and minority students to succeed in a global marketplace.

**Services Provided**

Magnet schools and program grants are competitively available statewide for the development of integrated learning environments. Following is a list of costs eligible for the funding:

- ◆ salaries for teachers who provide instruction or services to students in a magnet school or magnet program;
- ◆ salaries for education paraprofessionals who assist teachers in providing instruction or services to students in a magnet school or magnet program;
- ◆ equipment, equipment maintenance contracts, materials, supplies, and other property needed to operate a magnet school or magnet program;
- ◆ minor remodeling needed to operate a magnet school or magnet program;
- ◆ transportation for all field trips that are part of a magnet school or magnet program curriculum;
- ◆ program planning and staff curriculum development for a magnet school or magnet program;
- ◆ disseminating information on magnet schools and magnet programs; and
- ◆ indirect costs calculated according to the state statutory formula governing indirect costs.

Magnet schools and program grants are awarded for planning, developing, and operating magnet schools that provide integrated learning environments. Public schools, charter schools, and joint powers boards are eligible recipients.

**Key Measures**

Since 1994, performance indicators have been 1) to develop and operate schools and programs that offer welcoming and encouraging learning environments for students from diverse populations; and 2) to improve student achievement by using multiple strategies. Sixteen of the 19 projects that have been funded are continuing to operate in accordance with the desegregation rule adopted in 1999. The magnet school grants provided the start-up funds necessary to launch programs that can now be funded with integration revenue.

**Activity Funding**

The amount of funding for magnet school and magnet program grants increased from \$1.5 million in FY 1999 to \$1.75 million in FY 2000. Legislation adopted in the 2000 session reduced the magnet school and magnet program grants base budget to \$750,000 per year to provide funding for desegregation transportation costs projected for FY 2003. FY 2004 and FY 2005 were funded at \$750,000 per year.

**Activity at a Glance**

- ◆ 19 projects funded – 15 in Twin Cities, four in greater Minnesota.
- ◆ 16 Projects continued beyond initial start-up through use of integration revenue.
- ◆ Communities and school districts statewide wishing to provide integrated learning opportunities to students are able to apply for this competitive grant.

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
MAGNET SCHOOL GRANTS

Narrative

## Funding History

Dollars in Thousands

District						Est.
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
WMEP Interdistrict Downtown	\$ 525.0	\$ 150.0	\$ 185.0	\$ 0.0	\$ 0.0	\$ 0.0
WMEP FAIR School	88.0	425.0				
WMEP Professional Development Center	99.0	60.0				
Tri-District School	525.0	100.0				
Project Common Ground	220.0	225.0				
5 District Project		150.0				
Crosswinds East Metro		412.0				
Anoka Hennepin Magnet School Study		130.0				
Twin Cities Academy		48.0				
Minneapolis Established Learning Center		50.0				
Wayzata Public Schools			322.0			
Albert Leas Public Schools			15.0			
St Louis Park			90.0	102.0		
Rochester			315.0			
WMEP Coordination	44.0					
WMEP SW School						
Willmar Area Project	60.0			202.0	150.0	
East Metro District 6067			823.0			
Chisholm				46.0		
Waseca					100.0	
WMEP Education Program					100.0	
Twin Cities International Elementary					8.4	16.0
Osseo					73.6	
NW Suburban Desegregation					27.2	
Madelia					0.0	
Ely					31.6	90.0
East Metro					144.1	
Anoka Hennepin Magnet School					99.5	85.4
West St. Paul ISD 197						70.0
Robbinsdale						63.0
Minneapolis- Edison & Northup						97.0
High School for the Recording Arts						30.0
White Bear Lake						27.0
St Paul						100.0
<b>Totals</b>	<b>\$1,561.0</b>	<b>\$1,750.0</b>	<b>\$1,750.0</b>	<b>\$ 350.0</b>	<b>\$ 734.4</b>	<b>\$ 578.4</b>

FY 2002 grants were delayed because of budget considerations and, consequently, few applications were received.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, School Choice & Innovation, (651) 582-8695

DEPARTMENT OF EDUCATION  
 Program: CHOICE PROGRAMS  
 Activity: MAGNET SCHOOL GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	750	750	750	750	1,500
Subtotal - Forecast Base	750	750	750	750	1,500
<b>Total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	473	750	750	750	1,500
<b>Total</b>	<b>473</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	473	750	750	750	1,500
<b>Total</b>	<b>473</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>

**Activity Description**

Citation: 124D.88, Subd. 4

This state grant program for metropolitan magnet schools is designed to provide for integrated K-12 education that will encourage mutual understanding and provide programs, services, and facilities essential to meeting students' academic needs and abilities.

**Activity at a Glance**

- ◆ Two magnet schools have received this grant since FY 2001.
- ◆ The funds help magnet schools with start-up costs for two years.

**Population Served**

Magnet schools in their first two years of operation are eligible to participate in this program. During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs.

**Services Provided**

Metropolitan magnet schools have strategies to

- ◆ close achievement gaps between learners from economically disadvantaged families and their peers;
- ◆ create a sense of belonging for students and families in diverse school settings;
- ◆ create multicultural exchanges for teachers and students;
- ◆ create prototype schools that model interdistrict cooperation and collaboration;
- ◆ create curricula expertise and delivery system improvements;
- ◆ provide professional development related to understanding diversity;
- ◆ create a community of learners whose achievements are enhanced by diversity; and
- ◆ provide programming themes such as environmental sciences or the arts to attract students.

**Key Measures**

The metropolitan magnet school start-up aid has two performance indicators: 1) to operate schools that offer welcoming and encouraging environments for students from diverse populations; and 2) to operate schools that improve student achievement.

In conjunction with other programs focused on preparing integrated educational environments, this program helps achieve these goals:

- ◆ to increase the number of students enrolled in schools that offer an integrated education environment;
- ◆ to promote opportunities to close achievement gaps relative to the progress that district's are making on their own;
- ◆ to create welcoming and encouraging school environments for children and families of color; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

The two districts that have received magnet school start-up grants show a diverse population. The percent of protected students is less than Minneapolis or St. Paul, but greater than that of other member districts indicating a successful mix of students served.

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
MAGNET SCHOOL STARTUP GRANTS

Narrative

## Activity Funding

Metropolitan magnet school start-up cost grant formula is based on \$500 times the magnet school's pupil units served for that year.

	Dollars in Thousands					
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
WMEP FAIR School	N/A	\$225	\$324	0	0	0
East Metro Crosswinds Middle	N/A	0	\$129	\$212	0	0
East Metro High School	N/A	N/A	N/A	N/A	N/A	N/A

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, School Choice & Innovation, (651) 582-8695.

DEPARTMENT OF EDUCATION

Program: CHOICE PROGRAMS

Activity: Magnet School Startup Grants

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	37	40	40	40	80
a. End of Session Estimate			263	292	555
b. November Forecast Adjustment		(40)	(303)	(116)	(419)
c. Aid Payment Buy Back				5	5
2 Forecast Base	37	0	0	221	221
3 Governor's Initiatives					
4 Recommended	37	0	0	221	221

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	0	0	0	269	269
6 Statutory Excess/(Shortfall)		40			
7 Appropriated Entitlement	0	40	0	269	269
8 Adjustments					
a. Appropriation Reduction		(40)			
9 State Aid Entitlement Current Law	0	0	0	269	269
10 Governor's Initiatives					
11 Governor's Aid Recommendation	0	0	0	269	269
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	0	0	0	269	269
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	0	0	0	269	269
18 Other Revenue					
19 Total All Sources Current Law	0	0	0	269	269
20 Governor's Total Revenue Recommendation	0	0	0	269	269
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	37	0	0	0	0
Current Year (80%/81.9%)	0	0	0	221	221
<b>Total State Aid - General Fund</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>221</b>	<b>221</b>

**Activity Description**Citation: M.S. 124D.095

On-Line Learning (OLL) is an interactive course or program that delivers instruction to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards. An OLL provider can be a school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides OLL to students.

**Activity at a Glance**

- ◆ FY 2003, 500 students were enrolled in an OLL program either part or full-time.
- ◆ FY 2004, 15 programs were approved by MDE to provide OLL programming.

**Population Served**

Minnesota residents (public or nonpublic) in grades K through 12.

**Services Provided**

- ⇒ OLL provides an educational option for students who are interested in completing their education (either full or part-time) via a computer-based program.
- ⇒ The Minnesota Department of Education (MDE) reviews and certifies online providers (through an application process), is a resource to programs and students/parents, and pays revenue based on course completion. MDE may collect a \$250 application fee.
- ⇒ MDE must develop, publish, and maintain a list of approved OLL providers.
- ⇒ In accordance with M.S. 124D.095,
  - ◆ OLL participants are limited to 1.0 ADM (average daily membership).
  - ◆ OLL courses must be rigorous, aligned with state academic standards, and contribute to grade progression.
  - ◆ An enrolling district may reduce an OLL student's regular classroom instructional membership in proportion to the student's membership in OLL courses.
  - ◆ An OLL student must receive academic credit for completing the requirements of an OLL course or program.
  - ◆ A student can enroll in up to 12 semester (or its equivalent) credits of OLL courses.
  - ◆ A student with a disability may enroll in an OLL course or program if the student's Individual Education Plan (IEP) team determines that OLL is appropriate education for the student.
  - ◆ A Minnesota licensed teacher must assemble and deliver instruction.

**Key Measures**

- ⇒ Number of courses completed (FY 2004) by students funded under the appropriation or by accessing OLL from another district.
- ⇒ Number of students accessing OLL courses (FY 2004) by approved programs.
- ⇒ Individual providers will have data as to the success rate for students who take OLL courses.
- ⇒ At this time, no data for FY 2004 is available.

**Activity Funding**

- ⇒ Participants who were Minnesota public school students the year before first enrolling in OLL and enrolled in the OLL program are funded via general education revenue formulas. Expenditures on the following fiscal page do not include these costs.
- ⇒ Participants who were Minnesota public school students the year before first enrolling in OLL, but are not enrolled in the approved OLL district, generate 88% of basic revenue per completed course for the approved OLL provider. The enrolling district retains the remaining ADM generated by the student.

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS  
ON-LINE LEARNING

Narrative

- ⇒ For FY 2004, the legislature appropriated \$1 million to fund students who were not Minnesota public school students the year before first enrolling in OLL. This money is paid to providers per completed course as per the formula specified in statute.
- ⇒ For FY 2005, the legislature appropriated \$1.25 million to fund students who were not Minnesota public school students the year before first enrolling in OLL. This money is paid to providers per completed course as per the formula specified in statute.

### **Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8586, [http://education.state.mn.us/html/intro\\_online\\_learning.htm](http://education.state.mn.us/html/intro_online_learning.htm).

DEPARTMENT OF EDUCATION  
 Program: CHOICE PROGRAMS  
 Activity: ON LINE LEARNING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,000	1,250	1,250	1,250	2,500
Subtotal - Forecast Base	1,000	1,250	1,250	1,250	2,500
<b>Governor's Recommendations</b>					
On Line Learning		0	1,000	2,000	3,000
<b>Total</b>	<b>1,000</b>	<b>1,250</b>	<b>2,250</b>	<b>3,250</b>	<b>5,500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	662	1,250	2,250	3,250	5,500
<b>Total</b>	<b>662</b>	<b>1,250</b>	<b>2,250</b>	<b>3,250</b>	<b>5,500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	662	1,250	2,250	3,250	5,500
<b>Total</b>	<b>662</b>	<b>1,250</b>	<b>2,250</b>	<b>3,250</b>	<b>5,500</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS

Narrative

INTERDISTRICT DESEGREGATION TRANSPORTATION

## Activity Description

**Citation:** M.S. 124D.87

The purpose of this state aid program is to promote interdistrict desegregation and integration programs among school districts by providing state aid to cover unreimbursed student transportation costs. This program helps achieve these goals:

- ◆ to provide transportation services so that more children and families are able to participate in schools and/or programs that offer an integrated educational environment;
- ◆ to provide access to schools and programs that help close achievement gaps between learners from economically disadvantaged families and their peers;
- ◆ to create a welcoming and encouraging school environments for children and families of color; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

## Activity at a Glance

- ◆ In FY 2003, over 2,600 students were transported to and from interdistrict desegregation or integration schools at a cost of \$4.8 million.
- ◆ Other students were transported to a program or event at a cost of \$110,660 in FY 2003.

## Population Served

This program serves public school students attending interdistrict desegregation or integration schools or programs.

## Services Provided

Transportation is provided between the student's home or school and the interdistrict program or school. School districts have entered into joint powers agreements to develop desegregation/integration programs and/or schools. Existing programs include the Metropolitan Learning Alliance School (6065), the East Metro Integration District (6067), West Metropolitan Education Program District (WMEP) (6069), and the North West Suburban Integration School District (6078). Other programs exist to promote desegregation/integration, including Project Common Ground and the Five-District Integration Project.

## Key Measures

In FY 2003, over 2,600 students were transported to or from interdistrict desegregation or integration schools.

## Activity Funding

The state aid equals the difference between the transportation costs and the portion of general education revenue attributable to transportation generated by the participating students.

From FY 1996 through FY 2001, the state aids were first directed to districts providing transportation for interdistrict integration programs. Excess funds were available to fund costs of providing transportation of open-enrolled students whose enrollment contributed to integration. Beginning in FY 2002, funding is available on an equal basis for both interdistrict magnet programs and open enrolled students contributing to integration.

Effective with FY 2002 expenditures, the formula for this program is changed from a current funding basis formula to a reimbursement basis formula. Districts receive the reimbursement for actual costs. Districts qualifying for aid in the prior year are required to recognize the revenue in the year earned.

The number of districts participating in this program is slowly increasing each year. In FY 1999, 14 districts participated in this program, 16 districts participated in FY 2000, 18 districts participated in FY 2001, and 23 districts participated in FY 2002 and FY 2003. Transportation needs will continue to grow as additional interdistrict desegregation and integration programs are developed and new interdistrict schools are constructed.

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS

Narrative

INTERDISTRICT DESEGREGATION TRANSPORTATION

Beginning in FY 2002, the Minneapolis school district implemented the Choice is Yours program. In FY 2002, 500 students were transported to other school districts to increase integration efforts. In FY 2003, 882 students participated in the Choice is Yours program. This number is expected to increase annually until FY 2006 when it is estimated that 2,500 students will be transported from Minneapolis to other school districts. The costs for this program is expected to increase the demand for state funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, School Choice and innovation Division, (651) 582-8337.

DEPARTMENT OF EDUCATION

Program: CHOICE PROGRAMS

Activity: Interdistrict Desegregation Transportation Financial Statement

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	5,796	8,401	8,401	8,401	16,802
a. End of Session Estimate			4,234	5,498	9,732
b. Cancellation	-1,173				
c. Transfer per M.S. 127A.41	-423				
c. November Forecast Adjustment		-2,242	-4,921	-4,048	-8,969
2 Forecast Base	4,200	6,159	7,714	9,851	17,565
3 Governor's Initiatives					
4 Recommended	4,200	6,159	7,714	9,851	17,565

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	4,200	6,159	7,714	9,851	17,565
6 Statutory Excess/(Shortfall)	1,596	2,242			
7 Appropriated Entitlement	5,796	8,401	7,714	9,851	17,565
<b>8 Adjustments</b>					
a. Cancellation	-1,173				
b. Transfer per M.S. 127A.41	-423				
c. Appropriation Reduction		-2,242			
9 State Aid Entitlement Current Law	4,200	6,159	7,714	9,851	17,565
10 Governor's Initiatives					
11 Governor's Aid Recommendation	4,200	6,159	7,714	9,851	17,565
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	4,200	6,159	7,714	9,851	17,565
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	4,200	6,159	7,714	9,851	17,565
<b>18 Other Revenue</b>					
19 Total All Sources Current Law	4,200	6,159	7,714	9,851	17,565
20 Governor's Total Revenue Recommendation	4,200	6,159	7,714	9,851	17,565
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41	(423)				
Current Year	5,796	6,159	7,714	9,851	17,565
Cancellation	(1,173)				
<b>Total State Aid - General Fund</b>	<b>4,200</b>	<b>6,159</b>	<b>7,714</b>	<b>9,851</b>	<b>17,565</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** CHOICE PROGRAMS

Narrative

STUDENT CHOICE/TAX INCENTIVES (info only)

## Activity Description

### Information Only

The purpose of these state programs is to provide learners with access to a wide range of educational opportunities by allowing them to choose a school or educational program either in or outside of their resident district. Learners and their families must play an active role in determining educational goals, the student's needs and interests, and the school's ability to provide an appropriate educational experience.

### Activity at a Glance

In FY 2003

- ◆ Over 238,800 students participated in various choice programs
- ◆ Education Tax Credits 59,669  
Average Amount (FY 2003) \$257
- ◆ Education Tax Deductions 224,251  
Average Amount (FY 2002) \$1,165

## Population Served

All students in Minnesota are eligible for one or more of these options.

## Services Provided

Minnesota's choice programs include the following:

**Open Enrollment** (M.S. [124D.03](#)) allows all public school-eligible pupils to apply to attend a school outside their resident district.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
Open Enrolled Students	24,478	26,153	28,201	30,387	32,240	35,004	37,285	40,207

**Charter Schools** (M.S. [124D.10](#)) are public schools designed to meet one or more of the following purposes:

- ◆ improve individual learning;
- ◆ increase learning opportunities;
- ◆ use different and innovative teaching methods;
- ◆ measure learning results using innovative forms of measurement;
- ◆ establish new forms of accountability for schools; or
- ◆ create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.

Charter schools are exempt from some state statutes and rules governing school districts.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
Number of Charter Schools	17	19	27	38	53	64	68	78	88
Enrolled Students	1,551	2,100	3,263	4,901	7,756	9,383	10,190	12,122	14,241

Additional information about charter school laws, school formation, and operation is available at the Minnesota Department of Education's web site: [http://education.state.mn.us/html/intro\\_charter.htm](http://education.state.mn.us/html/intro_charter.htm).

# DEPARTMENT OF EDUCATION

**Program: EDUCATION EXCELLENCE**

**Activity: CHOICE PROGRAMS**

Narrative

**STUDENT CHOICE/TAX INCENTIVES (info only)**

**Learning Year Programs** (M.S. [124D.128](#)) extend the educational program from the traditional nine-month calendar to a 12-month calendar. Students can accelerate their educational program allowing them to either graduate early or to make up courses. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from K-12. A continual learning plan must be developed for each student. For FY 2004, the calculation of students in this program changed. FY 2004 data is estimated and will change as more information is recovered by MDE from school districts.

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est. FY 2004</u>
Pupil Units	1,186	1,247	1,529	3,630	3,762	7,023	6,830	7,550	7,916	7,000
Sites	3	6	4	10	19	27	22	18	21	16

**Post-Secondary Enrollment Options** (M.S. [124D.09](#)) allows high school juniors and seniors (both public and nonpublic, including home schooled) to take courses at eligible Minnesota post-secondary institutions. Students must meet the post-secondary institution's admissions requirements.

- ⇒ The program provides students with a greater variety of class offerings and an opportunity to pursue more challenging course work.
- ⇒ The tuition, fees, and required textbooks are provided at no cost to students.
- ⇒ The student earns secondary credit when courses are completed and earns post-secondary credit if they continue at a post-secondary institution that accepts those credit transfers after high school graduation.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est. FY 2004</u>
Students Participating	6,395	6,566	6,999	7,115	7,147	7,098	7,196	7,545	7,150

**State Approved Alternative Programs** (M.S. [123A.05](#), [123A.06](#), [123A.08](#), [126C.05](#), Subd. 15, [124D.128](#), [124D.68](#), [124D.69](#)) There are three categories of state approved alternative program's; area learning centers (ALC), alternative learning programs (ALP), and contracted alternatives. ALCs offer a wider array of options/services (K-12), including the requirement to have a daytime school within a school or separate site program for middle level students. In contrast, ALPs can designate what grades they want to serve. Contracted alternatives are nonpublic, nonsectarian schools that have contracted with the serving school district to provide educational services (M.S. [124D.68](#), Subd. 3).

State approved alternative programs are designed for students who need a different approach or are experiencing difficulty in the traditional school. Instruction is designed to meet the student's individual learning style needs and includes applied academics, school-to-work, computerized instruction, and service learning.

**Overview of state approved alternative programs**

- ⇒ Depending on the district, students kindergarten through age 21 can access alternative programming on a part/full-time basis.
- ⇒ ALCs must offer programming for the entire year (for ALPs this is an option) with the availability of extended day/year programming. This is referred to as learning year.
- ⇒ Whereas ALCs, by statute, have to give students the option of receiving their diploma from their district of residence or the district in which the center is located (M.S.123A.06, Subd. 4), an ALP can choose to solely award the diploma from the district where it is located.
- ⇒ A school district may establish an ALC by itself or in cooperation with other districts, other agencies, foundations, partnerships, etc. Except for a district located in a city of the first class, an ALC must serve the geographic region of at least two districts.
- ⇒ Independent study is a delivery option for students age 16 and older. This option allows students to complete up to 75% of their coursework off site.

# DEPARTMENT OF EDUCATION

**Program: EDUCATION EXCELLENCE**

**Activity: CHOICE PROGRAMS**

Narrative

**STUDENT CHOICE/TAX INCENTIVES (info only)**

- ⇒ Aid and revenue are based on the total number of hours of educational programming for pupils in average daily membership for each fiscal year, up to a maximum of 1.2 Average Daily Memberships (ADM) per student.
- ⇒ Financially, there is no distinction between an ALP and ALC.
- ⇒ For additional information refer to the state approved alternative program web page at [http://education.state.mn.us/html/intro\\_alt\\_ed.htm](http://education.state.mn.us/html/intro_alt_ed.htm).

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
State Approved Alternative Programs	128	137	140	148	152	155	157	159	159
Students Served	52,300	60,500	81,332	112,939	133,520	152,361	167,000	174,000	174,000
Sites	418	453	468	492	520	600	620	600	600

**Tax Credits** (M.S. 290.0674) were enacted by the 1997 legislature and first took effect for 1998.

- ⇒ Families with school-age children and incomes at or below \$37,500 per year may qualify for a tax credit of up to \$1,000 per child (\$2,000 per family) to reimburse them for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.
- ⇒ Parents of any child educated publicly, privately, or at home may qualify for education tax credits.

<u>Tax Year</u>	<u>Tax Credits Amount Claimed (000's)</u>	<u>Number of Claimants</u>	<u>Average Amount</u>
1998	\$14,348	38,766	\$370
1999	\$21,373	57,962	\$369
2000	\$21,329	55,941	\$381
2001	\$19,247	56,414	\$343
2002	\$15,851	60,411	\$262
Est. 2003	\$15,355	59,669	\$257

Source: Minnesota Department of Revenue, Tax Research Division, July 2004

Additional information is available from the Minnesota Department of Revenue web site:  
<http://www.taxes.state.mn.us>.

**Tax Deductions** (M.S. 290.01, subd. 19b) were first enacted in 1955 and were modified by the 1997 legislature. They are available to all families, regardless of income and regardless of whether they itemize on their tax returns. This deduction can be used for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.

- ⇒ In 1997, deductions for each dependent child in kindergarten through sixth grade were increased from a maximum deduction of \$650 to \$1,625; deductions for each dependent child in grades 7 to 12 increased from a maximum of \$1,000 to \$2,500.

**DEPARTMENT OF EDUCATION****Program: EDUCATION EXCELLENCE****Activity: CHOICE PROGRAMS**

Narrative

**STUDENT CHOICE/TAX INCENTIVES (info only)**

<u>Tax Year</u>	<u>Tax Deductions Amount Claimed (000's)</u>	<u>Number of Claimants</u>	<u>Average Amount</u>
1998	\$165,677	150,588	\$1,100
1999	\$203,476	188,752	\$1,078
2000	\$236,815	209,224	\$1,132
2001	\$242,841	210,458	\$1,154
2002	\$261,298	224,251	\$1,165

Source: Minnesota Department of Revenue, Tax Research Division, July 2004

Additional information is available from the Minnesota Department of Revenue website:  
<http://www.taxes.state.mn.us>.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8471.

**Budget Activities Included:**

- ⇒ Success for the Future
- ⇒ Indian Scholarships
- ⇒ Indian Teacher Preparation Grants
- ⇒ Tribal Contract Schools Aid
- ⇒ Early Childhood Programs at Tribal Schools

# DEPARTMENT OF EDUCATION

Program: INDIAN PROGRAMS

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
					<b>FY2006-07</b>
<b>General</b>					
Current Appropriation	5,811	6,455	6,455	6,455	12,910
<b>Technical Adjustments</b>					
Current Law Base Change			4	2	6
End-of-session Estimate			228	344	572
Cancellation	(228)				
Aid Payment Buy Back		79			
November Forecast Adjustment		(246)	(284)	(252)	(536)
Subtotal-Forecast Base	5,583	6,288	6,403	6,549	12,952
<b>Governor's Recommendations</b>					
Change in Tribal Contract Pupil Unit Calculation			36	83	119
<b>Total</b>	<b>5,583</b>	<b>6,288</b>	<b>6,439</b>	<b>6,632</b>	<b>13,071</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,583	6,288	6,439	6,632	13,071
<b>Statutory Appropriations</b>					
Gift	0	50	50	50	100
<b>Total</b>	<b>5,583</b>	<b>6,338</b>	<b>6,489</b>	<b>6,682</b>	<b>13,171</b>
<b><u>Expenditures by Category</u></b>					
Payments to Individuals	1,856	1,925	1,925	1,925	3,850
Local Assistance	3,727	4,413	4,564	4,757	9,321
<b>Total</b>	<b>5,583</b>	<b>6,338</b>	<b>6,489</b>	<b>6,682</b>	<b>13,171</b>
<b><u>Expenditures by Activity</u></b>					
Success for the Future	2,061	2,178	2,137	2,137	4,274
Indian Scholarships	1,856	1,925	1,925	1,925	3,850
Indian Teacher Preparation Grants	189	190	190	190	380
Tribal Contract Schools Aid	1,409	1,977	2,169	2,362	4,531
Early Childhood-Tribal Schools	68	68	68	68	136
<b>Total</b>	<b>5,583</b>	<b>6,338</b>	<b>6,489</b>	<b>6,682</b>	<b>13,171</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS  
SUCCESS FOR THE FUTURE

Narrative

## Activity Description

**Citation:** 124D.81

Success for the Future is a state grant program that combines and expands the best features of three discontinued grant programs. This grant program provides funding to grantees that develop comprehensive and collaborative plans to support academic achievement, decrease the dropout rate and improve the school climate in a culturally appropriate manner for American Indian students.

### Activity at a Glance

- ◆ 30 grants funded for five years with annual renewal of funds
- ◆ 8,000 American Indian students served

## Population Served

- ⇒ Twenty-seven public school districts and three tribal schools receive Success for the Future grant funds.
- ⇒ American Indian student population served: Urban – 4,834; Rural/Reservation 4,711.

## Services Provided

Success for the Future collaborative programs provide the following program services to increase student achievement and lower the dropout rates:

- ◆ targeted retention programs,
- ◆ academic and counseling services,
- ◆ advocacy and liaison services,
- ◆ innovative curriculum based on technology, and
- ◆ best practices in teaching for American Indian students.

## Key Measures

*Decrease the dropout rate and increase student graduation rates for American Indian students.*

- ⇒ School districts that are funded by Success for the Future are able to provide programs that reduce dropout rates and increase graduation rates for American Indian students. Districts that participate in the program experience a 2% lower dropout rate and higher graduation rates for American Indian students than in districts not served. This is documented by completion studies that are conducted every four years to allow tracking of students.

## Activity Funding

The grants are awarded for a five-year period with an annual renewal process. Because of this the annual statistics will remain constant through FY 2006.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of Grants Funded	30	30	30
Number of Applicants	46	46	46
Percent of Applicants Funded	65%	65%	65%
Number of Participating Indian Students	9,454	7,778	7,906
Number of Indian Students in School/Districts Statewide	17,145	17,479	17,667
Percent Served	74%	45%	45%

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes. Numbers of students served has declined because programs have chosen to work with a smaller group of students so they can better focus on the activities.

## Contact

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/html/intro\\_choice\\_indian\\_ed.htm](http://education.state.mn.us/html/intro_choice_indian_ed.htm).

DEPARTMENT OF EDUCATION  
 Program: INDIAN PROGRAMS  
 Activity: Success for the Future

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General Fund</b>					
1 Current Appropriation	2,061	2,137	2,137	2,137	4,274
a. End of Session Estimate			0	0	0
b. Aid Payment Buy Back		41			
<b>2 Forecast Base</b>	<b>2,061</b>	<b>2,178</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
3 Governor's Initiatives					
<b>4 Recommended</b>	<b>2,061</b>	<b>2,178</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	2,137	2,137	2,137	2,137	4,274
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement	2,137	2,137	2,137	2,137	4,274
8 Adjustments					
9 State Aid Entitlement Current Law	2,137	2,137	2,137	2,137	4,274
10 <i>Governor's Initiatives</i>					
<b>11 Governor's Aid Recommendation</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 <i>Governor's Initiatives</i>					
<b>14 Governor's Levy Recommendation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	2,137	2,137	2,137	2,137	4,274
16 <i>Governor's Initiatives</i>			0	0	0
<b>17 Governor's Revenue Recommendation</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
<b>18 Other Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>19 Total All Sources Current Law</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
<b>20 Governor's Total Revenue Recommendation</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	351	427	386	386	772
Current Year (80%/81.9%)	1,710	1,751	1,751	1,751	3,502
<b>Total State Aid - General Fund</b>	<b>2,061</b>	<b>2,178</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS  
INDIAN SCHOLARSHIPS

Narrative

## Activity Description

**Citation:** M.S. 124D.84

The state funded Minnesota Indian Scholarship Program (MISP) promotes partnerships between state government and tribal government to provide need-based financial assistance to American Indian students who would otherwise not have the opportunity to attend a post-secondary institution.

## Population Served

American Indians residing in and attending Minnesota higher education institutions and who meet the following scholarship eligibility criteria can apply. The student must

- ◆ be accepted by a higher education institution,
- ◆ be eligible for federal financial aid, and
- ◆ meet the definition of American Indian.

## Services Provided

The MISP works with tribal governments and higher education institutions to provide scholarships for eligible American Indian students. MISP awards are:

- ◆ granted to students based on policies and procedures as adopted by the Minnesota Department of Education and the American Indian Education Committee;
- ◆ based upon the unmet need as shown by the higher education institutions recommended budget with the cost shared by tribal nations; and
- ◆ restricted to American Indian students of one-fourth or more American Indian ancestry, residing in Minnesota, and enrolled in an accredited Minnesota post-secondary institution.

## Historical Perspective

This program was enacted in 1955 to encourage American Indians to attend post-secondary institutions. At that time, fewer than 10 American Indian students attended post-secondary institutions in Minnesota. In 2004, the MISP funded 861 American Indians enrolled in post-secondary institutions.

## Key Measures

*Increase educational opportunities for American Indian students.*

	FY 1999	FY 2000	FY 2001	FY 2002	Est. FY 2003	Est. FY 2004
Students Funded	1,015	1,014	935	800	800	861
Graduate Students Funded by MISP	40	27	40	27	35	28

## Activity Funding

- ⇒ The average award in the FY 2001 and FY 2002 school year was approximately \$3,000.
- ⇒ Since 1990, the MISP has provided scholarship assistance to approximately 800 eligible students per year.

## Contact

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/html/intro\\_choice\\_indian\\_ed.htm](http://education.state.mn.us/html/intro_choice_indian_ed.htm).

## Activity at a Glance

- ◆ Provides scholarships to eligible American Indian students based on needs determined by the federal financial needs assessment process.
- ◆ An average of 800 students are funded each year.
- ◆ An average of 200 students are not funded due to lack of resources.
- ◆ Average student award is approximately \$3,000 per year.
- ◆ Graduates an average of 150 students per year from certificate and technical programs, two-year, four-year, and graduate degree programs.

DEPARTMENT OF EDUCATION  
 Program: INDIAN PROGRAMS  
 Activity: INDIAN SCHOLARSHIPS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,875	1,875	1,875	1,875	3,750
Subtotal - Forecast Base	1,875	1,875	1,875	1,875	3,750
<b>Total</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>3,750</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,856	1,875	1,875	1,875	3,750
<b>Statutory Appropriations</b>					
Gift	0	50	50	50	100
<b>Total</b>	<b>1,856</b>	<b>1,925</b>	<b>1,925</b>	<b>1,925</b>	<b>3,850</b>
<b><u>Expenditures by Category</u></b>					
Payments To Individuals	1,856	1,925	1,925	1,925	3,850
<b>Total</b>	<b>1,856</b>	<b>1,925</b>	<b>1,925</b>	<b>1,925</b>	<b>3,850</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS

Narrative

INDIAN TEACHER PREPARATION GRANTS

## Activity Description

**Citation:** M.S. 122A.63

The state funded Indian Teacher Preparation Grant program assists American Indian people to become teachers and provides additional education for American Indian teachers. This program provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.

## Population Served

Eligible American Indian students attending one of the four colleges or universities legislated to receive grants can apply for assistance through this program.

An American Indian person who meets one of the following criteria is eligible to participate in the program:

- ◆ a student who intends to become a teacher and is enrolled in one of the post-secondary institutions receiving grants;
- ◆ a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant; or
- ◆ a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program.

## Services Provided

This program provides grants and loans to American Indian students who have the potential to complete a teacher-training program and have demonstrated a financial need. The student receives funding in the form of grants and loans. Loans are forgiven through service at the participating school district.

## Historical Perspective

This program began in 1979 as a result of a collaborative effort between the state, tribal governments, public school districts, and post-secondary institutions.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of Grants	4	4	4	4	4	4
Number of New Participants	21	22	25	21	25	25
Number of Graduates	6	0	6	4	7	8

- ⇒ There have been 50 graduates of the program since its inception.
- ⇒ 80% of the program's first graduates have repaid the loans through service in a sponsoring school. Other graduates have repaid by service in other Minnesota districts.
- ⇒ A total of 80 American Indians have participated or are participating in the program to date.

## Key Measures

In conjunction with other programs focused on preparing a multicultural teacher workforce, this program helps achieve these goals:

- ◆ to diversify Minnesota's teaching staff to better reflect the children and families in our public schools;
- ◆ to increase cultural awareness among teaching staff and administration;
- ◆ to create a welcoming and understanding school environments for minority children and families; and
- ◆ to increase experience and exposure to a diversity of teachers for all of Minnesota's students.

## Activity at a Glance

These grants assist American Indian students to become teachers and assist American Indian teachers to gain additional education or certification.

- ◆ Grants are awarded to Augsburg College in collaboration with Minneapolis and St. Paul Public Schools, Bemidji State University in collaboration with Red Lake Public School, Moorhead Public School, and the University of Duluth in collaboration with Duluth Public Schools.
- ◆ The grants support approximately 24 students per year.

# DEPARTMENT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: INDIAN PROGRAMS

Narrative

INDIAN TEACHER PREPARATION GRANTS

## Activity Funding

Grant awards are made by the agency based on applications from project sites specified in the legislation. Payments are made either to the school district or the post-secondary institution, as determined by agreement.

Grant Summary:

Funding to each of these partnerships is constant through FY 2003.

### Indian Teacher Preparation Grants

	Dollars in Thousands
	<b>FY 2003</b>
Bemidji State and Red Lake School District sites	\$ 40
Moorhead State and White Earth Nation sites	40
U of M and Duluth School District sites	70
Augsburg College and Minneapolis and St. Paul School District sites	40
<b>TOTAL</b>	<b>\$190</b>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/html/intro\\_choice\\_indian\\_ed.htm](http://education.state.mn.us/html/intro_choice_indian_ed.htm).

DEPARTMENT OF EDUCATION

Program: INDIAN PROGRAMS

Activity: INDIAN TEACHER PREPARATION GTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	190	190	190	190	380
Subtotal - Forecast Base	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	189	190	190	190	380
<b>Total</b>	<b>189</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	189	190	190	190	380
<b>Total</b>	<b>189</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS

Narrative

TRIBAL CONTRACT SCHOOLS AID

## Activity Description

**Citation:** M.S. 124D.83

This state aid program provides funding to promote equal education opportunity for students enrolled in tribal contract schools (as compared to public schools) by providing state funds to schools based on the difference between the amount of aid provided by the federal government and the state per pupil aid.

## Population Served

Annually, each American Indian-controlled tribal contract or grant school authorized by the United States Code Title 25, Section 450F, that is located on a reservation within the state is eligible to receive tribal contract aid provided that the school:

- ◆ plans, conducts, and administers an education program that complies with the requirements of either chapter 124 and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations Title 25, Sections 31.0 to 45.80; and
- ◆ complies with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, Title 25.

Eligibility is limited to the four tribal schools in the state:

- ◆ Bug-O-Nay-Ge-Shig School, Leech Lake;
- ◆ Circle of Life School, White Earth;
- ◆ Nay Ah Shing School, Mille Lacs; and
- ◆ Ojibwe School, Fond du Lac.

## Services Provided

The funds are placed in the schools' operating budget to provide general education services and are not specifically set aside to meet any legislated goals.

The tribal schools report student data on Minnesota Automated Reporting Student System (MARSS) and have adopted graduation standards and state testing according to their comprehensive education plans. They also test students to be in compliance with Title I and Bureau of Indian Affairs regulations.

## Key Measures

The appropriation is for the schools' general fund for educational services. In October 2004, the yearly report cards for each school will be collected and baseline data will be compiled for each school as to graduation standards, retention rate, and test scores.

## Activity Funding

State aid is calculated by:

- ◆ **multiplying** the formula allowance under M.S. 126C.10, Subd. 2 minus \$170 times the actual pupil units in average daily membership and the number of pupils for the current school year;
- ◆ **adding** compensatory revenue based on compensation revenue pupil units times the formula allowance minus \$300;
- ◆ **subtracting** the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs;

## Activity at a Glance

FY 2003

- ◆ 892 American Indian students attend the four contract/grant schools in Minnesota.
- ◆ The four schools participate in the No Child Left Behind program.
- ◆ Appropriation is for general education services.

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS

TRIBAL CONTRACT SCHOOLS AID

Narrative

- ◆ **dividing** the result in clause (3) by the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units; then,
- ◆ **multiplying** the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of \$1,500 or the result in clause (4).

Dollars in Thousands

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est. FY 2004</u>
Bug-O-Nay-Ge-Shig	\$ 375.8	\$ 995.8	\$ 747.1	\$ 462.1	\$ 636.8	\$ 702.9	\$ 712.3	\$ 716.0
Circle of Life	667.0	313.2	0.0	279.1	215.6	306.3	307.1	286.8
Nay Ah Shing	59.3	0.0	306.2	307.2	630.3	315.3	584.7	454.6
Fond du Lac	179.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$1,282.0</b>	<b>\$1,309.0</b>	<b>\$1,053.3</b>	<b>\$1,048.4</b>	<b>\$1,482.7</b>	<b>\$1,324.5</b>	<b>\$1,604.1</b>	<b>\$1,457.4</b>

Federal aid to the tribal schools is based on school attendance during the fall count week, therefore, the schools do not receive federal funding for students transferring to the tribal school after that time. Although the schools receive state aid for students transferring midyear based on average daily membership, the amount does not make up for federal funding lost.

Fond du Lac has not participated in recent years because of a service agreement with the Cloquet School District that is annually negotiated. It is possible in future years that Fond du Lac would choose to participate in this program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/html/intro\\_choice\\_indian\\_ed.htm](http://education.state.mn.us/html/intro_choice_indian_ed.htm).

DEPARTMENT OF EDUCATION  
 Program: INDIAN PROGRAMS  
 Activity: Tribal Contract Schools

Budget Activity

Dollars in Thousands

		Current		Governor's Rec		Biennium 2006-07
		FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Current Appropriation	1,617	2,185	2,185	2,185	4,370
	a. End of Session Estimate			228	344	572
	b. November Forecast Adjustment		(246)	(284)	(252)	(536)
	c. Cancellation	(208)				
	d. Aid Payment Buy Back		38	4	2	6
2	<b>Forecast Base</b>	<b>1,409</b>	<b>1,977</b>	<b>2,133</b>	<b>2,279</b>	<b>4,412</b>
3	Governor's Recommendation					
	a. 2% inflation factor			36	83	119
4	<b>Recommended</b>	<b>1,409</b>	<b>1,977</b>	<b>2,169</b>	<b>2,362</b>	<b>4,531</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>						
<b>State Aid</b>						
5	Statutory Formula Aid	1,457	2,007	2,160	2,306	4,466
6	Statutory Excess/(Shortfall)	208	246			
7	Appropriated Entitlement	1,665	2,253	2,160	2,306	4,466
8	Adjustments					
	a. Cancellation	(208)				
	b. Appropriation Reduction		(246)			
9	State Aid Entitlement Current Law	1,457	2,007	2,160	2,306	4,466
10	Governor's Recommendation					
	a. 2% inflation factor			43	93	136
11	<b>Governor's Aid Recommendation</b>	<b>1,457</b>	<b>2,007</b>	<b>2,203</b>	<b>2,399</b>	<b>4,602</b>
<i>plus</i>						
<b>LEVY</b>						
<b>Levy</b>						
12	Local Levy Current Law	0	0	0	0	0
13	Governor's Recommendation					
14	<b>Governor's Levy Recommendation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>						
<b>REVENUE</b>						
15	Current Law Revenue (State Aid & Levy)	1,457	2,007	2,160	2,306	4,466
16	Governor's Recommendation			43	93	136
17	<b>Governor's Revenue Recommendation</b>	<b>1,457</b>	<b>2,007</b>	<b>2,203</b>	<b>2,399</b>	<b>4,602</b>
18	<b>Other Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
19	<b>Total All Sources Current Law</b>	<b>1,457</b>	<b>2,007</b>	<b>2,160</b>	<b>2,306</b>	<b>4,466</b>
20	<b>Governor's Total Revenue Recommendation</b>	<b>1,457</b>	<b>2,007</b>	<b>2,203</b>	<b>2,399</b>	<b>4,602</b>
<b>Appropriations Basis for State Aid</b>						
	Prior Year (20%/18.1%)	285	333	363	398	761
	Current Year (80%/81.9%)	1,332	1,644	1,805	1,965	3,770
	Cancellation (80%)	(208)				
	<b>Total State Aid - General Fund</b>	<b>1,409</b>	<b>1,977</b>	<b>2,169</b>	<b>2,362</b>	<b>4,531</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS

Narrative

EARLY CHILDHOOD PROGRAM AT TRIBAL SCHOOLS

## Activity Description

**Citation:** M.S. 124D.83, Subd. 4

This state aid program provides funding to four eligible tribal schools to enhance the ability of American Indian parents to provide for their children's optimal learning and development through education and support that emphasizes cultural values and learning from birth to kindergarten age.

## Population Served

Parents and children in the communities served by the Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life School in White Earth, Fond du Lac Ojibwa School in Cloquet, and Nay Ah Shing School in Mille Lacs participate in this program.

The program provides an opportunity for tribal contract schools to establish and maintain early childhood family development programming that emphasizes cultural values and learning.

## Services Provided

The programs use culturally appropriate materials and strategies to deliver the basic Early Childhood Family Education (ECFE) program, with an added emphasis on preserving American Indian culture.

The programs require the direct presence and substantial involvement of the children's parents and may include any or all of the following education services:

- ◆ programs to educate parents about the physical and mental development of the children;
- ◆ programs to enhance parents' skills in providing for their children's learning and development;
- ◆ learning experiences for children and parents;
- ◆ activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- ◆ activities and materials designed to encourage self-esteem, skills, and behaviors that prevent sexual and other interpersonal violence;
- ◆ educational materials which may be borrowed for home use;
- ◆ home visits or center-based activities; and
- ◆ other programs or activities to improve the health, development, and school-readiness of children.

## Key Measures

*Increase educational opportunities for American Indian children and their families.*

The Indian Education office will provide one training per school using the "Positive Indian Parenting" curriculum and will collect student and family data on the sites implementation of the curriculum.

## Activity Funding

The processes for funding were revised in 2001 to more accurately represent the pre-kindergarten child count at the participating tribal schools.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Fond du Lac	\$21,760	\$21,760	\$ 9,584	\$ 9,584	\$ 9,584
Circle of Life	19,424	19,924	18,233	18,233	18,233
Bug-O-Nay-Ge-Shig	32,164	32,164	26,271	26,271	26,271
Nay Ah Shing	6,256	6,256	13,909	13,909	13,909
<b>TOTAL</b>	<b>\$79,604</b>	<b>\$80,104</b>	<b>\$67,997</b>	<b>\$67,997</b>	<b>\$67,997</b>

## Activity at a Glance

These programs provide support to four tribal ECFE programs to promote parental involvement using culturally based curriculum to support families and achieve program goals.

- ◆ 2,200 students served
- ◆ Program sites: Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life in White Earth, Fond du Lac Ojibwa in Cloquet, and Nay Ah Shing in Mille Lacs

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INDIAN PROGRAMS

Narrative

EARLY CHILDHOOD PROGRAM AT TRIBAL SCHOOLS

Connections of tribal school programs with other ECFE programs need to be enhanced in order to benefit American Indian families who move to and from the reservations served by the tribal schools.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/html/intro\\_choice\\_indian\\_ed.htm](http://education.state.mn.us/html/intro_choice_indian_ed.htm).

DEPARTMENT OF EDUCATION  
 Program: INDIAN PROGRAMS  
 Activity: EARLY CHILDHOOD-TRIBAL SCHOOLS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	68	68	68	68	136
Subtotal - Forecast Base	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>

**Budget Activities Included:**

- ⇒ Statewide Testing
- ⇒ Best Practices Seminars
- ⇒ Alternative Teacher Compensation

**DEPARTMENT OF EDUCATION**

Program: **INNOVATION & ACCOUNTABILITY**

Program Summary

*Dollars in Thousands*

	Current		Agency Request		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b><i>Direct Appropriations by Fund</i></b>					
<b>General</b>					
Current Appropriation	3,700	3,700	3,700	3,700	7,400
Subtotal-Forecast Base	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>
<b><i>Expenditures by Activity</i></b>					
Alternative Teacher Compensation	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** INNOVATION & ACCTBLTY PRGS

Narrative

ALTERNATIVE TEACHER COMPENSATION

## Activity Description

**State Citation:** M.S. 122A.413 to 122A.415

The alternative compensation aid program establishes a restructured teacher compensation system to provide incentives for teachers to improve their knowledge and skills and for school districts to recruit and retain highly qualified teachers. This program provides aid to districts that adopt an alternative teacher professional pay system to replace the steps and lanes system and encourage teachers' continuous improvement in content knowledge, pedagogy, and use of best practices.

## Activity at a Glance

Five districts are participating in this program. The entitlements in FY 2004 were:

◆ Minneapolis	\$2,944,480
◆ Rushford-Peterson	100,770
◆ LaCrescent-Hokah	248,700
◆ Marshall	340,950
◆ Floodwood	65,100

## Population Served

Five school districts received alternative compensation aid for the two-year teacher contract period beginning 07-01-03. The number of teachers participating in the five districts in FY 2004 totaled 1,778 and the number of students enrolled in the five districts totaled 50,602 in FY 2004.

## Services Provided

Applications are approved and funded for two years coinciding with the teacher contract period. Applications were approved for the two-year teacher master contract period (2003-04 and the 2004-05 school years). The annual amount of aid to a district was calculated at \$150 per pupil using the prior October 1 pupil enrollment count for the district or a percentage of that amount if less than all the teachers in a district participated in the alternative pay system.

Districts participating in the program are required to submit applications containing the information required in the law.

## Key Measures

- ⇒ Five districts had alternative compensation schedules replacing the steps and lanes pay schedules in FY 2004 and FY 2005.
- ⇒ Funded districts are required to evaluate this program using key indicators such as increases in teacher's content knowledge, knowledge of pedagogy, and use of best-teaching practices. This evaluation must be aligned with the district's educational improvement plan under M.S. 122A.413.

## Activity Funding

For districts that place their teachers within the district or at a specific site on the alternative compensation schedule, the aid received equals \$150 times the district's or site's number of pupils enrolled on October 1 of the previous year. For districts with at least 25% of the district's teacher participating in the alternative compensation schedule the aid received equals \$150 times the percentage of participating teachers times the number of pupils enrolled as of October 1 of the previous year. Approved districts receive the alternative compensation aid as a part of their metered aid payments.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8766.

DEPARTMENT OF EDUCATION  
 Program: INNOVATION & ACCOUNTABILITY  
 Activity: ALTERNATIVE TCHR COMPENSATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,700	3,700	3,700	3,700	7,400
Subtotal - Forecast Base	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	3,700	3,700	3,700	3,700	7,400
<b>Total</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>7,400</b>

**Budget Activities Included:**

- ⇒ Advance Placement/International Baccalaureate
- ⇒ Collaborative Urban Educator
- ⇒ Youthwork Programs
- ⇒ Title I Programs
- ⇒ Miscellaneous Federal Programs

**DEPARTMENT OF EDUCATION**

Program: **SPEC STUDENT & TEACHER PRGS**

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
<b>General</b>					
Current Appropriation	2,831	2,831	2,831	2,831	5,662
<b>Technical Adjustments</b>					
Cancellation		(5)			
Subtotal-Forecast Base	2,831	2,826	2,831	2,831	5,662
<b>Governor's Recommendations</b>					
AP/IB Increase			1,222	1,222	2,444
Get Ready, Get Credit-CLEP			825	1,650	2,475
Get Ready, Get Credit-EPAS			829	829	1,658
Vocational Education Grants			1,000	1,000	2,000
<b>Total</b>	<b>2,831</b>	<b>2,826</b>	<b>6,707</b>	<b>7,532</b>	<b>14,239</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	2,495	3,162	6,707	7,532	14,239
<b>Statutory Appropriations</b>					
Federal	199,349	178,885	177,091	175,342	352,433
<b>Total</b>	<b>201,844</b>	<b>182,047</b>	<b>183,798</b>	<b>182,874</b>	<b>366,672</b>
<b><i>Expenditures by Category</i></b>					
Total Compensation	196	14	11	11	22
Other Operating Expenses	448	146	100	100	200
Payments to Individuals	733	698	698	698	1,396
Local Assistance	200,467	181,189	182,989	182,065	365,054
<b>Total</b>	<b>201,844</b>	<b>182,047</b>	<b>183,798</b>	<b>182,874</b>	<b>366,672</b>
<b><i>Expenditures by Activity</i></b>					
Adv Placement/Intl Baccalaureate	462	1,094	2,000	2,000	4,000
Collaborative Urban Educator	528	528	528	528	1,056
Youthwork Programs	900	900	900	900	1,800
Student Organizations	605	640	625	625	1,250
Get Ready, Get Credit-CLEP			825	1,650	2,475
Get Ready, Get Credit-EPAS			829	829	1,658
Vocational Education Grants			1,000	1,000	2,000
Title I Programs	144,193	119,766	118,448	118,448	236,896
Miscellaneous Federal Programs	55,156	59,119	58,643	56,894	115,537
<b>Total</b>	<b>201,844</b>	<b>182,047</b>	<b>183,798</b>	<b>182,874</b>	<b>366,672</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: GET READY, GET CREDIT-CLEP

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Get Ready, Get Credit-CLEP		0	825	1,650	2,475
<b>Total</b>	<b>0</b>	<b>0</b>	<b>825</b>	<b>1,650</b>	<b>2,475</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	825	1,650	2,475
<b>Total</b>	<b>0</b>	<b>0</b>	<b>825</b>	<b>1,650</b>	<b>2,475</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	825	1,650	2,475
<b>Total</b>	<b>0</b>	<b>0</b>	<b>825</b>	<b>1,650</b>	<b>2,475</b>

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: GET READY, GET CREDIT-EPAS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Get Ready, Get Credit-EPAS		0	829	829	1,658
<b>Total</b>	<b>0</b>	<b>0</b>	<b>829</b>	<b>829</b>	<b>1,658</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	829	829	1,658
<b>Total</b>	<b>0</b>	<b>0</b>	<b>829</b>	<b>829</b>	<b>1,658</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	829	829	1,658
<b>Total</b>	<b>0</b>	<b>0</b>	<b>829</b>	<b>829</b>	<b>1,658</b>

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: VOCATIONAL EDUCATION GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Career & Technical Educ Grant & Levy		0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS

Narrative

ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE

## Activity Description

**Citation:** M.S. 120B.13; Section 1705, Title I, Part G, Elementary and Secondary Education Act of 1965 as amended by 2001 ESEA; 810(d)(1).

This state and federal program provides financial incentives for schools to begin or expand their Advanced Placement (AP) and International Baccalaureate (IB) offerings and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools by providing funding for teacher training and student exam fees.

## Population Served

Public and nonpublic schools and students participating in the AP and IB programs are served by these programs. The following table shows the number of school districts and nonpublic schools participating and receiving state funds.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Public AP	196	217	202	213	218
Nonpublic AP	37	37	36	37	33
TOTAL AP	233	254	238	250	251
IB	10	11	11	11	10

## Services Provided

These programs provide an opportunity for high school students to earn college credit and/or advanced standing, thus saving students and their parent's time and money during post-secondary education. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level.

Most of Minnesota's public and private colleges and universities provide credit policies for AP and IB course credits for exams taken by students.

Schools have benefited from an AP or IB program in that it revitalizes teachers and departments and indicates to the public that the school values intellectual achievement and academic excellence.

The AP and IB program provides financial incentives to support the following two program components:

### Teacher Training and Support

- ⇒ Scholarships to train teachers to initiate or improve AP and/or IB courses are available for public and nonpublic schoolteachers.
- ⇒ Priority is given to teachers new to the programs.

### Student Examination Fees

- ⇒ Exam fee subsidies are available to public and nonpublic students taking AP and/or IB exams.
- ⇒ Approximately 8% of the exam costs for all exams are paid directly to districts or nonpublic schools for AP and IB exams. All exam fees are paid for students from low-income families.

The AP program receives 75% of the appropriation each year and the IB program receives 25% of the appropriation. The department, in consultation with the AP and IB advisory boards, determines the amounts of the expenditures each year for examination fees and training and support for each program.

## Activity at a Glance

In FY 2004:

- ◆ 251 AP schools, including 33 nonpublic schools participated
- ◆ 10 IB schools participated
- ◆ 17,437 AP students took 27,007 exams
- ◆ 1,241 IB students took 2,824 exams
- ◆ 1,089 low-income students took 1,837 exams
- ◆ 325 AP teachers attended training
- ◆ 66 IB teachers attending training

# DEPARTMENT OF EDUCATION

**Program: EDUCATION EXCELLENCE**

**Activity: SPECIAL STUDENT & TEACHER PROGRAMS**

Narrative

**ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE**

## Key Measures (Based on FY 2003 data)

*The number of AP and IB students testing and the number of exams taken will increase each year.*

	AP – IB Exams Taken				
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
AP Students	13,018	14,839	16,011	16,640	17,437
AP Percent Change	9.0%	14.0%	8.0%	4.0%	5.0%
AP Exams	19,577	23,015	24,578	25,343	27,007
AP Percent Change	10.0%	18.0%	7.0%	3.0%	6.5%
IB Students	977	1,043	1,151	1,229	1,241
IB Percent Change	-4.0%	7.0%	10.0%	7.0%	0.9%
IB Exams	2,283	2,215	2,585	2,693	2,824
IB Percent Change	13.0%	-2.0%	17.0%	4.0%	5.0%
IB Diplomas	87	74	96	104	141
IB Percent Change	2.0%	-12.0%	29.0%	8.0%	35.0%

*The number of minority students participating in these programs and taking exams will increase each year.*

### Advanced Placement:

⇒ Students of color represent 13% of all Minnesota students tested in AP in FY 2003.

*The number of teachers trained will increase each year.*

### Advanced Placement:

⇒ A total of 325 teachers participated in weeklong summer training institutes: 179 at Carleton College, 146 at Augsburg and 16 out-of-state.

⇒ 591 teachers participated in follow-up training.

### International Baccalaureate:

⇒ 66 teachers participated in weeklong summer training institutes in various places throughout the United States and Canada.

⇒ 41 teachers participated in follow-up training.

## Activity Funding

### State Funding:

Dollars in Thousands

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	Est. <u>FY 2004</u>
Teacher Training	\$ 229.0	\$ 388.0	\$ 244.0	\$ 225.0	\$ 187.2
*Teacher Stipends	0	0	0	0	0
Student Exam Subsidies	1,225.0	1,914.0	905.0	1,626.0	356.4
*Student Scholarships	0	0	0	0	0
<b>TOTAL</b>	<b>\$1,461.0</b>	<b>\$2,302.0</b>	<b>\$1,149.0</b>	<b>\$1,851.0</b>	<b>\$ 543.6</b>

\*One-time biennial appropriations

## Contact

Additional information is available from the Minnesota Department of Education, Academic Standards and Professional Development, (651) 582-8848.

DEPARTMENT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: ADV PLACEMENT/INTL BACCALAUREA

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	778	778	778	778	1,556
Subtotal - Forecast Base	778	778	778	778	1,556
<b>Governor's Recommendations</b>					
AP/IB		0	1,222	1,222	2,444
<b>Total</b>	<b>778</b>	<b>778</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	462	1,094	2,000	2,000	4,000
<b>Total</b>	<b>462</b>	<b>1,094</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	462	1,094	2,000	2,000	4,000
<b>Total</b>	<b>462</b>	<b>1,094</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE –

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
COLLABORATIVE URBAN EDUCATOR

Narrative

## Activity Description

**Citation:** First Special Session Laws 2003, Chapter 23, Article 2, Section 53, Subd. 22

The Collaborative Urban Educator program supports educator training and recruitment programs. This program addresses the need to recruit and train educators prepared to meet the educational needs of the urban school and a diverse student population. The Collaborative Urban Educator program funds three programs: the Southeast Asian Teacher program at Concordia University, St. Paul; the Collaborative Urban Educator program at the University of St. Thomas; and the Center for Excellence in Urban Teaching at Hamline University. Grant recipients collaborate and provide services to both urban and non-urban school districts.

### Activity at a Glance

	FY 2004	FY 2005
◆ Concordia University	\$198,000	\$198,000
◆ St. Thomas University	\$165,000	\$165,000
◆ Hamline University	\$165,000	\$165,000

The Collaborative Urban Educator program funds three programs: the Southeast Asian Teacher program at Concordia University, St. Paul; the Collaborative Urban Educator program at the University of St. Thomas; and the Center for Excellence in Urban Teaching at Hamline University. Grant recipients collaborate and provide services to both urban and non-urban school districts.

## Population Served

All students benefit from the recruitment and training of school district teachers and staff, enabling school districts to meet the educational needs of a diverse student population.

## Services Provided

The Center for Excellence in Urban Teaching at Hamline University provides tailored professional development to school districts including: Effectively Engaging Urban Learners, Strategies to Increase Teacher Effectiveness: Teaching Diverse Urban Learners; Cultural Conversations, and Barriers to Instruction. Professional development, teacher training, seminars, and workshops are provided to school district and charter school staff throughout the metropolitan area. Training has occurred at more than 30 sites, over 1,500 educators have completed training, and over 660 educators have enrolled in graduate level Urban Teaching Certificate Program courses since Hamline created the program in 1998.

The Collaborative Urban Educator Project at the University of St. Thomas prepares experienced, broadly educated persons from underrepresented populations or persons with cultural or experiential backgrounds in urban settings for the challenges of special education teaching in urban and first tier suburban areas. Currently, 23 students are enrolled in the program.

The Southeast Asia Teacher Licensure Program at Concordia University, St. Paul, is a bachelor's degree completion program for individuals currently employed in Minnesota school districts as paraprofessional, education assistants, and teaching assistants who are seeking teacher licensure. Between 1998 and 2004, 148 students entered the program, 65 graduated, 32 are teaching, and 29 have licensure pending. All current SEAT students are working full-time in Minnesota schools.

## Key Measures

- ⇒ The Collaborative Urban Educator program will provide professional development to school district staff enhancing skills and abilities to meet the educational needs of urban learners and a diverse student population.
- ⇒ The Collaborative Urban Educator program will recruit and prepare underrepresented populations, persons with cultural or experiential backgrounds in urban settings, and individuals currently employed in school districts as paraprofessionals or education assistants for Minnesota teacher licensure.

## Contact

Additional information is available from the Minnesota Department of Education, School Choice and Innovation (651) 582-8695.

DEPARTMENT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: COLLABORATIVE URBAN EDUCATOR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	528	528	528	528	1,056
Subtotal - Forecast Base	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
YOUTHWORKS PROGRAMS

Narrative

## Activity Description

**Citation:** M.S. 124D.36 to M.S. 124D.45

**Federal Citation:** National and Community Service Trust Act 1993

Youthworks funding meets the required match for federal AmeriCorps dollars and leverages additional private dollars. ServeMinnesota is the statutorily designated recipient of funding for the AmeriCorps program, often referred to as the domestic Peace Corps. AmeriCorps involves people in one to two years of sustained service to meet community needs and make Minnesota better.

## Population Served

This program serves students in schools and nonprofit organizations throughout Minnesota.

## Services Provided

Youthworks members strengthen Minnesota communities by providing direct service in four priority areas: education, the environment, meeting unmet human needs, and public safety. This state program complements the federal AmeriCorps program and provides funding for youth to provide communities with a wide variety of services. The services provided by students can range from mentoring and tutoring, service-learning activities, mediation services to decrease violence, park safety, construction and rehabilitation of homes, environmental projects, and other community service projects.

Youthworks host agencies are educational institutions and local, state, and national nonprofit organizations. The Youthworks activity is part of a coordinated effort of federal and state activities related to the implementation of a unified state plan for national and community service.

## Historical Perspective

ServeMinnesota began in 1994 as the Minnesota Commission on National and Community Service. In 2002, the Minnesota legislature approved the organization becoming a 501(c) 3 nonprofit so that the private sector could also participate as a partner in increasing service opportunities for Minnesotans. A governor appointed board of directors leads ServeMinnesota. ServeMinnesota, through its Youthworks-AmeriCorps programs, mobilizes Minnesotans to solve the state's biggest problems through service and volunteerism.

## Key Measures

In 2002-03, 19 Youthworks-AmeriCorps programs served 39 counties and involved 682 members. Members provided 766,139 hours of service addressing community needs such as teaching children to read, building affordable housing, supporting seniors and people with disabilities to live independently, and conserving the environment.

### *Volunteer Mobilization*

⇒ Members recruited 30,200 volunteers who provided an additional 228,000 service hours at a value of \$3.0 million.

### *Educational Achievement*

⇒ Tutoring: 267 children in head start and kindergarten and 4,846 students grades 1-12 received literacy and academic tutoring. 241 adults received General Educational Development (GED) or basic skills education.

⇒ Minnesota Teacher Corps: 89 educational assistants served in 56 schools and 53 tutoring sites in Minneapolis and St. Paul building children's literacy skills.

## Activity at a Glance

- ◆ In 2004, ServeMinnesota competed for federal AmeriCorps funding for Minnesota.
- ◆ ServeMinnesota secured the fifth highest number of federal competitive programs and the seventh highest amount in federal competitive dollars in the nation.
- ◆ In FY 2005, the \$900,000 Youthworks appropriation will leverage \$8.2 million in federal dollars.
- ◆ 15 AmeriCorps programs serving rural and urban communities will mobilize more than 650 Youthworks-AmeriCorps members.

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
YOUTHWORKS PROGRAMS

Narrative

- ⇒ Mentoring: 4,509 children and youth were matched with caring adult mentors to support school success, personal development, and healthy decision-making.
- ⇒ After School: 10,794 students participated in safe after-school activities.
- ⇒ Service-Learning: 1,823 children and youth participated in service learning to develop their citizenship skills.
- ⇒ AmeriCorps Promise Fellows: Ten members mobilized 1,944 volunteers providing 9,731 hours of service in ten communities to deliver America's five promises to young people.

### *Affordable Housing*

- ⇒ 23,346 community volunteers working alongside members built 151 new housing units and completed 1,299 housing renovation and repair projects.

### *Family Stability*

- ⇒ 1,325 Minnesotans received independent living assistance and 2,855 people received referrals and information to support self-sufficiency.

### *Environment*

- ⇒ 141,968 trees were planted in wilderness and park lands.
- ⇒ 2,430 feet of rivers and riverbanks were conserved.
- ⇒ 845 miles of trails and roads in public parks were developed or maintained.
- ⇒ 10,707 acres of habitat and recreational lands were preserved.

### *Disaster Response*

- ⇒ 25 forest fires were responded to by members in cooperation with government forestry offices.

### *Workforce Development*

- ⇒ 682 members received more than 108,126 hours of service readiness and leadership development training. Members come from all walks of life ranging from recent high school and college graduates to retired seniors.
- ⇒ More than half of ServeMinnesota's programs involved individuals with disabilities, an increase of 81% for 2001-02.
- ⇒ Over 42% of members are 25 years or older. 38% of members are from racial/ethnic minority groups.

## **Activity Funding**

In 2002-03, 518 members earned \$2,447,550 in federal education awards upon completing service. Federal scholarships help alumni to attend college, receive vocational training, or repay student loans. For many alumni, an education award provides access to education that had previously been unattainable and provides a significant investment in Minnesota's workforce.

Youthworks-AmeriCorps members receive modest compensation while serving.

- ⇒ For full-time service (1,700 hours/year):
  - ◆ modest living allowance (\$10,197);
  - ◆ health care;
  - ◆ childcare if qualified;
  - ◆ training and experience; and
  - ◆ post-service education award of \$4,725 which may be used toward higher education and vocational training costs or to repay college loans.
- ⇒ For part-time service (900 hours/year):
  - ◆ modest living allowance (\$5,398);
  - ◆ training and experience; and

## DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
YOUTHWORKS PROGRAMS

Narrative

- ◆ post-service education award of \$2,501 which may be used toward higher education and vocational training costs or to repay college loans.

### **Contact**

Additional information is available from ServeMinnesota, (612) 333-7740.

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: YOUTHWORX PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>

**Activity Description**

**Citation: M.S.124D.34 and M.S. 124D.355**

The Minnesota Foundation for Student Organizations promotes career and technical education student organizations and applied leadership opportunities in Minnesota public schools and post-secondary institutions through public-private partnerships. Student organizations funded through the Foundation integrate classroom, workplace, and community experiences into curriculum areas and educational experiences. The Foundation is directed by a 23 member Foundation Board formed in January 1998.

**Population Served**

The Foundation funds both secondary and postsecondary career & technical student organizations that are operated as co-curricular activities in conjunction with state-approved career & technical education programs.

**Services Provided**

The Minnesota Foundation for Student Organizations (MFSO) promotes and supports career and technical student organizations as they work to provide student opportunities for leadership, personal development, community service and career preparation. The MFSO serves as the body for coordinating joint activities and outreach among its member student organizations. The Foundation holds the organizations to the following performance indicators:

1. be a strong base to develop leadership, teamwork, citizenship and interpersonal skills;
2. implement rigorous standards for skills and applied learning experiences;
3. conduct collaborative projects with community, labor, business and industry, parents, government and educational institutions;
4. provide a structure, motivation, and support for students to take primary responsibility for their own success;
5. provide opportunities for students to prepare for leadership roles in business, community, and family;
6. provide opportunities for diverse learners to accomplish common goals; and
7. promote a balance between work and family, personal, group and career skills.

**Historical Perspective (optional)**

The Minnesota Foundation for Student Organizations was established by the Legislature in 1996. This legislation established the operating structure and specified categories for membership on the Foundation Board. Funding is appropriated for the operation of the Foundation and for distribution to the member organizations. The Board is charged with finding outside sources of support to supplement state funding.

**Key Measures**

16,431 state/national members in 2003-04 (used for budget distribution and does not include participants holding state or local membership only)

**Activity Funding**

\$625,000 annually, of which at least 80% is distributed to member organizations on a formula basis.

**Contact**

Additional information is available from the Minnesota Foundation for Student Organizations, (651) 582-8322.

**Activity at a Glance**

Career and technical education student organization supported by the Minnesota Foundation for Student Organizations include:

- ◆ Business Professionals of America (BPA)
- ◆ DECA – an Association of Marketing Students
- ◆ Delta Epsilon Chi – an Association of Marketing Students
- ◆ FFA – Agricultural Education
- ◆ Family, Career, and Community Leaders of America (FCCLA)
- ◆ Home Economics Related Occupations (HERO)
- ◆ Health Occupations Students of America (HOSA)
- ◆ Postsecondary Agricultural Students (PAS)
- ◆ SkillsUSA – VICA (Trade and Industrial Education)

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: STUDENT ORGANIZATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	625	625	625	625	1,250
Subtotal - Forecast Base	625	625	625	625	1,250
<b>Total</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>1,250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	605	640	625	625	1,250
<b>Total</b>	<b>605</b>	<b>640</b>	<b>625</b>	<b>625</b>	<b>1,250</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	16	11	11	11	22
Other Operating Expenses	92	104	96	96	192
Local Assistance	497	525	518	518	1,036
<b>Total</b>	<b>605</b>	<b>640</b>	<b>625</b>	<b>625</b>	<b>1,250</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
TITLE I PROGRAMS

Narrative

## Activity Description

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of state fiscal year-end close and forecast changes.

### Comprehensive School Reform

Elementary and Secondary Education Act of 1965, Title I, Part E, Section 1502 as amended. The program funds grants for financial incentive to schools that need to substantially improve student achievement, particularly Title I schools, to implement comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. These programs are intended to stimulate school-wide change covering virtually all aspects of school operations, rather than piecemeal, fragmented approach to reform. To be considered comprehensive, a program must integrate, in a coherent manner, nine specific components listed in the legislation. Through supporting comprehensive school reform, the program aims to enable all children in the schools served, particularly low-achieving children, to meet challenging state content and student performance standards.

#### Comprehensive School Reform (84332 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$2,941	\$2,720	\$4,785

### Even Start Family Literacy Programs

Elementary and Secondary Education Act of 1965, Title I, Part B, Subpart 3, as amended. 20 U.S.C. 6362. Even Start is the early childhood and family literacy initiative of the Title I program. The state's allocation for Even Start is determined by the amount of the basic and concentration funds the state receives. Funds are distributed to districts on a competitive basis; grants are awarded for four years. Currently there are 17 Even Start programs in Minnesota. In FY 2003, 673 children and 447 adults participated.

Specific objectives of the Even Start Family Literacy programs are:

- ◆ to improve the academic achievement by integrating early childhood education and adult education for parents into a unified program;
- ◆ to create a new range of services through cooperative projects that build on existing community resources; and
- ◆ to assist children and adults from low-income families in breaking the cycle of illiteracy and poverty.

#### Even Start Family Literacy Program (84213 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
(\$ in 000s)	\$1,601	\$2,318	\$2,441

### Migrant Education

Elementary and Secondary Education Act of 1965, Title I, Part C, as amended. 20 U.S.C. 6391 et seq. The specific purposes of the Migrant Education program are:

- ◆ to ensure that migratory children are provided with appropriate educational services (including support services) that address their special needs in a coordinated and efficient manner;
- ◆ to ensure that migratory children have the opportunity to meet the same state content and performance standards that all children are expected to meet;

## Activity at a Glance

Major federal programs in the activity are:

- ◆ Comprehensive School Reform
- ◆ Even Start Family Literacy Programs
- ◆ Migrant Education
- ◆ Prevention and Intervention Programs
- ◆ Reading Excellence Program
- ◆ Reading First
- ◆ Title I Accountability Grants
- ◆ Title I Grants to LEAs

# DEPARTMENT OF EDUCATION

**Program: EDUCATION EXCELLENCE**

**Activity: SPECIAL STUDENT & TEACHER PROGRAMS**  
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Narrative

- ◆ to prepare migratory children to make a successful transition to post-secondary education or employment by supporting high-quality educational programs to help them overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors; and
- ◆ to ensure that migratory children benefit from state and local systemic reform.

### Migrant Education (84011 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$1,756	\$2,055	\$2,346

### Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk of Dropping Out

Elementary and Secondary Education Act of 1965, Title I, Part D, as amended. 20 U.S.C. 6431 et seq. The specific purposes of the Neglected and Delinquent programs include:

- ◆ to provide supplementary instruction to students, ages 5-21, who are neglected and have been placed in a locally operated residential institution for such students;
- ◆ to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
- ◆ to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and
- ◆ to prevent at risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

### Prevention and Intervention Programs (84013 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$133	\$189	\$190

### Reading Excellence Program

Elementary and Secondary Education Act of 1965, Title 1, Part C, as amended, P.L. 105-277. Minnesota received \$24.5 million in FY 2002 under the competitive Reading Excellence program for the U.S. Department of Education for the purpose of improving K-3 reading instruction, strengthening professional development, reducing referrals to special education because of reading difficulties, providing supplemental services for struggling students, and increasing access to family literacy programs. The Minnesota Department of Education (MDE) has awarded two types of subgrants to 31 schools across the state. The Local Reading Improvement sub-grants to 24 schools cover FY 2002-04 and are intended to provide the resources to allow the schools to implement a school-based reform focusing on improving K-3 reading instruction. The seven Tutorial Assistance sub-grants cover FY 2004 and provide resources to schools to provide a choice of tutorial assistance to K-3 students at-risk of not reading on grade level by the end of third grade.

### Reading Excellence Program (84338 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$680	\$8,051	\$11,295

### Reading First (Title 1, Part B)

Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1. The Reading First program is a federal education program aimed at improving K-3 reading instruction through the use of effective, research-based strategies, and methods. This program allows the state to make competitive sub-grants to school districts meeting specific eligibility criteria identified in the authorizing legislation. Grantees will use program funds to: 1) provide preschool-age children with high-quality oral language and literature-rich environments; 2) provide professional development that is based on scientifically based reading research knowledge of early language and reading development; 3) identify and provide activities and instructional materials that are based on scientifically based reading research; 4) acquire, provide training for, and

**DEPARTMENT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

**Activity: SPECIAL STUDENT & TEACHER PROGRAMS**  
**TITLE I PROGRAMS**

Narrative

implement screening reading assessments or other appropriate measures based on scientifically based reading research; and 5) integrate instructional materials, activities, tools, and measures into the programs offered.

Reading First (84357 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	--	--	\$4,865

**Title I Accountability Grants**

Public Law 106-113: Stat 1501A. The purpose of this program is to strengthen accountability for results in Title I by providing school districts with funds to carryout their school improvement and corrective responsibilities under section 1116(c) of Title I while offering students in school identified for improvement and corrective action the opportunity to transfer to another performing public school, including public charter schools within the district.

Title I Accountability Grants (84348 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$1,294	\$1,246	\$1,008

**E**

**Title I Grants to (Local Education Agencies) LEAs.** Elementary and Secondary Education Act of 1965, as amended, Title 1, Part A. Title I of the Improving America's Schools Act is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds and Title I services are in approximately 90% of the state's elementary schools. More than 110,185 public and nonpublic students participate in Title I programs annually. There are several parts to Title I: Basic Grants, Concentration Grants, Targeted Assistance, Education Finance Incentive Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions, No Child Left Behind (NCLB) grants, and Capital Expenses.

Minnesota's share of the national appropriation is based on the number of low-income children counted during the 2000 census. MDE adjusts these entitlements to provide the required set-asides for administration, for school support teams for low-performing schools, and for charter schools.

Specific objectives of the Title I Basic Grants to LEAs are

- ◆ to align Title I evaluation measures with the state student achievement and system performance measures;
- ◆ to identify and serve students who are most at-risk of not meeting our state content and performance standards;
- ◆ to increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
- ◆ to provide for the involvement of parents in the education of their children;
- ◆ to provide intensive and sustained staff development; and
- ◆ to coordinate with state and federal programs to maximize the services available for at-risk students and to increase the number of students receiving services.

Title 1 Grants to LEAs (84010 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$83,479	\$101,123	\$118,044

**A**

**Vocational Education-Basic Grants to States**

Carl C. Perkins Vocational and Technical Education Act of 1998, Title 1, Workforce Investment Act, Section 503. Federal funding is provided to develop more fully the academic, vocational, and technical skills of secondary and postsecondary students who elect to enroll in vocational and technical programs.

**DEPARTMENT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

**Activity: SPECIAL STUDENT & TEACHER PROGRAMS**  
**TITLE I PROGRAMS**

Narrative

Vocational Education-Basic Grants to States (84048 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in 000s	\$6,463	\$6,504	\$6,740

Amounts in the narrative may differ when compared to the fiscal summary due to the timing of state fiscal year-end closing and forecast changes.

**Contact**

Additional information is available on the Catalog of Federal Domestic Assistance's web site at:  
[http://12.46.245.173/pls/portal30!/CATALOG.AGY\\_PROGRAM\\_LIST\\_RPT.show](http://12.46.245.173/pls/portal30!/CATALOG.AGY_PROGRAM_LIST_RPT.show).

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: TITLE I PROGRAMS

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	144,193	119,766	118,448	118,448	236,896
<b>Total</b>	<b>144,193</b>	<b>119,766</b>	<b>118,448</b>	<b>118,448</b>	<b>236,896</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	91	0	0	0	0
Other Operating Expenses	276	4	4	4	8
Local Assistance	143,826	119,762	118,444	118,444	236,888
<b>Total</b>	<b>144,193</b>	<b>119,766</b>	<b>118,448</b>	<b>118,448</b>	<b>236,896</b>

**DEPARTMENT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

**Activity: SPECIAL STUDENT & TEACHER PROGRAMS**  
**MISCELLANEOUS FEDERAL PROGRAMS**

Narrative

**Activity Description**

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

**Byrd Honors Scholarship Program**

Higher Education Act of 1965, Title IV, Part A, Subpart 6 as amended, 20 U.S.C. 107d-31-1070d-41. The purpose of the Byrd Honors Scholarship Program is to provide scholarships for study at institutions of higher education to outstanding high school graduates who show promise of continued excellence, in an effort to recognize and promote student excellence and achievement.

Byrd Honors Scholarships  
(84185 CFDA)

	<b>Est.</b>		
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
\$ in Thousands	\$728	\$743	\$733

**Community, Higher Education School Partnership**

National and Community Service Act of 1990, as amended. Community, Higher Education School Partnership (CHESP) is a three years special initiative grant provided by the Corporation for National Service to build strong service-learning partnerships at the local level between community-based agencies, schools, and institutions of higher education.

Community, Higher Education School Partnership (94004 CFDA)

	<b>Est.</b>		
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
\$ in Thousands	\$252	\$231	\$380

**Community Service Expelled Student**

Elementary and Secondary Education Act, as amended, Title IV, Part A, Subpart 2, Sections 4121 and 4123, as amended, 20 U.S.C. 7131-7133. This program provides funding for grants to enhance the nation's effort to prevent the illegal use of drugs and violence among and promote safety and discipline for students at all educational levels.

Community Service Expelled Student (84184 CFDA)

	<b>Est.</b>		
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
\$ in Thousands	--	\$249	\$600

**English Language Acquisition Grants for Limited English Proficient Students**

Elementary and Secondary Education Act (ESEA) as amended, Title III, Part A, Sections 3101-3129. This new program consolidates the 13 bilingual and immigrant education programs into a formula grant program and significantly increases flexibility and accountability. Minnesota previously received funds under the Title VII Emergency Immigrant program, while districts applied directly to the U.S. Department of Education for grants under other programs. This program maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging state standards required of all other students. Some of the funds may be reserved to serve districts significantly impacted by the needs of immigrant students.

English Language Acquisition (84365 CFDA)

	<b>Est.</b>		
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
\$ in Thousands	--	\$1,347	\$1,722

**Homeless Children**

**Activity at a Glance**

Major federal programs in the activity are:

- ◆ Byrd Honors Scholarship Program
- ◆ Community, Higher Education School Partnership
- ◆ Community Service Expelled Student
- ◆ English Language Acquisition Grant for LEP Students
- ◆ Homeless Children
- ◆ Improving Teacher Quality
- ◆ Innovative Education Program Strategies
- ◆ Learn and Service America
- ◆ Math and Science Partnership
- ◆ Refugee Children School Impact Grant
- ◆ Rural and Low-Income Schools Grant
- ◆ Teacher Quality Enhancement
- ◆ Voluntary School Choice

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
MISCELLANEOUS FEDERAL PROGRAMS

Narrative

McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B. This program provides funding to ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each state education agency for the coordination of education of homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to school districts.

Homeless Children (84196 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	\$384	\$524	\$164

## Improving Teacher Quality

Elementary and Secondary Education Act of 1965, as amended, Title II, Part B. This program provides funding for grants to state education agencies on a formula basis to increase student academic achievement through strategies such as improving teachers, principals, and assistant principals in schools and hold local education agencies and schools accountable for improvements in student academic achievement.

Improving Teacher Quality (84367 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	--	\$13,399	\$28,823

## Innovative Education Program Strategies

Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373. This program provides funding to assist state and local education agencies in the reform of elementary and secondary education.

Innovative Education Program Strategies (84298 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	\$5,024	\$6,240	\$4,929

## Learn and Serve America

National and Community Service Act of 1990, as amended. Learn and Serve America supports service-learning programs in schools and community organizations that help nearly one million students from kindergarten through college meet community needs while improving their academic skills and learning the habits of good citizenship. Learn and serve grants are used to create new programs or replicate existing programs, as well as to provide training and development to staff, faculty, and volunteers. The Learn and Serve America formula allocation to Minnesota, awarded by the Corporation for National Service, is based on state population.

Learn and Serve America (ACH Based 2000)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	\$1	\$32	\$3

## Math and Science Partnership

Elementary and Secondary Education Act of 1965, as amended, Title II, Part B. The purpose of this program is to improve the academic achievement of students in mathematics and science through projects that support partnerships of organizations representing preschool through higher education.

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
MISCELLANEOUS FEDERAL PROGRAMS

Narrative

These projects promote strong teaching methods based on scientifically based research and technology into the curriculum.

Math and Science Partnership (84366 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	--	--	\$420

## Refugee Children School Impact Grant

Refugee Act of 1980, P.L. 96-212, Section 412, Stat. 111, 8 U.S.C. 1522, as amended; Refugee Education Assistance Act of 1980, Title V, 94 Stat. 1809, as amended. This program provides funding to the Minnesota Department of Education (MDE) to make sub-grants to districts serving large numbers of refugee children. The purpose of these sub-grants is to provide for some of the costs of educating refugee children incurred by local school districts in which significant numbers of refugee children reside. Ten Minnesota school districts will receive funds to provide extended day and/or extended year programming as well as additional services. Minnesota expects to receive continuation funding for this grant in FY 2004 and FY 2005.

Refugee Children School Impact (93576 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	\$975	\$1,250	\$1,299

## Rural and Low-Income Schools Grant

Elementary and Secondary Education Act of 1965, Title VI, Part B, as amended. This new program is designed to help rural districts that may lack the personnel and resources to compete effectively for federal competitive grants. It is also designed to assist rural districts that often receive federal grant allocations in amounts that are too small to be effective in meeting their intended purposes. This program serves a very small number of rural districts with high concentrations of poverty that are not eligible for Small, Rural School Achievement grants from the U.S. Department of Education.

Rural and Low Income Schools (84358 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	--	--	\$156

## Teacher Quality Enhancement

Higher Education Act of 1965, Title III, Part A, P.L. 105-244. This program provides funding to improve student achievement by improving the quality of current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; hold institutions of high education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teacher plan to teach, such as mathematics, science, English, foreign language, history, economics, arts, civics government, and geography; including training effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teacher force.

Teacher Quality Enhance (84336 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	--	--	\$385

## Voluntary School Choice

Elementary and Secondary Education Act, as amended, Title V, Part B, Subpart 3, 20 U.S.C. 7225-7225g. This grant program supports efforts to establish or expand programs of public school choice for parents and their children. Minnesota was awarded the grant beginning in FY 2002 to expend the Choice is Yours program. The Choice is Yours program, developed by the 2000 settlement of NAACP versus State of Minnesota, allows

# DEPARTMENT OF EDUCATION

**Program:** EDUCATION EXCELLENCE

**Activity:** SPECIAL STUDENT & TEACHER PROGRAMS  
MISCELLANEOUS FEDERAL PROGRAMS

Narrative

Minneapolis students who qualify for free or reduced price lunch priority access and transportation to Minneapolis magnet schools and identified suburban schools. The grant enhances the Choice is Yours program by expanding outreach, transportation, and academic support.

Voluntary School Choice (84361 CFDA)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>
\$ in Thousands	--	\$872	\$3,131

Amounts in the narrative may differ when compared to the fiscal summary due to timing of state fiscal year-end closing and forecast changes.

## Contat

Additional information is available on the Catalog of Federal Domestic Assistance's web site at:  
[http://12.46.245.173/pls/portal30!/CATALOG.AGY\\_PROGRAM\\_LIST\\_RPT.show](http://12.46.245.173/pls/portal30!/CATALOG.AGY_PROGRAM_LIST_RPT.show).

DEPARTMENT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: MISCELLANEOUS FEDERAL PRGS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	55,156	59,119	58,643	56,894	115,537
<b>Total</b>	<b>55,156</b>	<b>59,119</b>	<b>58,643</b>	<b>56,894</b>	<b>115,537</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	89	3	0	0	0
Other Operating Expenses	80	38	0	0	0
Payments To Individuals	733	698	698	698	1,396
Local Assistance	54,254	58,380	57,945	56,196	114,141
<b>Total</b>	<b>55,156</b>	<b>59,119</b>	<b>58,643</b>	<b>56,894</b>	<b>115,537</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

**Budget Activities Included:**

- ⇒ Regular Special Education
- ⇒ Special Education-Excess Costs
- ⇒ Cross Subsidy Special Education
- ⇒ Children with Disabilities Aid
- ⇒ Travel for Home-Based Services
- ⇒ Litigation Costs for Special Education
- ⇒ Transition for Disabled Students
- ⇒ Court Placed Special Education Revenue
- ⇒ Out of State Tuition for Special Education Students
- ⇒ Other Federal Special Education Programs

**DEPARTMENT OF EDUCATION**

Program: **SPECIAL EDUCATION**

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium 2006-07</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY2006-07</b>
<b>General</b>					
Current Appropriation	624,237	645,208	645,208	645,208	1,290,416
<b>Technical Adjustments</b>					
Current Law Base Change			(25)	(37)	(62)
End-of-session Estimate			(2,258)	(3,967)	(6,225)
Cancellations	(1,623)				0
Transfer per M.S. 127A.41	312				0
Program/agency Sunset			(11,000)	(11,000)	(22,000)
Aid Payment Buy Back		11,450			
November Forecast Adjustment		297	606	964	1,570
Subtotal-Forecast Base	622,926	656,955	632,531	631,168	1,263,699
<b>Governor's Recommendations</b>					
Special Education Changes			(334)	1,623	1,289
Special Education Excess Costs Changes				(80)	(80)
<b>Total</b>	<b>622,926</b>	<b>656,955</b>	<b>632,197</b>	<b>632,711</b>	<b>1,264,908</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	622,926	656,955	632,197	632,711	1,264,908
<b>Statutory Appropriations</b>					
Federal	136,849	166,040	165,943	165,943	331,886
<b>Total</b>	<b>759,775</b>	<b>822,995</b>	<b>798,140</b>	<b>798,654</b>	<b>1,596,794</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	759,775	822,995	798,140	798,654	1,596,794
<b>Total</b>	<b>759,775</b>	<b>822,995</b>	<b>798,140</b>	<b>798,654</b>	<b>1,596,794</b>
<b><i>Expenditures by Activity</i></b>					
Regular Special Education	649,503	704,923	693,177	693,541	1,386,718
Special Education-Excess Costs	92,605	94,024	91,786	91,360	183,146
Cross Subsidy-Special Education	5,000	11,000	0	0	0
Children with Disabilities Aid	2,310	2,851	3,351	3,942	7,293
Travel for Home-Based Services	173	182	186	192	378
Litigation Costs for Special Education	201	110	17	17	34
Transition for Disabled Students	8,593	8,963	8,774	8,748	17,522
Court Placed Special Education Revenue	39	61	65	70	135
Out of State Tuition-Special Education	536	250	250	250	500
Other Federal Special Education Programs	815	631	534	534	1,068
<b>Total</b>	<b>759,775</b>	<b>822,995</b>	<b>798,140</b>	<b>798,654</b>	<b>1,596,794</b>

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** REGULAR SPECIAL EDUCATION

Narrative

## Activity Description

**Citation:** M.S. [125A.02](#); [125A.03](#); [125A.53](#); [125A.75](#); [125A.76](#); [125A.78](#); [125A.79](#)

**Federal Citation:** P.L. 105-17 IDEA

Special Education-Regular is a state aid program that provides specially designed instruction and related services for children and youth with disabilities ages birth – 21. Districts also receive additional federal Individual Disability Education Act (IDEA) funds to be used in the delivery of special education services.

## Population Served

As shown in the following table, in FY 2004 Minnesota provided special education services to 117,716 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-03.

**FY 2004 Unduplicated Child Count by Disability and Age Group** as of 12/1/03

Disability	Preschool	K-12	Ages 19-21	Total
	Ages B-4	Ages 5-18		
1. Speech Language Impaired	3,361	18,364	23	21,748
2. Developmental Cognitive Disability-Mild-Moderate	35	6,732	471	7,238
3. Developmental Cognitive Disability-Severe-Profound	11	2,182	289	2,482
4. Physically Impaired	50	1,579	37	1,666
5. Deaf and Hard of Hearing	202	2,018	49	2,269
6. Blind and Visually Impaired	63	337	9	409
7. Specific Learning Disabilities	1	36,457	400	36,858
8. Emotional and Behavioral Disorders	36	16,922	241	17,199
9. Autism Spectrum Disorder	513	5,287	130	5,930
10. Deaf Blind	6	50	1	57
11. Other Health Disabilities	29	10,293	126	10,448
12. Traumatic Brain Injury	12	417	18	447
13. Developmentally Delayed (Early Childhood Special Education)	6,922	3,725	0	10,647
14. Severely Multiply Impaired	10	295	13	318
<b>TOTAL</b>	<b>11,251</b>	<b>104,658</b>	<b>1,807</b>	<b>117,716</b>

Students become eligible for special education services by meeting specific state eligibility requirements under one or more of 14 disability categories. Although some of the categories of disability clearly identify children with severe disabilities, even the disability categories that typically suggest mild impairment have students with disabilities that range from relatively mild to severe.

Students must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment; and 2) be in need of specially designed instruction and related services. The eligibility criteria for each disability are defined in the state education rules 3525.1325 through 3525.1352.

## Activity at a Glance

Special Education services, revenue, and expenditures for FY 2003:

- ◆ 114,017 students ages birth – 21 receiving services.
- ◆ 16,568 FTE professional and paraprofessional staff employed.
- ◆ \$530 million paid to districts.
- ◆ \$116 million Federal Flow Through allocated to school districts.

**DEPARTMENT OF EDUCATION****Program: SPECIAL EDUCATION****Activity: REGULAR SPECIAL EDUCATION**

Narrative

The following table shows the number of special education students by education setting as of 12-01-03:

**Unduplicated Child Count by Setting  
as of December 1, 2003 (Birth -21)**

<u>Setting Ages 3-21</u>	<u>Total</u>
Regular Class	67,181
Resource Room two times or more per day	29,166
Separate Class	10,138
Public Separate Day School	5,460
Private Separate Day School	282
Public Residential School	654
Private Residential School	1,036
Hospital or Homebound	276
<b>Subtotal Ages 3-21</b>	<b>114,193</b>
<u>Settings Ages Birth – 2</u>	
Early Childhood Setting or Home-based	526
Part-time Early Childhood Setting Home or Itinerant	218
Early Childhood Sp. Ed. Classroom	2,702
Public Separate Day School	1
Private Separate Day School	2
Public Residential	65
Private Residential	9
<b>Subtotal Ages Birth – 2</b>	<b>3,523</b>
<b>TOTAL</b>	<b>117,716</b>

**Services Provided**

Special education instruction and services are governed by state statutes (M.S. 125A.02; M.S. 125A.03; M.S. 125A.75); state education rules (chapter 3525); federal law [P.L. 105-17, Individuals with Disabilities Education Act (IDEA)]; and federal rules (34 CFR 300).

The combination of these laws and rules require the provision of a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- ◆ based on need as identified in a multi-disciplinary assessment;
- ◆ written into an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), or Individualized Interagency Intervention Plan (IIIP); and
- ◆ provided in the least restrictive environment appropriate to the student's needs and at no cost to parents.

Special education is broad-based and focuses on specialized instruction that helps students with disabilities achieve results in the general curriculum and make progress toward graduation per individualized goals. Districts and parents determine the most appropriate means of delivering the necessary instruction and services to the students.

- ⇒ More than 279 smaller school districts have formed 43 special education cooperatives to deliver special education programs more cost effectively and efficiently.
- ⇒ In addition, districts can purchase services from service cooperatives, intermediate school districts, and cooperate with formal collaborative organizations such as children's mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** REGULAR SPECIAL EDUCATION

Narrative

Special Education Policy and the Division of Compliance and Assistance are working with school districts and cooperatives to implement self-assessment procedures known as Continuous Improvement Monitoring Process - Self-Review (CIMP-SR). This process is for children with disabilities birth through 21 and their families, and has three major goals:

- ◆ to improve educational results for children and youth with disabilities through the provision of specialized instruction and related services;
- ◆ to improve educational benefit for children and youth with disabilities through the development and implementation of interagency delivery systems; and
- ◆ to assure free and appropriate public education and early intervention services through state and local implementation of required procedures for finding, evaluating, placing, instructing, and supporting children and youth with disabilities.

## Key Measures

*Significantly increase the performance of students with IEPs on state assessment tests.*

- ◆ Student performance as measured by the Minnesota Basic Skills Test

	Percent Passing	
	2001	2003
All Students with Disabilities	37%	40%
Basic Skills Test 8 <sup>th</sup> Grade – Reading	30%	28%
Basic Skills Test 8 <sup>th</sup> Grade – Mathematics	59%	65%
Basic Skills Test 10 <sup>th</sup> Grade – Writing*		

- ◆ Student performance as measured by the Minnesota Comprehensive Assessment (MCAs)

	Percentage Scoring at Level 2b or Above	
	2001	2003
Grade 3 MCA Reading	34%	41%
Grade 3 MCA Mathematics	38%	45%
Grade 5 MCA Reading	38%	44%
Grade 5 MCA Mathematics	35%	45%
Grade 5 MCA Writing	38%	44%

- ◆ Minnesota compared with the nation on key federal indicators

	Minnesota	Nationally
Percentage Served Birth to Age 2	1.56%	2.10%
Percentage Served in Regular Classrooms, ages 6-21	64.00%	46.00%
Percentage Served in Segregated Classes, ages 6-21	9.00%	20.00%

- ◆ Special education compared with general education on key federal indicators

	Spec. Ed.	Gen. Ed.
Special Education Dropout Rate	5.09%	3.49%
Overall Graduation Rate for Special Education Students	79.87%	88.24%

Additional information on special education key measures are available at the Department of Education's web site: <http://education.state.mn.us>.

# DEPARTMENT OF EDUCATION

**Program: SPECIAL EDUCATION**

**Activity: REGULAR SPECIAL EDUCATION**

Narrative

## Activity Funding

Special education programs are funded with state special education aids and federal IDEA funds.

### District Special Education Expenditures State and Federal

	Dollars in Thousands				
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Child Count Birth-21	108,951	110,794	112,903	114,017	115,904
Average Cost Per Student	\$ 7,767.96	\$ 8,263.45	\$ 8,481.56	\$ 8,997.35	\$ 9,404.78
Salaries	583,703	626,205	652,873	697,390	731,125
Fringe Benefits*	160,518	172,206	179,540	191,782	201,059
Contracted Services	27,803	37,113	35,207	34,499	33,521
Individualized Instructional Supplies and Equipment	7,766	8,847	8,720	7,397	8,541
Federal Funds Used for Instruction (Birth-21)	66,537	71,169	81,253	94,784	115,805
<b>SUBTOTAL for Direct &amp; Related Services</b>	<b>\$ 846,327</b>	<b>\$ 915,541</b>	<b>\$ 957,593</b>	<b>\$1,025,851</b>	<b>\$1,090,051</b>
Transportation**	71,639	78,781	86,301	94,648	101,047
<b>TOTAL Expenditures</b>	<b>\$ 917,966</b>	<b>\$ 994,322</b>	<b>1,043,894</b>	<b>\$1,120,500</b>	<b>\$1,191,099</b>
Annual % Change	7.48%	8.32%	4.99%	7.34%	6.30%
<b>Federal Funding</b>					
Federal Flow Through Entitlement Section 611	\$ 55,829	\$ 57,947	\$ 69,021	\$ 91,769	\$ 111,133
Federal Flow Through Entitlement Section 619	5,905	5,502	5,738	5,738	5,738
Federal Flow Through CSPD Entitlement 619					
Federal Part-C Entitlement	\$ 167	\$ 170	\$ 171	\$ 173	\$ 177

Includes birth through 21 (Part C birth through age 2). Additional information on Part C pupils is located in the Infants and Toddlers-Part C budget narrative.

\*Estimated based on ratio of salaries and benefits for staff from Uniform Financial Accounting And Reporting Standards (UFARS).

\*\*Includes transportation to and from school, between schools and board and lodging.

### State Special Education Aids:

Special education revenue is based on expenditures in the second prior year (base year). State special education revenue for FY 2005 is based on expenditures in FY 2003.

The special education base revenue equals the sum of the following amounts computed using base year data:

- ◆ *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students;
- ◆ *Supplies and Equipment* - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability;
- ◆ *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district's program; and
- ◆ *Transportation* - 100% of the cost of special transportation services.

## DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** REGULAR SPECIAL EDUCATION

Narrative

The special education adjusted base revenue equals the base revenue times the ratio of the current year average daily membership (ADM) to the base year ADM. If the special education base revenue for a district equals zero, the special education revenue equals the amount computed above using current year data. A school district's special education revenue equals the state total special education revenue, minus new district revenue, times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.

The state total special education revenue for FY 2003 and beyond equals the state total special education revenue for the preceding fiscal year times the program growth factor times the ratio of the state total ADM for the current fiscal year to the state total ADM for the preceding fiscal year. The program growth factor was 1.08 for FY 2002, 1.046 for FY 2003, and 1.0 for FY 2004 and later.

For FY 1999 and earlier, state special education revenue was funded with a combination of state aid and property tax levies. Beginning in FY 2000, this program is funded entirely with state aid.

### **Federal IDEA (Individuals with Disabilities Education Act) Funds:**

IDEA, Part B funds are generated on a formula that includes a base allocation, calculated using December 1 child count for a base year (1998 for Section 611 flow through and 1996 for Section 611 preschool) and additional allocations based on poverty and enrollment. School districts submit the number of individuals with disabilities, ages 3 to 21, who have an IEP and are receiving special education services on December 1. Pre-school incentive funds, Section 619 of IDEA, are generated using the same formula, except that the base allocation is computed using the December 1996 count for individuals with disabilities ages three through five. The funding to school districts is referenced in the chart above.

The federal law requires that the state and local school districts maintain effort from one year to the next. Expenditures on a statewide basis or on a local district basis may not be decreased from the current year to the subsequent year, except under specific circumstances. Districts cannot supplant state and local expenditures for special education with federal funds. Federal funds are intended to expand and improve education services to individuals with disabilities.

Because of the maintenance of effort requirements of IDEA, districts have generally paid for related services staff, supplies, equipment, and tuition agreements with federal funds. Federal funds can be used to pay for a wider range of eligible special education costs than state special education aids. The two aid packages are compatible and provide a complete package for local school districts.

The Minnesota Department of Education (MDE) flows 88.6% of the federal funds to local education agencies. The department retains 1.9% of the funds for administration costs and approximately 9.5% for statewide set aside programs to implement Minnesota's State Improvement Plan.

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, does not reimburse all of the expenses that districts incur for special education programs. Information on special education cross-subsidies is available at [http://education.state.mn.us/html/intro\\_finance\\_spec\\_educ.htm](http://education.state.mn.us/html/intro_finance_spec_educ.htm).

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Special Education Policy, (651) 582-8397, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

DEPARTMENT OF EDUCATION  
 Program: SPECIAL EDUCATION PROGRAMS  
 Activity: Special Education

Budget Activity

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	515,091	529,460	529,460	529,460	1,058,920
a. End of Session Estimate			(1,385)	(3,035)	(4,420)
b. November Forecast Adjustment			52	115	167
c. Cancellation	(1,622)				
d. Aid Payment Buy Back		10,054	(25)	(31)	(56)
2 Forecast Base	<b>513,469</b>	<b>539,514</b>	<b>528,102</b>	<b>526,509</b>	<b>1,054,611</b>
3 Governor's Recommendation					
a. Transfer to Faribault Academies			(334)	(407)	(741)
b. Program Growth			0	2,030	2,030
4 Recommended	<b>513,469</b>	<b>539,514</b>	<b>527,768</b>	<b>528,132</b>	<b>1,055,900</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	530,642	529,164	527,868	526,208	1,054,076
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement	530,642	529,164	527,868	526,208	1,054,076
8 Adjustments					
9 State Aid Entitlement Current Law	530,642	529,164	527,868	526,208	1,054,076
10 Governor's Recommendation					
a. Transfer to Faribault Academy			(407)	(407)	(814)
b. Program Growth			0	2,479	2,479
11 Governor's Aid Recommendation	<b>530,642</b>	<b>529,164</b>	<b>527,461</b>	<b>528,280</b>	<b>1,055,741</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Recommendation					
a. Program Growth				17,517	17,517
14 Governor's Levy Recommendation	0	0	0	17,517	17,517
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	530,642	529,164	527,868	526,208	1,054,076
16 Governor's Recommendation			(407)	19,589	19,182
17 Governor's Revenue Recommendation	530,642	529,164	527,461	545,797	1,073,258
18 Other Revenue					
a. Federal (FY 06-07 at Award Amount)	136,034	165,409	165,409	165,409	330,818
19 Total All Sources Current Law	666,676	694,573	693,277	691,617	1,384,894
20 Governor's Total Revenue Recommendation	666,676	694,573	692,870	711,206	1,404,076
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	90,577	106,128	95,778	95,470	191,248
Current Year (80%/81.9%)	424,514	433,386	431,991	432,662	864,653
Cancellation (20%)	(1,622)				
<b>Total State Aid - General Fund</b>	<b>513,469</b>	<b>539,514</b>	<b>527,768</b>	<b>528,132</b>	<b>1,055,900</b>

**Activity Description****Citation: M.S. 125A.79**

This state aid program provides school districts with assistance for unreimbursed costs of special education and related services. These high costs have traditionally been subsidized by the general fund, reducing funds available for classroom education.

**Population Served**

All public schools in Minnesota that experience unreimbursed special education costs as defined by the aid formula receive benefits from state aid.

**Services Provided**

Special education excess cost aid promotes adequacy and equity in the general education program. Specifically, this activity helps students with a disability access free and appropriate public education without requiring school districts to subsidize special education costs excessively from general operating funds.

In small school districts, the unreimbursed costs of serving a few high cost students can have a severe impact on the district's general fund. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on school district general fund.

**Historical Perspective**

Since FY 1996, the total state special education revenue has been set in law. The growth in special education excess cost revenue between FY 1996 and FY 2001 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.

Beginning in FY 1999, transportation funding for students with a disability was rolled into the special education formula and the excess cost of transporting these students was included in the excess cost formula.

Beginning in FY 2000, the revenue was increased from 70% to 75% of excess costs and the threshold to qualify for revenue was reduced from 5.7% to 4.4% of general education revenue. The threshold was reduced to 4.36% beginning in FY 2001. Beginning in FY 2002, the state total excess cost aid has been set in law.

**Key Measures**

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Additional information on special education key measures are available at the Minnesota Department of Education's Program Finance web site: [http://education.state.mn.us/html/intro\\_finance\\_spec\\_educ.htm](http://education.state.mn.us/html/intro_finance_spec_educ.htm).

**Activity Funding**

For FY 2001, a district's special education excess cost aid equaled the greater of

- ◆ 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue; or
- ◆ 70% of the difference between the increase in the district's unreimbursed special education cost between the base and the current year and 1.6% of the district's general revenue.

**Activity at a Glance**

Excess Cost Aid provides a "safety net" for districts that experience high costs for special education services which are not reimbursed by regular special education aid.

- ◆ \$92.1 million in entitlements to Minnesota districts in FY 2003.
- ◆ 273 districts received excess cost aid in FY 2003.

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** SPECIAL EDUCATION-EXCESS COSTS

Narrative

Beginning in FY 2002, the state total excess cost aid equals the product of the state total excess cost aid in the previous year, times the program growth factor, times the ratio of the state total average daily membership (ADM) in the current year to the state total ADM in the previous year.

The program growth, factor established by the legislature, equals 1.044 for FY 2002, 1.02 for FY 2003, and 1.00 for FY 2004 and later. A district's initial excess cost aid is computed using the formula in effect for FY 2001. A district's actual excess cost aid equals its initial entitlement times the ratio of the state target for excess cost aid to the state total initial excess cost aid.

Excess cost aid targets a portion of special education funding increases to districts with the greatest excess cost as a percentage of total general revenue. By considering the overall impact of unreimbursed special education costs on a district's general fund budget, this program is more effective in addressing excess costs than narrower programs such as the court placement and tuition revenue programs.

The table below shows the state total amount of excess cost revenue for FY 1995 through FY 2005 and the numbers of districts participating in the program each year:

	<b>Special Education Excess Cost Revenue</b>									
	Dollars in Millions									
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>	<u>Est.</u> <u>FY 2005</u>	
Total Revenue	\$9.8	\$15.4	\$31.0	\$71.8	\$88.1	\$90.8	\$92.1	\$92.1	\$91.8	
Number of Districts	113	173	202	272	299	283	273	303	311	

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810, [http://education.state.mn.us/html/intro\\_finance\\_spec\\_educ.htm](http://education.state.mn.us/html/intro_finance_spec_educ.htm).

DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION PROGRAMS

Activity: Special Education - Excess Costs

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	92,605	92,799	92,799	92,799	185,598
a. End of Session Estimate			(1,013)	(1,367)	(2,380)
b. November Forecast Adjustment				12	12
c. Aid Payment Buy Back		1,225		(4)	(4)
<b>2 Forecast Base</b>	<b>92,605</b>	<b>94,024</b>	<b>91,786</b>	<b>91,440</b>	<b>183,226</b>
3 Governor's Recommendation					
a. Transfer to Faribault Academies				(80)	(80)
<b>4 Recommended</b>	<b>92,605</b>	<b>94,024</b>	<b>91,786</b>	<b>91,360</b>	<b>183,146</b>

<i>District Revenue Summary (Entitlement Basis)</i>						
<b>AID</b>	<b>State Aid</b>					
5 Statutory Formula Aid		92,067	91,811	91,587	91,299	182,886
6 Statutory Excess/(Shortfall)						
7 Appropriated Entitlement		92,067	91,811	91,587	91,299	182,886
8 Adjustments						
9 State Aid Entitlement Current Law		92,067	91,811	91,587	91,299	182,886
10 Governor's Recommendation						
a. Transfer to Faribault Academy				(80)	(80)	(160)
<b>11 Governor's Aid Recommendation</b>		<b>92,067</b>	<b>91,811</b>	<b>91,507</b>	<b>91,219</b>	<b>182,726</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
12 Local Levy Current Law		0	0	0	0	0
13 Governor's Recommendation						
<b>14 Governor's Levy Recommendation</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>						
<b>REVENUE</b>						
15 Current Law Revenue (State Aid & Levy)		92,067	91,811	91,587	91,299	182,886
16 Governor's Recommendation				(80)	(80)	(160)
<b>17 Governor's Revenue Recommendation</b>		<b>92,067</b>	<b>91,811</b>	<b>91,507</b>	<b>91,219</b>	<b>182,726</b>
18 Other Revenue		0	0	0	0	0
<b>19 Total All Sources Current Law</b>		<b>92,067</b>	<b>91,811</b>	<b>91,587</b>	<b>91,299</b>	<b>182,886</b>
<b>20 Governor's Total Revenue Recommendation</b>		<b>92,067</b>	<b>91,811</b>	<b>91,507</b>	<b>91,219</b>	<b>182,726</b>
<i>Appropriations Basis for State Aid</i>						
	Prior Year	41,754	41,216	39,003	38,724	77,727
	Current Year	50,851	52,808	52,783	52,636	105,419
	<b>Total State Aid - General Fund</b>	<b>92,605</b>	<b>94,024</b>	<b>91,786</b>	<b>91,360</b>	<b>183,146</b>

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** CROSS SUBSIDY-SPEC EDUCATION

Narrative

## Activity Description

**Citation:** Laws 2003, First Special Session, Chapter 9, Article 3, Section 17

This one-time aid for FY 2004 and FY 2005 is allocated among districts in proportion to each district's percentage of the state total special education excess cost aid for the previous fiscal year. It is paid on a 100% current basis. The aid must be used to pay for unfunded special education costs that would otherwise be cross-subsidized by general education revenue.

## Activity at a Glance

This aid helps pay for unfunded special education costs that would otherwise be cross-subsidized by general education revenue.

- ◆ \$5 million in FY 2004 and \$11 million in FY 2005.
- ◆ 273 school districts received special education cross-subsidy aid in FY 2004.

## Population Served

All public school districts in Minnesota that qualified for special education excess cost aid in FY 2003 or FY 2004 will receive benefits in FY 2004 and FY 2005, respectively.

## Services Provided

Cross-subsidy aid promotes adequacy and equity in the general education program. Specifically, this activity helps students with a disability access free and appropriate public education without requiring school districts to subsidize special education costs excessively from general operating funds.

In small school districts, the unreimbursed costs of serving a few high cost students can have a severe impact on the district's general fund. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on school district general fund. Cross-subsidy aid provides relief for those districts whose general fund was most severely impacted in FY 2003 and FY 2004.

## Key Measures

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Additional information on special education key measures are available at the Minnesota Department of Education's Program Finance web site: [http://education.state.mn.us/html/intro\\_finance\\_spec\\_educ.htm](http://education.state.mn.us/html/intro_finance_spec_educ.htm).

## Activity Funding

This one-time aid for FY 2004 and FY 2005 is allocated among districts in proportion to each district's percentage of the state total special education excess cost aid for the previous fiscal year. It is paid on a 100% current basis. \$5 million was appropriated for FY 2004 and \$11 million was appropriated for FY 2005.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810.

DEPARTMENT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: CROSS SUBSIDY-SPEC EDUCATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,000	11,000	11,000	11,000	22,000
<b>Technical Adjustments</b>					
Program/agency Sunset			(11,000)	(11,000)	(22,000)
Subtotal - Forecast Base	5,000	11,000	0	0	0
<b>Total</b>	<b>5,000</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,000	11,000	0	0	0
<b>Total</b>	<b>5,000</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	5,000	11,000	0	0	0
<b>Total</b>	<b>5,000</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

# DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: CHILDREN WITH DISABILITIES AID

Narrative

## Activity Description

Citation: M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals who are placed under care in a state institution, a licensed residential facility, or foster facility for whom no district of residence can be determined.

## Activity at a Glance

For FY 2003:

- ◆ 182 students without disabilities were placed.
- ◆ 542 students with disabilities were placed.
- ◆ Total cost was \$3.9 million.

## Population Served

Districts that serve individuals described above receive full payment for net education costs for students with and without disabilities who are served.

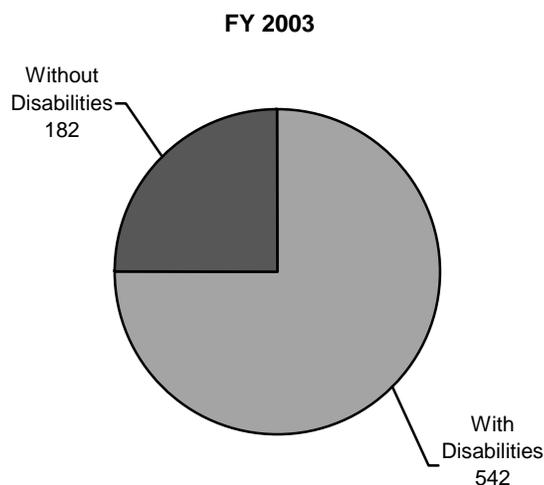
## Services Provided

This activity ensures that individuals who are placed in a residential facility and for whom no district of residence can be determined receive a free and appropriate education. Pupils are eligible if no district of residence can be determined because:

- ◆ parental rights have been terminated by court order;
- ◆ parents cannot be located;
- ◆ no other district of residence can be determined; or
- ◆ the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections.

This activity's objectives are the same as stated for regular special education. Special education programs and services are designed to benefit individuals with disabilities whose educational needs range from self-care skills, to independent living skills, to preparation for sheltered employment, or employment in the community. Students without disabilities are also eligible for this aid if they are eligible as noted above. This aid is for the costs of education and not for the costs associated with the care and treatment of the students.

Students eligible for this aid must be placed where the regular education program at the facility is approved according to section M.S. 125A.515.



## DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: CHILDREN WITH DISABILITIES AID

Narrative

### Historical Perspective

This program began in the 1970s to include education costs for students with disabilities. The law was amended in 1999 to include all students, those with and without disabilities, as eligible for aid if they meet the criteria stated above.

### Key Measures

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Additional information on special education key measures are available at the Minnesota Department of Education's website: <http://education.state.mn.us>.

### Activity Funding

The aid equals 100% of the net costs of educating these individuals, including transportation costs, a proportionate amount of capital expenditures, and debt service, minus the sum of basic general education revenue, special education aid, transportation aid, and any other aid earned on behalf of the child.

The students without disabilities have an average placement of 35 days while the students with a disability have an average placement of 84 days. In FY 2003, the average cost for a full-time equivalent student without a disability was \$10,012 while it was \$13,780 for a student with a disability.

The aid is paid as a reimbursement in the year following the year the services are provided.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

DEPARTMENT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: CHILDREN WITH DISABILITIES AID

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,311	2,550	2,550	2,550	5,100
<b>Technical Adjustments</b>					
End-of-session Estimate			292	603	895
November Forecast Adjustment		301	509	789	1,298
Subtotal - Forecast Base	2,311	2,851	3,351	3,942	7,293
<b>Total</b>	<b>2,311</b>	<b>2,851</b>	<b>3,351</b>	<b>3,942</b>	<b>7,293</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,310	2,851	3,351	3,942	7,293
<b>Total</b>	<b>2,310</b>	<b>2,851</b>	<b>3,351</b>	<b>3,942</b>	<b>7,293</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,310	2,851	3,351	3,942	7,293
<b>Total</b>	<b>2,310</b>	<b>2,851</b>	<b>3,351</b>	<b>3,942</b>	<b>7,293</b>

**Activity Description**

**Citation:** M.S. 125A.75, Subd. 1; P.L. 95-17, 42 U.S.C. Part C

This activity is funded by state sources. The state aid activity provides funding to assist school districts with travel costs for early childhood special education (ECSE) staff delivering services to children and their families in the home and at early childhood education center based sites within the community.

**Activity at a Glance**

Home-Based Travel for ECSE staff to provide services in the home or center-based programs.

- ◆ 11,228 ECSE children served in FY 2003
- ◆ \$165,828 paid to districts in FY 2003

**Population Served**

M.S. 125A.03 mandates special education services begin at birth for children with disabilities.

- ⇒ For very young children, special education services consist of consultation with parents and parent training, as well as direct services to the child.
- ⇒ Home-based travel aid assures that services are available in a variety of settings and that training and services can be delivered in the home or in settings most appropriate for the child and family.

**Services Provided**

Travel for home-based services assures that all individuals from birth through age four with disabilities, and their families, have access to ECSE intervention services.

Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 95-17), the Preschool Incentive program (P.L. 95-17, Sec. 619), and the Infants and Toddlers program (42 U.S.C. Part C) may also be used for this purpose.

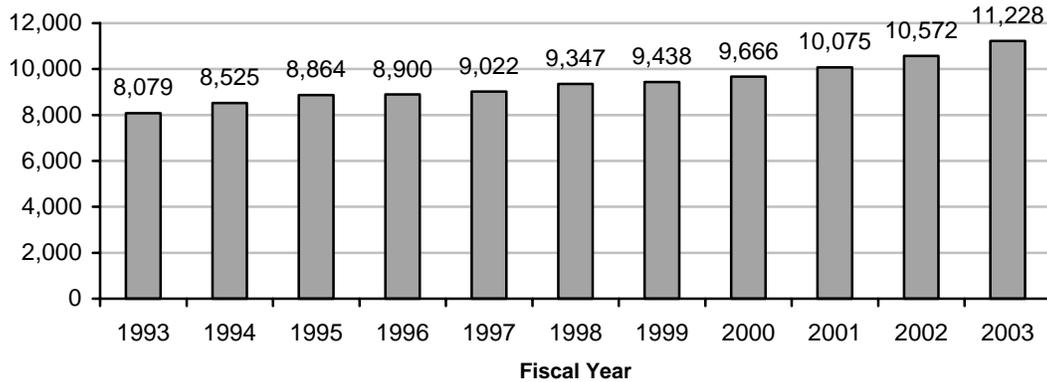
**Key Measures**

- ⇒ The number of children, from birth through age four, identified as having disabilities and receiving special education services increased from 6,901 in FY 1991 to 12,979 in FY 2003. The majority of these services are provided in the child's home or in a center-based site in the community.
- ⇒ There are 5,259 students age five who are in home-based, center, school-based, and other settings; some of whom are eligible for home-based travel aid.

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Additional information on special education key measures are available at the Minnesota Department of Education's web site: <http://education.state.mn.us>.

**Number of Preschool Children  
(birth through age 4)  
Receiving Special Education Services**



**Activity Funding**

Under current law, the state must pay each district one-half of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to children with a disability under age five and their families.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8397, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION PROGRAMS

Activity: Travel for Home-Based Services

Financial Statement

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	173	178	178	178	356
a. End of Session Estimate			8	15	23
b. Aid Payment Buy Back		4		-1	-1
2 Forecast Base	173	182	186	192	378
3 Governor's Initiatives					
4 Recommended	173	182	186	192	378

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		173	180	187	194
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement		173	180	187	194
8 Adjustments					
9 State Aid Entitlement Current Law		173	180	187	194
10 Governor's Initiatives					
11 Governor's Aid Recommendation		173	180	187	194
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation		0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		173	180	187	194
16 Governor's Initiatives					
17 Governor's Revenue Recommendation		173	180	187	194
18 Other Revenue		0	0	0	0
19 Total All Sources Current Law		173	180	187	194
20 Governor's Total Revenue Recommendation		173	180	187	194
<i>Appropriations Basis for State Aid</i>					
	Prior Year (20%/18.1%)	34	34	32	33
	Current Year (80%/81.9%)	139	148	154	159
	<b>Total State Aid - General Fund</b>	<b>173</b>	<b>182</b>	<b>186</b>	<b>192</b>

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** LITIGATION COSTS FOR SPEC EDUC

Narrative

## Activity Description

**Citation:** M.S. 125A.75, Subd. 8

This state aid program provides additional funding for school districts for eligible litigation costs associated with special education.

## Population Served

School districts with eligible special education litigation costs can participate in this activity.

## Services Provided

This program increases the efficiency of special education programs by encouraging districts to make program decisions based on student educational needs. Districts are eligible for reimbursement of administrative hearing costs. Attorney fees are not eligible for reimbursement.

The administrative costs of special education hearings, including the following items, are eligible for 100% reimbursement.

- ◆ hearing officer fees
- ◆ court reporter fees
- ◆ mileage costs
- ◆ independent evaluations ordered by the hearing officer
- ◆ rental of hearing rooms
- ◆ transcription fees
- ◆ interpreter and transliterator fees

## Key Measures

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of School Districts	14	12	13	16	16
Amount Paid to Districts	\$542,911	\$132,568	*\$337,518	\$306,315	\$200,998

*\*In addition four districts paid \$25,393 for hearing costs with federal funds in FY 2001.*

## Activity Funding

This program is funded with state aid. If the amount appropriated is insufficient to fully fund the aid for hearing and litigation costs, the aid is prorated. All applications for funding are reviewed by the Minnesota Department of Education to assure "neutral funding" for due process procedures.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs. Due process hearings have changed dramatically as of July 1, 2003. For all hearings requested after that date, the hearing is conducted by the Minnesota Department of Education rather than local school districts. Additionally, local school districts do not have to pay for the hearing officer or court reporter, two major reimbursable expenses under the old hearing system. Costs of independent educational evaluations may still be a cost incurred and are reimbursable when ordered by a hearing officer, as are interpreter and transliterator fees and the cost of renting hearing space.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840.

## Activity at a Glance

Provides districts with reimbursement for due process hearing costs relating to special education matters.

- ◆ 16 districts received \$200,998 in FY 2003
- ◆ 16 districts received \$306,315 in FY 2002

DEPARTMENT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: LITIGATION COSTS FOR SPEC EDUC

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	201	150	150	150	300
<b>Technical Adjustments</b>					
End-of-session Estimate			(133)	(133)	(266)
Subtotal - Forecast Base	201	150	17	17	34
<b>Total</b>	<b>201</b>	<b>150</b>	<b>17</b>	<b>17</b>	<b>34</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	201	110	17	17	34
<b>Total</b>	<b>201</b>	<b>110</b>	<b>17</b>	<b>17</b>	<b>34</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	201	110	17	17	34
<b>Total</b>	<b>201</b>	<b>110</b>	<b>17</b>	<b>17</b>	<b>34</b>

**Activity Description**

**Citation: M.S. 124D.454**

The Transition Program for Students with Disabilities is a state funded program that provides additional funding for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities.

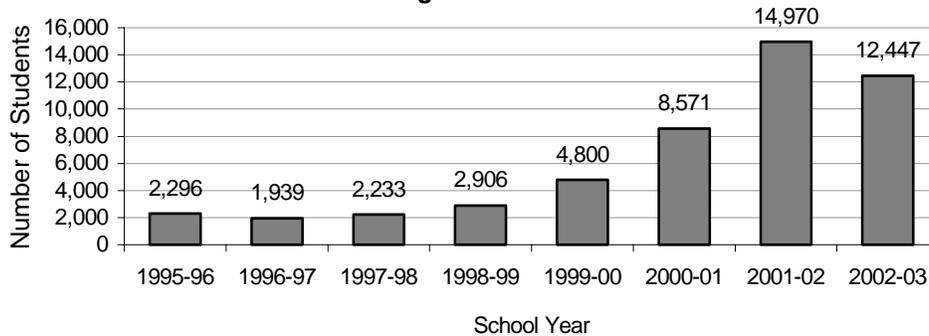
**Activity at a Glance**

- ◆ More than 10,000 students served
- ◆ Meets federal transition needs requirements

**Population Served**

This program serves students who meet state disability eligibility criteria according to M.S. 125A.02 and who have Individual Education Plans (IEP) that include work-based learning and require extra interventions not provided in regular work-based learning programs.

**Total Program Enrollment**



**Services Provided**

Examples of special services offered to aid in career and technical student success are assessment of aptitude, abilities, and support needs; interpreters; career assessment; community-based work experience; and technical tutors/paraprofessionals.

This program provides students with disabilities opportunities to:

- ◆ explore career choices;
- ◆ acquire entry-level academic and technical skills for employment;
- ◆ learn problem-solving and communication skills appropriate to the IEP and employment standards;
- ◆ gain experience in the use of equipment that will be used in their chosen fields of study; and
- ◆ gain work experience in a real-world setting.

A student with a disability may be served in his/her district of residence, by cooperative efforts with other districts, through formally organized intermediate districts or cooperatives, or through contracts with community-based organizations. Many students with disabilities meet transition goals through regular career and technical education programs.

- ⇒ Programs meet state program standards.
- ⇒ Programs are taught by appropriately licensed staff.
- ⇒ Programs address federal core indicators of academic and technical skill attainment, program completion, participant progress in post-secondary education or employment, and participation in opportunities not traditional to the gender.
- ⇒ Equipment and contracted services require state approval because need and effectiveness must be demonstrated.
- ⇒ Programs address the wealth of opportunities available in business/industry settings.

### Historical Perspective

In the past, this program has been known as Secondary Vocational-Disabled, Secondary Vocational for Students With Disabilities, and School to Work for Students with Disabilities, and is now known as Transition Programs for Students With Disabilities.

### Key Measures

*Significantly increase the transition from education to employment for students with IEPs.*

⇒ In the last two years, the agency developed a data collection process that is used to collect program data for this and other career and technical education programs. This data is available beginning with data from the FY 2003 school year, though clarification is still needed so that districts report programs correctly under this activity rather than special education.

### Activity Funding

School districts, intermediate districts, cooperatives, and other educational organizations must have program approval and must use appropriately licensed staff to qualify for program funding.

Per current law, the state total revenue equals the state total transition-disabled revenue for the previous year, times a growth factor, times the ratio of state total average daily membership (ADM) for the current year to the state total ADM for the previous year.

A school district's transition-disabled revenue equals the state total transition-disabled revenue, less new district revenue, times the ratio of the school district's adjusted base transition-disabled revenue to the state total adjusted base transition-disabled revenue.

State transition-disabled revenue is based on expenditures in the second prior year (base year). The base revenue resulting from the base year expenditures equals the sum of the following:

- ◆ 68% of salaries of essential personnel providing direct instructional services;
- ◆ 52% of the difference between an approved contract for services and basic revenue for that student for the fraction of the school day the student receives services;
- ◆ 47% of necessary equipment;
- ◆ 47% of teacher travel between instruction sites or to/from community-based learning sites;
- ◆ 47% of supplies not to exceed an average of \$47 per student with a disability;
- ◆ 52% of the contract amount for services by an organization, other than a Minnesota school district or cooperative, that are supplemental to the district education program; and
- ◆ 52% of the contract for vocational evaluation of a student not yet enrolled in 12th grade.

The adjusted base year revenue equals the base revenue times the ratio of the district's ADM for the current year to the district's ADM in the base year. If the district base year revenue is zero, the current year revenue calculation is based on formula percentages applied to current year expenditures.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Adult and Career Education, (651) 582-8409.

DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION PROGRAMS

Activity: Transition for Disabled Students

Financial Statement

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	8,570	8,760	8,760	8,760	17,520
a. End of Session Estimate			(31)	(59)	(90)
b. November Forecast Adjustment		36	45	48	93
c. Transfer per M.S. 127A.41	23				
d. Aid Payment Buy Back		167		(1)	(1)
2 Forecast Base	8,593	8,963	8,774	8,748	17,522
3 Governor's Initiatives					
4 Recommended	8,593	8,963	8,774	8,748	17,522

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	8,840	8,791	8,770	8,743	17,513
6 Statutory Excess/(Shortfall)	(23)	(36)			
7 Appropriated Entitlement	8,817	8,755	8,770	8,743	17,513
<b>Adjustments</b>					
a. Excess Funds Transferred In/(Out)	23				
b. Supplemental Appropriation		36			
9 State Aid Entitlement Current Law	8,840	8,791	8,770	8,743	17,513
10 Governor's Initiatives					
11 Governor's Aid Recommendation	8,840	8,791	8,770	8,743	17,513
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	8,840	8,791	8,770	8,743	17,513
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	8,840	8,791	8,770	8,743	17,513
<b>Other Revenue</b>					
18 Other Revenue					
19 Total All Sources Current Law	8,840	8,791	8,770	8,743	17,513
20 Governor's Total Revenue Recommendation	8,840	8,791	8,770	8,743	17,513
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	1,516	1,763	1,591	1,587	3,178
Transfer per M.S. 127A.41	23				
Current Year (80%/81.9%)	7,054	7,200	7,183	7,161	14,344
<b>Total State Aid - General Fund</b>	<b>8,593</b>	<b>8,963</b>	<b>8,774</b>	<b>8,748</b>	<b>17,522</b>

# DEPARTMENT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** COURT PLACED SPEC EDUC REVENUE

Narrative

## Activity Description

**Citation:** M.S. 125A.79, subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

## Population Served

Minnesota school districts receive aid that would otherwise be subsidized by the district general fund.

## Services Provided

Minnesota school districts providing special education services to court placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student's resident district and state.

## Key Measures

FY 1999 was the first year of operation for this program, with 16 students eligible for the state aid under this program.

In FY 2003, 14 nonresident students (4.37 average daily memberships) were placed in Minnesota by the courts for services that were not paid by the resident district or state with a cost of \$35,468.

## Activity Funding

To be eligible for this revenue, districts must demonstrate that they have admittance procedures designed to identify the agency responsible for the education costs and get commitment for payment of tuition from the agency prior to admitting the student into the program.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840.

## Activity at a Glance

FY 2003 revenue for non-Minnesota residents placed by the courts in Minnesota.

- ◆ 14 students were placed from out-of-state
- ◆ 4.37 Average Daily Memberships were in placement
- ◆ \$35,468 was paid to districts in FY 2003

DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: COURT PLACED SPEC EDUC REVENUE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	36	61	61	61	122
<b>Technical Adjustments</b>					
End-of-session Estimate			4	9	13
Subtotal - Forecast Base	36	61	65	70	135
<b>Total</b>	<b>36</b>	<b>61</b>	<b>65</b>	<b>70</b>	<b>135</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	39	61	65	70	135
<b>Total</b>	<b>39</b>	<b>61</b>	<b>65</b>	<b>70</b>	<b>135</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	39	61	65	70	135
<b>Total</b>	<b>39</b>	<b>61</b>	<b>65</b>	<b>70</b>	<b>135</b>

# DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: OUT OF STATE TUITION-SPEC EDUC

Narrative

## Activity Description

Citation: M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

## Population Served

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

## Services Provided

The resident school district submits the balance of the tuition bills, minus the sum of basic general education revenue, special education aid, and any other aid earned on behalf of the child to the Minnesota Department of Education for payment.

## Historical Perspective

This provision was enacted in 1999 to pay the costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

## Key Measures

In FY 2003 162 students were placed out-of-state for care and treatment. The payment from this statute is made after all available aids such as general education revenue and special education revenue have been applied.

<u>Number of Students in out-of-state placements</u>	<u>ADM</u>	<u>Total Expenditure</u>	<u>Special Education Revenue</u>	<u>Basic Revenue</u>	<u>Court Placed Funding</u>
162	99.73	\$2,205,084	\$565,173	\$1,118,213	\$521,698

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Additional information on special education key measures are available at the Minnesota Department of Education's Program Finance web site: [http://education.state.mn.us/html/intro\\_finance\\_spec\\_educ.htm](http://education.state.mn.us/html/intro_finance_spec_educ.htm).

## Activity Funding

Because data is not readily available prior to the end of the school year, this program was changed to reimburse school districts for eligible prior year costs beginning in FY 2003. Districts were funded for FY 2003 program costs in FY 2004.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840.

## Activity at a Glance

Minnesota residents placed out-of-state for care and treatment summary for FY 2003:

- ◆ 162 students were placed out-of-state
- ◆ 99.73 ADMs were in placement
- ◆ \$521,698 reimbursed to school districts in FY 2004

DEPARTMENT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: OUT OF STATE TUITION-SPEC EDUC

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	536	250	250	250	500
<b>Total</b>	<b>536</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	536	250	250	250	500
<b>Total</b>	<b>536</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>

**Activity Description**

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota.

**Special Education - Deaf/Blind P.L. 105-17 IDEA.**

To initiate and improve statewide educational services for children with deaf-blindness from birth to age 22.

To provide transition services for Minnesota youth and young adults with deaf-blindness as they progress from secondary special education programs to post-secondary education, employment, and community living.

The specific program objectives are the same as stated under Special Education - Regular narrative. Special education programs are designed to prepare individuals with disabilities whose education needs are basic, ranging from self-care skills, to independent living skills, to preparation for sheltered employment, or employment in the community. Some will be prepared for and benefit from the full array of post-secondary education programs available.

**Special Education State Improvement Grant P.L. 105-17 IDEA.**

The State Improvement Grant (SIG) is a five-year grant that was received through a competitive process among states. The purpose of the grant is to bring about systemic change in identified statewide need areas in special education. The grant currently focuses upon: 1) facilitating access to general education curriculum and achieving results for children and youth with disabilities; 2) fully implementing a coordinated, multidisciplinary interagency service system for children and youth with disabilities birth through 21 statewide; and 3) ensuring the availability of a qualified special education workforce in all regions and communities of Minnesota.

**Special Education Self-Improvement Grant P.L. 105-17 IDEA.**

The self-improvement grant focuses on self-improvement in five areas of need previously identified in the *Minnesota's Self-Assessment Process 2000*. These five areas include: successful student transitions, sufficient trained staff, access to mental health services, interagency coordination, and reducing system bias.

**Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk of the No Child Left Behind Act of 2001 P.L. 107-110, Title I, Part D.**

Federal funds for use by state corrections facilities to provide education services to children at-risk (academic) and support partnerships between schools and correctional facilities for the purpose of improving the at-risk students' quality of education in an effort to meet state performance standards that comply with guidelines of the Neglected and Delinquent Children's policies.

**Future Bound: Outreach Project to Promote Secondary Transitional Opportunities for American Indian Students. (CFDA 84324R).**

This grant program provides the four Dakota communities and other tribal nations and public schools in Minnesota with the funding for summer programs and curriculum to help special education/at-risk students make the transition from high school to post-secondary education.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education (651) 582-8397, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

**Activity at a Glance**

The federal program in the narrative are:

- ◆ Special Education – Deaf/Blind
- ◆ Special Education State Improvement
- ◆ Special Education Self-Improvement
- ◆ Prevention and Intervention Programs
- ◆ Future Bound: Outreach Project

DEPARTMENT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: OTHER FEDERAL SPEC EDUC PRGS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	815	631	534	534	1,068
<b>Total</b>	<b>815</b>	<b>631</b>	<b>534</b>	<b>534</b>	<b>1,068</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	815	631	534	534	1,068
<b>Total</b>	<b>815</b>	<b>631</b>	<b>534</b>	<b>534</b>	<b>1,068</b>

**Budget Activities Included:**

- ⇒ Health and Safety Revenue
- ⇒ Debt Service Equalization
- ⇒ Alternative Facilities Revenue
- ⇒ Federal Technology Programs
- ⇒ Miscellaneous Facilities Levies

# DEPARTMENT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
<b>General</b>					
Current Appropriation	65,237	54,626	54,626	54,626	109,252
<b>Technical Adjustments</b>					
Current Law Base Change			(100)	(63)	(163)
End-of-session Estimate Cancellation	(5,575)	(2,199)	(6,012)	(9,079)	(15,091)
Aid Payment Buy Back		957			
November Forecast Adjustment		120	(2,527)	(3,168)	(5,695)
Subtotal-Forecast Base	<b>59,662</b>	<b>53,504</b>	<b>45,987</b>	<b>42,316</b>	<b>88,303</b>
<b>Governor's Recommendations</b>					
Health & Safety Adjustment for Pupil Unit Change				(2)	(2)
Deferred Maintenance				2,383	2,383
Telecommunications Access			4,500	4,600	9,100
Maximum Effort Tax Rate Change				(683)	(683)
<b>Total</b>	<b>59,662</b>	<b>53,504</b>	<b>50,487</b>	<b>48,614</b>	<b>99,101</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	59,662	53,504	50,487	48,614	99,101
<b>Statutory Appropriations</b>					
Federal	2,129	4,765	4,765	4,765	9,530
<b>Total</b>	<b>61,791</b>	<b>58,269</b>	<b>55,252</b>	<b>53,379</b>	<b>108,631</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	61,791	58,269	55,252	53,379	108,631
<b>Total</b>	<b>61,791</b>	<b>58,269</b>	<b>55,252</b>	<b>53,379</b>	<b>108,631</b>
<b><i>Expenditures by Activity</i></b>					
Health & Safety Revenue	5,356	2,066	818	575	1,393
Telecommunications Access			4,500	4,600	9,100
Deferred Maintenance			0	2,383	2,383
Debt Service Equalization	35,598	31,784	25,882	21,769	47,651
Alternative Facilities Revenue	18,708	19,654	19,287	19,287	38,574
Federal Technology Programs	2,129	4,765	4,765	4,765	9,530
<b>Total</b>	<b>61,791</b>	<b>58,269</b>	<b>55,252</b>	<b>53,379</b>	<b>108,631</b>

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: TELECOMMUNICATIONS ACCESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Telecommunications Access		0	4,500	4,600	9,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,500</b>	<b>4,600</b>	<b>9,100</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	4,500	4,600	9,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,500</b>	<b>4,600</b>	<b>9,100</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	4,500	4,600	9,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,500</b>	<b>4,600</b>	<b>9,100</b>

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: DEFERRED MAINTENANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Debt & Deferred Maintenance		0	0	2,383	2,383
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,383</b>	<b>2,383</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	0	2,383	2,383
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,383</b>	<b>2,383</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	0	2,383	2,383
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,383</b>	<b>2,383</b>

**Activity Description**

Citation: M.S. 123B.57

The Health and Safety program is a state aid and levy program to address facility and grounds issues that impact safety and health concerns.

**Population Served**

School districts with levy authority are eligible to participate in this program.

**Services Provided**

Program revenue may be used for repairs in any existing public school building or site. However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded improvements are being made. New construction and portable classrooms are not eligible for funding. In addition (with the exception of calamity bonds), revenues cannot be used to make principal and/or interest payments on any other debt instrument.

The program was modified by 2003 legislative action. Some projects are no longer eligible for funding and large projects (over \$500,000 per building) are no longer funded by health and safety revenue. Large projects are now funded under the Alternative Facilities/Health and Safety program. While these projects are still approved within the existing health and safety system, districts now have the ability to issue bonds or make an annual levy to fund large projects.

The program addresses a wide array of areas impacting environments, including the following:

- ◆ asbestos removal or encapsulation;
- ◆ hazardous substance, including provisions for fuel storage repairs, cleanup, or storage tank removal, and lead removal;
- ◆ fire safety, including compliance with state fire marshal orders;
- ◆ environmental health and safety management; and
- ◆ physical hazard control, including indoor air quality.

**Historical Perspective**

The predecessor to the program began in 1985 as a hazardous substance removal program. The health and safety program, as it is now known, began in FY 1990 when the hazardous substance revenue program was expanded to include fire and life safety. Major changes to the program since that time have included expansion to cover costs related to:

- ◆ environmental management and physical hazards (FY 1994);
- ◆ the Indoor Air Quality in Schools Act (FY 1990);
- ◆ member district's share of the three intermediate (cooperative) district's health and safety costs (FY 2001); and
- ◆ alternative facility funding mechanism was added in FY 2003.

**Key Measures**

The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided on the following page.

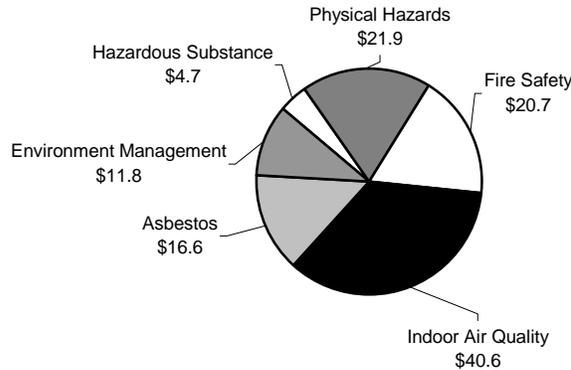
**Activity at a Glance**

Actual FY 2003:

◆ Health and Safety Revenue	\$116,265,884
◆ State Aid	\$7,220,977
◆ Local Levy	\$109,044,907
◆ Number of Districts	323
◆ Expenditure by Project Type (\$ in millions)	
Indoor Air Quality	\$40.6
Physical Hazards	\$21.9
Fire Safety	\$20.7
Asbestos	\$16.6
Environment Management	\$11.8
Hazardous Substance	\$4.7

**Health & Safety Expenditures Categories**

FY 2003 Total: \$116.3 (\$ in millions)

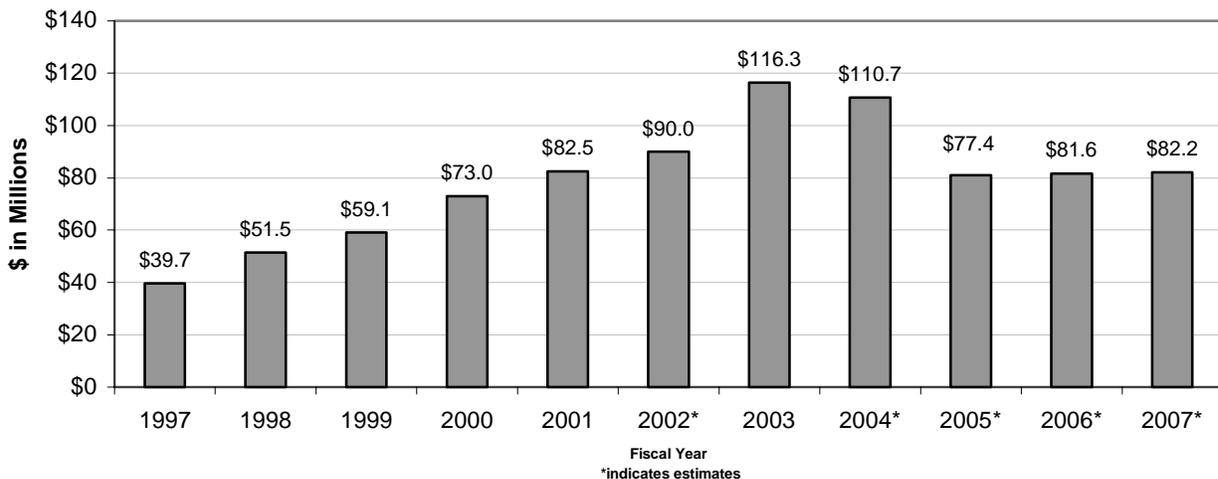


**Activity Funding**

Health and Safety revenue is funded through a combination of state aid and local property tax levies. For FY 2003 and later years, the state and local shares of health and safety revenue are determined using an equalizing factor of \$2,935. The local share equals the product of the revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted marginal cost pupil unit to \$2,935.

Program expenditures on hazardous substances and fire safety have leveled off in recent years. However, as an increasing number of school districts address indoor air quality issues, expenditures in this area are expected to climb. Total revenues surpassed the \$100 million dollar mark in FY 2003 and FY 2004. Expenditures are expected to decline in FY 2005 – FY 2007. The decline is mostly due to districts funding large projects under the Alternative Facility/Health and Safety program instead of the traditional health and safety. Local taxpayers will bear the brunt of increasing program expenditures, as state aid will continue to fall with increases in the adjusted net tax capacity.

**Health and Safety Expenditures by Fiscal Year**



**DEPARTMENT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Activity: HEALTH & SAFETY REVENUE**

Narrative

**State-Local Share**

Dollars in Thousands

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Est.</u> <u>FY 2004</u>	<u>Est.</u> <u>FY 2005</u>
<b>Total Revenue</b>							
Amount	\$59,100	\$73,016	\$82,541	\$80,398	\$116,265	\$110,700	\$77,350
Number of Districts	312	322	325	327	323	339	333
<b>Levy</b>							
Amount	\$46,000	\$59,016	\$67,741	\$70,440	\$109,045	\$105,900	\$76,000
Number of Districts	311	322	325	327	323	339	333
<b>State Aid</b>							
Amount	\$13,100	\$14,000	\$14,800	\$9,958	\$7,221	\$4,800	\$1,350
Number of Districts	254	246	236	230	162	116	75

Health and safety revenue is primarily driven by expenditures for approved projects. Adjustments for prior year actual costs are also included in the calculation of revenue.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/html/intro\\_finance\\_health\\_saf.htm](http://education.state.mn.us/html/intro_finance_health_saf.htm).

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: Health & Safety

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	5,356	1,920	1,920	1,920	3,840
a. End of Session Estimate			(960)	(1,220)	(2,180)
b. November Forecast Adjustment		120	(130)	(120)	(250)
c. Aid Payment Buy Back		26	(12)	(3)	(15)
<b>2 Forecast Base</b>	<b>5,356</b>	<b>2,066</b>	<b>818</b>	<b>577</b>	<b>1,395</b>
3 Governor's Recommendation					
a. Pupil unit calculation change			0	(2)	(2)
<b>4 Recommended</b>	<b>5,356</b>	<b>2,066</b>	<b>818</b>	<b>575</b>	<b>1,393</b>

<i>District Revenue Summary (Entitlement Basis)</i>						
<b>AID</b>	<b>State Aid</b>					
5	Statutory Formula Aid	4,800	1,350	700	550	1,250
6	Statutory Excess/(Shortfall)		(120)			0
7	Appropriated Entitlement	4,800	1,230	700	550	1,250
8	Adjustments					
a.	Supplemental Appropriation		120			
9	State Aid Entitlement Current Law	4,800	1,350	700	550	1,250
10	Governor's Recommendation					
a.	Pupil unit calculation change				(2)	(2)
<b>11</b>	<b>Governor's Aid Recommendation</b>	<b>4,800</b>	<b>1,350</b>	<b>700</b>	<b>548</b>	<b>1,248</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
12	Local Levy Current Law	105,900	76,000	80,699	79,783	160,482
13	Governor's Recommendation					
a.	Pupil unit calculation change				2	2
<b>14</b>	<b>Governor's Levy Recommendation</b>	<b>105,900</b>	<b>76,000</b>	<b>80,699</b>	<b>79,785</b>	<b>160,484</b>
<i>equals</i>						
<b>REVENUE</b>						
15	Current Law Revenue (State Aid & Levy)	110,700	77,350	81,399	80,333	161,732
16	Governor's Recommendation					
<b>17</b>	<b>Governor's Revenue Recommendation</b>	<b>110,700</b>	<b>77,350</b>	<b>81,399</b>	<b>80,333</b>	<b>161,732</b>
<b>18</b>	<b>Other Revenue</b>					
<b>19</b>	<b>Total All Sources Current Law</b>	<b>110,700</b>	<b>77,350</b>	<b>81,399</b>	<b>80,333</b>	<b>161,732</b>
<b>20</b>	<b>Governor's Total Revenue Recommendation</b>	<b>110,700</b>	<b>77,350</b>	<b>81,399</b>	<b>80,333</b>	<b>161,732</b>
<i>Appropriations Basis for State Aid</i>						
	Prior Year (20%/18.1%)	1,516	960	244	126	370
	Current Year (80%/81.9%)	3,840	1,106	574	449	1,023
	<b>Total State Aid - General Fund</b>	<b>5,356</b>	<b>2,066</b>	<b>818</b>	<b>575</b>	<b>1,393</b>

# DEPARTMENT OF EDUCATION

**Program: FACILITIES & TECHNOLOGY**

**Activity: DEBT SERVICE EQUALIZATION**

Narrative

## Activity Description

Citation: 123B.53; 123B.55

Debt Service Equalization is a state aid and local levy program that ensures that all school districts, regardless of property wealth, can afford adequate educational facilities for their students. The equalization formula facilitates the betterment and/or expansion of school facilities by providing debt service aid to districts with a low to moderate tax base per pupil unit. Some districts with a relatively high tax base per pupil unit can still qualify for debt service aid if they have a relatively high debt burden.

School districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to construct, acquire, or improve school facilities. Exceptions include alternative facilities bonding and special legislation for Minneapolis and St. Paul.

## Population Served

This program serves all students attending public schools and taxpayers in districts with a relatively high debt service tax rate and low to moderate tax base per pupil unit.

## Services Provided

The debt service program includes several components and is financed through a combination of state aid and local property tax levies. The following table shows the state total revenue and number of districts participating in each component for FY 2005 (taxes payable in 2004).

**Debt Service Revenue Components, FY 2005**  
(\$ in Thousands)

Funding Category	Total Amount	No. of Districts
<b>Aid Eligible Revenue Components</b>		
1. Required Debt Service Levy-Eligible <sup>1</sup>	\$ 539,527	273
2. Maximum Effort Levy Above Required	1,669	14
3a. Req. Debt Service for Alt. Facilities <sup>2</sup>	30,465	10
3b. Alt. Facilities Annual Levy <sup>2</sup>	47,831	16
4a. Req. Debt Service for Alt. Fac./H&S	0	0
4b. Alt. Fac./H&S Annual Levy	9,828	8
5. Energy Conservation	1,158	73
6. Lease Purchase-Eligible	37,626	6
7. Net Debt Excess-Eligible	(27,504)	148
8. Gross Equalization Revenue <sup>3</sup>	\$ 640,600	281
<b>Aid Ineligible Revenue Components</b>		
9. Required Debt Service Levy-Ineligible	22,770	30
10. Additional Maximum Effort Levy	2,200	18
11. Req. Debt Service Levy for Equipment Bonds	28	1
12. Req. Debt Service for Facilities Bonds	6,951	52
13. Lease Purchase-Ineligible	1,967	3
14. Net Debt Excess-Ineligible	676	30
15. Total Ineligible Revenue	33,240	88

<sup>1</sup> Includes net taconite debt service levy.

<sup>2</sup> Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

<sup>3</sup> Sum of lines 1, 2, 3a, 3b, 4a, 4b, 5, 6, 7

## Activity at a Glance

Estimated FY 2005

◆ Districts receiving aid	105
◆ Average amount of aid Received by a district	\$282,337
◆ Percentage of eligible debt service revenue paid by state aid	4.4%

# DEPARTMENT OF EDUCATION

**Program: FACILITIES & TECHNOLOGY**

**Activity: DEBT SERVICE EQUALIZATION**

Narrative

## Key Measures

Statewide debt service revenue continues to increase as shown in the table below. The table also illustrates the state/local share of debt service revenue. The unequalized local portion of debt service revenue, 15% of the district's Adjusted Net Tax Capacity (ANTC) makes up the majority of total revenue. The equalized local portion is defined as the local share beyond the 15% of the ANTC.

### Debt Service Revenue

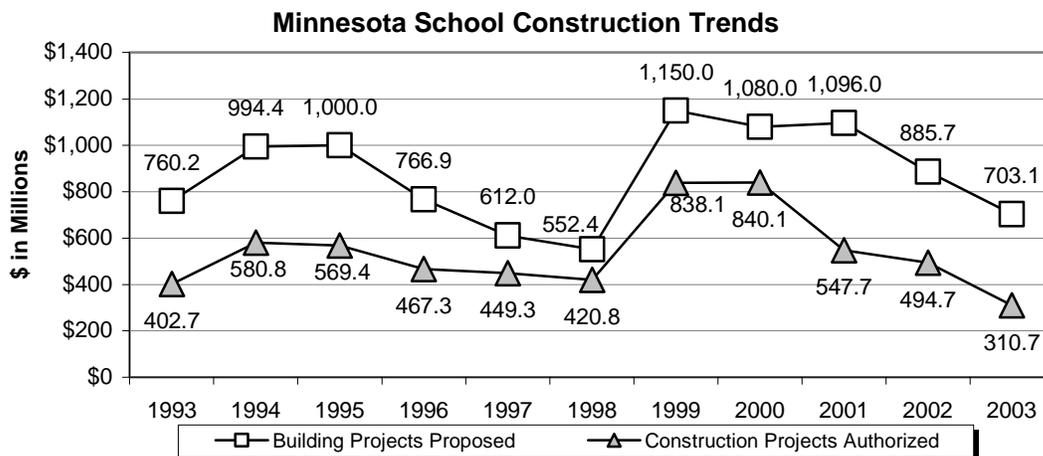
Dollars in Millions

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Est. FY 2005
Unequalized Local Portion	\$265.9	\$304.0	\$343.0	\$384.8	\$402.4	\$407.3	\$456.2
Equalized Local Portion	67.8	65.1	58.1	51.3	66.0	111.0	100.9
Debt Service Aid	33.9	32.6	29.0	25.7	33.0	37.5	29.6
TOTAL Debt Service Revenue	\$367.6	\$401.7	\$430.1	\$461.8	\$501.4	\$555.8	\$586.7

- ⇒ Legislative overhaul of the debt service equalization formula was accomplished in 2001. A new two-tiered equalization formula was created to target districts with low to moderate tax bases and/or districts with a relatively high debt burden.
- ⇒ As a result of the new two-tiered equalization formula total debt service aid reversed its downward trend in FY 2003 and FY 2004. In FY 2005, debt service aid again began to fall due to ANTC increases.
- ⇒ In percentage terms, the state's share of eligible debt service revenue decreased from 6.1% in FY 2003 to 4.4% in FY 2005. The state share of net debt service revenue eligible for equalization had declined from a high of 11.09% in FY 1997. From FY 2003 to FY 2005, this percentage naturally decreased with increases in tax capacity and an essentially constant debt-equalizing factor.

## Historical Perspective

- ⇒ Historically, facility acquisition and betterment was considered solely a local responsibility and no state aid equalization was provided. In 1992, a debt service equalization program was enacted. In 2001, a second tier was added to the debt service equalization formula to provide targeted tax relief to school districts with eligible debt service revenue exceeding 25% of district ANTC.
- ⇒ The graph below shows construction trends over the last eight calendar years. The top line on the graph is the total dollars proposed in that calendar year that received a positive review and comment. The bottom line is the dollar amount approved by local voters.



The change to the two-tiered debt service equalization formula has led to a noticeable increase in individual bond issue size. Much of this can be ascribed to the new equalization formula in combination with a less generous equalization factor for the health and safety aid program. These two factors provide incentives for districts to seek voter approval for a majority of facility needs in order to maximize debt service aid.

## Activity Funding

### *Revenue Components*

#### **Required Debt Service Levy** (M.S. [123B.55](#); [475.61](#)).

⇒ A school district must levy for the principal and interest payments on its general obligation bonds, plus an additional 5% to cover potential tax delinquencies, for the following fiscal year. The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.

#### **Maximum Effort Debt Service Levy** (applies to Capital Loan Districts) (M.S. [126C.63](#), Subd. 8).

- ⇒ Districts with an outstanding state capital loan and/or debt service loan must levy for debt service a minimum of 32% or 40% of the latest ANTC (the 40% of ANTC applies only to capital loans issued after 2001, all others are 32%). This amount is referred to as a district's maximum effort.
- ⇒ The maximum effort debt service levy cannot exceed the amount beyond the required debt service levy that is needed to retire all outstanding state loans. If the maximum effort debt service levy is greater than the required debt service levy, then the difference is included in computing debt service aid.
- ⇒ If, after debt service aid is subtracted, the net eligible debt service levy is less than the maximum effort debt service levy, there is an additional maximum effort debt service levy, such that the net eligible debt service levy is not less than maximum effort debt service levy. The additional maximum effort debt service levy is not included in computing debt service equalization aid.

#### **Required Debt Service Levy for Equipment** (M.S. [123B.61](#)).

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue certificates of indebtedness or capital notes to purchase capital equipment. The certificates or notes must be repaid within five years or less.
- ⇒ A school district must annually levy the amount needed to retire the certificates of indebtedness or capital notes. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

#### **Required Debt Service Levy for Facilities** (M.S. [123B.62](#)).

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue bonds to provide funds for capital improvements to facilities.
- ⇒ A school district must annually levy the amount needed to retire the facility bond or note. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

#### **Alternative Facilities Bonding and Levy** (M.S. [123B.59](#), Subd. 1).

- ⇒ Large school districts with over 1,850,000 square feet of space and an average building age of 15 years or older, or over 1,500,000 square feet of space and an average building age of 35 years or older, and a 10-year facility plan approved by the commissioner, may issue bonds or annually levy for health and safety, disabled access, and deferred maintenance projects specified in the approved plan.
- ⇒ Debt service levies made under this program are included in the computation of debt service equalization aid.
- ⇒ See the Alternative Facilities Bonding narrative for more information.

# DEPARTMENT OF EDUCATION

**Program:** FACILITIES & TECHNOLOGY

**Activity:** DEBT SERVICE EQUALIZATION

Narrative

## **Alternative Facilities/Health and Safety** (M.S. 123B.59, Subd. 1).

- ⇒ Health and safety projects over \$500,000 per building approved after 02-01-03 are to be financed by alternative facility bonding or an annual levy.
- ⇒ Levies made under this program are eligible for Tier 1 debt service aid.

## **Energy Conservation** (M.S. 126C.40, Subd. 5).

- ⇒ School districts must levy for the amount needed to repay the annual principal and interest on state energy conservation loans and other loans approved on or before 03-01-98 under M.S. 216C.37. This levy is included in computing debt service equalization aid.
- ⇒ There is no levy authority for energy conservation loans approved after 03-01-98. Districts receiving these loans must annually transfer from the general fund to the debt redemption fund the amount needed to pay the principal and interest on the loans.

## **Lease Purchase** (M.S. 126C.40, Subd. 2, Laws 1995, First Special Session, Ch. 3, Art. 5, Sec. 9).

- ⇒ Eligible school districts must levy the amount needed for payments on lease purchase agreements approved by the commissioner prior to 07-01-90. In addition, certain districts with a desegregation plan, may levy for lease purchase costs for more recent facility acquisitions. This levy is included in computing debt service equalization aid.
- ⇒ Selected districts have specific lease purchase levy authority that is ineligible for debt service equalization. Districts 622, 833, and 834 levy for the acquisition of the Valley Crossing Elementary School in Woodbury. District 622 has special legislation for a lease purchase levy.

## **Debt Excess** (M.S. 475.61, Subd. 3).

- ⇒ The net debt excess in the debt redemption fund, other than for capital loan districts, is certified by the commissioner to the county auditor. The county auditor reduces the debt service levy by the amount of the debt excess certified.
- ⇒ With the approval of the commissioner, some districts may be authorized to retain all or a portion of the debt excess in the debt redemption fund.
- ⇒ Districts with outstanding capital or debt service loans are required to remit the debt excess amount to the commissioner as payment on their capital and/or debt service loans.

## **Debt Service Loan** (M.S. 126C.68).

- ⇒ School districts with a very large debt service levy relative to their tax base may qualify for a debt service loan. The amount of the loan reduces the debt service levy of the district.
- ⇒ Districts receiving a debt service loan are required to levy each year an amount at least equal to the maximum effort debt service levy until the loan is retired.

## **Gross Equalization Revenue** (M.S. 123B.53, Subd. 1).

- ⇒ For districts without capital loans, the gross equalization revenue equals the sum of the following:
  - ◆ the eligible required debt service levy;
  - ◆ the gross annual (pay as you go) alternative facilities levy;
  - ◆ the energy conservation levy; and
  - ◆ the eligible lease purchase levy.
- ⇒ For capital loan districts the maximum effort debt service levy applies in addition to the components mentioned above.

## **Funding Source**

### **Debt Service Equalization Revenue** (M.S. 123B.53, Subd. 1).

- ⇒ A district's net debt service equalization revenue equals the gross equalization revenue from above, minus the district's local share (an amount equal to 15% of the district's ANTC).

# DEPARTMENT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

**Debt Service Equalization Aid** (M.S. 123B.53, Subd. 1).

- ⇒ The current equalization formula has two different tiers of equalization. Prior to reaching the first tier, a district must levy 15% of its ANTC. The first tier is defined as 15%-25% of ANTC and the second tier as anything above 25% of ANTC (excluding health and safety levies made under the alternative facilities program, which are included in Tier 1 even if the amount exceeds 25%).
- ⇒ Once the eligible debt service revenue by tier has been determined, the equalization factors are applied to each tier. The first tier equalization factor is \$3,200 and the second tier equalization factor is \$8,000.
- ⇒ The equalization formula incorporates the equalization factors and is used to determine the levy ratio (or percentage) of eligible revenue in each tier to be paid by local taxpayers. The remaining percentage is paid by state aid. The formula is:

$$\frac{\text{Adjusted Net Tax Capacity}}{\text{Adjusted Pupil Units}}$$

Equalizing Factor (\$3,200 for Tier 1, \$8,000 for Tier 2)

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: Debt Services Equalization

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General Fund</b>					
1 Current Appropriation	35,598	31,220	31,220	31,220	62,440
a. End of Session Estimate			(2,853)	(5,660)	(8,513)
b. November Forecast Adjustment			(2,397)	(3,048)	(5,445)
c. Aid Payment Buy Back		564	(88)	(60)	(148)
2 Forecast Base	<b>35,598</b>	<b>31,784</b>	<b>25,882</b>	<b>22,452</b>	<b>48,334</b>
3 Governor's Recommendation					
a. Impact from maximum effort tax rate change			0	(683)	(683)
4 Recommended	<b>35,598</b>	<b>31,784</b>	<b>25,882</b>	<b>21,769</b>	<b>47,651</b>

<i>District Revenue Summary (Entitlement Basis)</i>						
<b>AID</b>	<b>State Aid</b>					
5 Statutory Formula Aid		37,515	29,646	25,051	21,877	46,928
6 Statutory Excess/(Shortfall)						0
7 Appropriated Entitlement		37,515	29,646	25,051	21,877	46,928
8 Adjustments						
9 State Aid Entitlement Current Law		37,515	29,646	25,051	21,877	46,928
10 Governor's Recommendation						
a. Impact from maximum effort tax rate change					(833)	(833)
11 Governor's Aid Recommendation		<b>37,515</b>	<b>29,646</b>	<b>25,051</b>	<b>21,044</b>	<b>46,095</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
12 Local Levy Current Law		518,300	557,100	583,308	595,662	1,178,970
13 Governor's Recommendation						
a. Impact from maximum effort tax rate change					(2,516)	(2,516)
14 Governor's Levy Recommendation		<b>518,300</b>	<b>557,100</b>	<b>583,308</b>	<b>593,146</b>	<b>1,176,454</b>
<i>equals</i>						
<b>REVENUE</b>						
15 Current Law Revenue (State Aid & Levy)		555,815	586,746	608,359	617,539	1,225,898
16 Governor's Recommendation					(3,349)	(3,349)
17 Governor's Revenue Recommendation		<b>555,815</b>	<b>586,746</b>	<b>608,359</b>	<b>614,190</b>	<b>1,222,549</b>
18 Other Revenue						
19 Total All Sources Current Law		<b>555,815</b>	<b>586,746</b>	<b>608,359</b>	<b>617,539</b>	<b>1,225,898</b>
20 Governor's Total Revenue Recommendation		<b>555,815</b>	<b>586,746</b>	<b>608,359</b>	<b>614,190</b>	<b>1,222,549</b>
<i>Appropriations Basis for State Aid</i>						
	Prior Year (20%/18.1%)	5,586	7,503	5,365	4,534	9,899
	Current Year (80%/81.9%)	30,012	24,281	20,517	17,236	37,753
	<b>Total State Aid - General Fund</b>	<b>35,598</b>	<b>31,784</b>	<b>25,882</b>	<b>21,769</b>	<b>47,651</b>

# DEPARTMENT OF EDUCATION

**Program:** FACILITIES & TECHNOLOGY

**Activity:** ALTERNATIVE FACILITIES REVENUE

Narrative

## Activity Description

**Citation:** M.S. 123B.59

The Alternative Facilities program is a state aid and local levy program that enables large school districts to complete deferred maintenance, health and safety, and disabled accessibility projects that cannot be completed with other available funds. Alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms. Voter approval is not required.

### Activity at a Glance

◆ Number of eligible large districts for full participation	18
◆ Minimum sq. ft. required	1.5 million
◆ Number of districts participating for FY 2005 (health & safety projects)	21

## Population Served

In 2003, the program was modified to allow all school districts to issue bonds or make a pay-as-you-go levy. However, districts other than the 18 listed below are limited to projects of \$500,000 or more per building approved under the health and safety program.

The following districts are currently eligible and participating in the program. Districts that have issued debt under the program are designated with a number one (1). Districts making an annual pay-as-you-go levy are designated with a number two (2). In addition, districts marked with an asterisks (\*) below, receive aid based upon their payable 1997 levy for bonded alternative facility debt and/or aid based upon one-sixth of their payable 1998 pay-as-you-go levy.

Anoka-Hennepin <sup>2*</sup>	Bloomington <sup>1 2*</sup>	Burnsville <sup>2</sup>	Duluth <sup>1 2*</sup>
Minneapolis <sup>1*</sup>	North St. Paul <sup>1</sup>	Osseo <sup>2</sup>	Robbinsdale <sup>1 2*</sup>
Rochester <sup>1 2*</sup>	Rosemount <sup>1 2</sup>	St. Cloud <sup>2</sup>	St. Paul <sup>1*</sup>
South Washington <sup>1 2</sup>	Stillwater <sup>1</sup>	White Bear Lake	
Mounds View <sup>1</sup>	Roseville <sup>2</sup>	Minnetonka <sup>1</sup>	

Districts must meet one of the following criteria:

- ◆ have at least 1.85 million square feet of space and an average building age of at least 15 years; or
- ◆ have at least 1.5 million square feet of building space and average building age of at least 35 years.

Stillwater has received special legislation allowing the district to participate in this program. FY 2004 will be the first year of participation for White Bear Lake and Roseville, while Mounds View and Minnetonka become eligible in FY 2005, and Elk River (not listed above) becomes eligible in FY 2006.

## Services Provided

To receive alternative bonding revenue, districts must submit a 10-year facility plan to the Minnesota Department of Education (MDE) for approval. The plan must describe eligible projects and the district's timetable for undertaking them. Once MDE approval is obtained, the district must decide if it will:

- ◆ issue bonds to finance improvements and retire them over time with a debt service levy;
- ◆ make an annual general fund (pay-as-you go) levy to fund projects on an annual basis; or
- ◆ some combination of these two options.

This program is funded by a combination of state aid and local property tax levies. Debt service levies under this program qualify for debt service equalization.

## Historical Perspective

⇒ The program was originally enacted by the 1993 legislature. Initially, districts were allowed to apply their health and safety revenue alternatively toward facilities maintenance, health and safety, and disabled access projects.

# DEPARTMENT OF EDUCATION

## Program: FACILITIES & TECHNOLOGY

### Activity: ALTERNATIVE FACILITIES REVENUE

Narrative

- ⇒ For FY 1995, eligible districts were allowed to issue bonds and levy for debt service or make an annual pay-as-you-go levy up to the amount of their health and safety revenue for FY 1993.
- ⇒ The 1997 legislature authorized state funding equal to 100% of the districts annual alternative bonding debt service costs, not to exceed the amount of the debt service levy for taxes payable in 1997.
- ⇒ The 1998 legislature authorized state funding for districts making an annual pay-as-you-go levy equal to one-sixth of the levy for taxes payable in 1998.
- ⇒ Five districts have been added to the list of eligible districts as a result of 2001 legislative action that includes districts with 1.5 million square feet or more and a building age of at least 35 years.
- ⇒ The 2003 legislature provided limited participation to all districts for health and safety project of \$500,000 or more per building.

### Key Measures

The alternative facilities program enables large districts to complete necessary facilities maintenance in a timely manner without the need for voter approval. Smaller districts are able to use the program for long term financing of major health and safety projects, but are not eligible for other portions of the program. The program facilitates a long-term approach to building upkeep and is intended to promote cost-effective scheduling of needed repairs.

### Activity Funding

District revenue is determined by local school boards. Local decisions are impacted by building conditions, financial condition of the district, and local property tax impact.

A district's alternative facilities aid is the sum of:

- ◆ 100% of the district's annual debt service costs, not to exceed the amount certified to be levied for those purposes for taxes payable in 1997; and
- ◆ one-sixth of the annual pay-as-you-go levy certified for taxes payable in 1998, not to exceed 100% of the current annual levy.

The table below shows the breakdown of total alternative facility aid and levy by fiscal year for the 19 large alternative facility districts. Note that the total alternative facility aid includes two components, general alternative facility aid and debt aid on bonded alternative facility debt levy. The general fund alternative facilities levy is reduced for debt service equalization aid.

#### Alternative Facilities Revenue – Large Districts

Dollars in Thousands

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Debt Levy	0	\$ 2,335	\$10,054	\$18,872	\$28,077	\$30,267	\$35,963
Debt Aid	\$16,387	16,303	16,392	16,456	16,456	16,456	16,456
General Fund Levy	16,979	18,135	21,800	36,657	40,149	37,006	46,222
Gen. Alt. Fac. Aid	0	2,830	2,817	2,830	2,830	2,830	2,830
Gen. Debt. Eq. Aid	<u>1,039</u>	<u>491</u>	<u>541</u>	<u>121</u>	<u>839</u>	<u>88</u>	<u>0</u>
<b>TOTAL</b>	<b>\$34,405</b>	<b>\$40,094</b>	<b>\$51,604</b>	<b>\$79,053</b>	<b>\$100,673</b>	<b>\$103,104</b>	<b>\$121,316</b>

The table below shows the FY 2005 breakdown of aid and levy for the Alternative Facility/Health and Safety program.

#### FY 2005 Alternative Facility/Health and Safety Revenue

Dollars in Thousands

Bonded Debt Levy	\$4,357
Bonded Debt Aid	\$ 0
Pay-As-You-Go Levy	\$7,920
Pay-As-You-Go Debt Service Aid	\$ 352

## DEPARTMENT OF EDUCATION

**Program:** FACILITIES & TECHNOLOGY

**Activity:** ALTERNATIVE FACILITIES REVENUE

Narrative

In FY 2005, 13 districts issued bonds to fund eligible projects. An additional seven districts made a pay-as-you-go levy on the payable 2004 levy. Aid calculations for this program are based upon the first tier of debt service equalization aid.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/html/intro\\_finance\\_alt\\_facility.htm](http://education.state.mn.us/html/intro_finance_alt_facility.htm).

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: Alternative Facilities Revenue

Budget Activity

<i>Dollars in Thousands</i>					
	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b><i>Direct Appropriations by Fund</i></b>					
<b>General Fund</b>					
1 Current Appropriation	18,708	19,287	19,287	19,287	38,574
a. End of Session Estimate					
b. Aid Payment Buy Back		367			
2 Forecast Base	<b>18,708</b>	<b>19,654</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>
3 Governor's Initiatives					
4 Recommended	<b>18,708</b>	<b>19,654</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>
<b><i>District Revenue Summary (Entitlement Basis)</i></b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	19,287	19,287	19,287	19,287	38,574
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement	19,287	19,287	19,287	19,287	38,574
8 Adjustments					
9 State Aid Entitlement Current Law	19,287	19,287	19,287	19,287	38,574
10 <i>Governor's Initiatives</i>					
11 <b>Governor's Aid Recommendation</b>	<b>19,287</b>	<b>19,287</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	30,267	35,963	41,466	47,258	88,724
13 <i>Governor's Initiatives</i>					
14 <b>Governor's Levy Recommendation</b>	30,267	35,963	41,466	47,258	88,724
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	49,554	55,250	60,753	66,545	127,298
16 <i>Governor's Initiatives</i>					
17 <b>Governor's Revenue Recommendation</b>	49,554	55,250	60,753	66,545	127,298
18 <b>Other Revenue</b>	0	0	0	0	0
19 <b>Total All Sources Current Law</b>	49,554	55,250	60,753	66,545	127,298
20 <b>Governor's Total Revenue Recommendation</b>	49,554	55,250	60,753	66,545	127,298
<b><i>Appropriations Basis for State Aid</i></b>					
Prior Year (20%/18.1%)	3,278	3,857	3,490	3,490	6,980
Current Year (80%/81.9%)	15,430	15,797	15,797	15,797	31,594
<b>Total State Aid - General Fund</b>	<b>18,708</b>	<b>19,654</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>

**Activity Description**

**Citation: Elementary and Secondary Education Act, Title II, Part D**

**P.L. 107-110, the No Child Left Behind Act of 2001**

The purpose of the federal Enhancing Education Through Technology program is to promote initiatives that assist schools in effectively integrating technology with curriculum to improve student achievement and to provide staff development for teachers in the use of technology as a tool for instruction.

**Activity at a Glance**

- ◆ Promotes the effective integration of technology as a tool for instruction. Promotes increased academic achievement for students.
- ◆ \$5 million appropriated in federal fiscal year 2004 is allocated between FY 2004 and FY 2005. Future Funding amounts are dependent on Title I shares.

**Population Served**

This activity potentially serves all students attending public schools through either the formula grant or competitive grant sections of the program.

**Services Provided**

The Enhancing Education Through Technology program provides funding to states that is intended to support the integration of technology with education to improve student achievement. The Minnesota Department of Education (MDE) administers this program designed to

- ◆ provide teachers, principals, and administrators with the capacity to integrate technology effectively with curriculum that is aligned with the Minnesota Academic Standards and student achievement standards;
- ◆ enhance professional development for teachers, principals, and administrators through initiatives that increase the knowledge, skills, and abilities of teachers in using technology as a tool for instruction;
- ◆ promote statewide implementation of a comprehensive system that effectively uses technology in schools to improve student academic achievement;
- ◆ support networks and other innovative delivery methods to provide specialized or rigorous academic courses for students in areas that would not otherwise have access to these types of educational opportunities such as distance learning technologies and other innovative delivery methods;
- ◆ provide for rigorous evaluation of programs funded, particularly the impact of these programs on academic achievement;
- ◆ support classroom, school, and school district-based projects that focus on the integration of technology with curriculum to promote academic achievement;
- ◆ support local efforts to use technology to promote family involvement in education and communication among teachers, administrators, students, parents, community; and
- ◆ support infrastructure upgrades for school districts in need of equipment and peripheral replacements, enhancements, and upgrades.

**Historical Perspective**

Federal technology funding was traditionally provided each year through the former Technology Literacy Challenge Fund Grant Program (TLCF) that was awarded to school districts through a competitive grant process. The TLCF program was discontinued and replaced by the Enhancing Education Through Technology program by Congress in 2002. Funded through federal dollars and governed by the Elementary and Secondary Education Act (ESEA) No Child Left Behind law, the Enhancing Education Through Technology program is in the third year of operation.

# DEPARTMENT OF EDUCATION

**Program:** FACILITIES & TECHNOLOGY

**Activity:** FEDERAL TECHNOLOGY PROGRAMS

Narrative

## Key Measures

The primary goal of this program is to improve student academic achievement through the use of technology in elementary schools and secondary schools. Additional goals of this program are:

- ◆ to assist every student in crossing the digital divide by ensuring that every student is technologically literate by the time the student finishes the eighth grade, regardless of the student's race, ethnicity, gender, family income, geographical location, or disability; and
- ◆ to encourage the effective integration of technology resources and systems with teacher training and curriculum development to establish research-based instructional methods that can be widely implemented as best practices by state and local educational agencies.

As part of the statewide assessment of this program, MDE must:

- ◆ assess and determine methods for measuring the level of integration of technology within school districts and establish a relationship between the level of technology integration and the impact on student achievement; and
- ◆ complete an updated statewide plan for technology in K-12 education. This will address areas of technology impacts on education in teaching and learning, educator preparation and professional development, school administration, and school district technology infrastructure. Part of a larger effort at state planning, the Digital Learning Plan, which provides an overarching framework for education technology in the state for both pre-K through 12 and higher education, is now completed, and the pre-K through 12 Technology Plan will be further developed to complement that larger effort in late 2004.

## Activity Funding

Funding of federal Enhancing Education Through Technology is dependent upon congressional action relating to continued operation and funding of the program. The state will receive further allocations of similar amounts based on statewide Title I shares in FY 2006 and FY 2007, depending on congressional action.

The funding is distributed to school districts on a 50/50 basis, with 50% of the funding distributed to school districts through a formula distribution based on Title I shares and 50% distributed through grant competitions.

Grant competitions will be periodically conducted and requests for project proposals focus on initiatives relating to the effective integration of technology with curriculum to increase student achievement. Priority in competitions must be given to school districts that have schools identified as needing improvement, schools that have a high percentage of families living below the poverty line, and school districts that do not generate sufficient funding under the formula portion of the program to effectively deploy technology. Grant awards are determined by volunteer panels composed of educators, administrators, higher education representatives, and business leaders. It is anticipated that approximately 10-15 grant awards will be made each year.

The formula funding section of the program will provide approximately \$2.3 million in allocations to school districts. Grant competitions will distribute approximately \$2.3 million in funding based on award limitations to be determined by MDE based on federal guidelines for the program. Five percent of the total allocation to Minnesota is retained at the state level to administer the program and foster statewide technology initiatives for all school districts.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, State Library Services and School Technology, (651) 582-8827.

DEPARTMENT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: FEDERAL TECHNOLOGY PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	2,129	4,765	4,765	4,765	9,530
<b>Total</b>	<b>2,129</b>	<b>4,765</b>	<b>4,765</b>	<b>4,765</b>	<b>9,530</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,129	4,765	4,765	4,765	9,530
<b>Total</b>	<b>2,129</b>	<b>4,765</b>	<b>4,765</b>	<b>4,765</b>	<b>9,530</b>

# DEPARTMENT OF EDUCATION

**Program: FACILITIES & TECHNOLOGY**

**Activity: MISCELLANEOUS FACILITIES LEVIES**

Narrative

## Activity Description

**Citation: See individual levies.**

This budget activity summarizes six miscellaneous facilities/levy programs. The building and land lease levies provide districts with the opportunity to accommodate needs for additional space. The other miscellaneous programs provide districts with levy authority to maintain and enhance the condition of their school buildings. These programs foster the delivery of quality educational services by providing districts with flexible local revenue sources to accommodate changing facility needs.

## Population Served

All students in participating districts are served by these programs. Eligible districts with levy authority may participate in these programs.

## Activity at a Glance

In FY 2005		(\$ in Millions)
Program Name	# of Districts	Amount Levied
◆ Building/Land Lease	197	\$37.5
◆ Capital Projects Referendums	13	\$13.6
◆ Cooperative Building Repair*	0	0.0
◆ Disabled Access	9	\$0.4
◆ Technology*	0	0.0
◆ Special Legislation**	2	\$0.0

\* In FY 2005 no districts elected or qualified for funding

\*\* \$39,000 in FY 2005

## Services Provided

Minnesota school districts will generate additional revenue to the extent needed for various capital expenditure obligations. These programs are funded by local property tax levies.

- ⇒ **Building and Land Lease** (M.S. [126C.40](#), subd.1). Districts may levy to rent or lease a building or land for instructional purposes, school storage, or furniture repair if the district determines that the total operating capital revenue authorized under section M.S. 126C.10, subd. 13, is insufficient for this purpose. The levy authority and amount must be approved by the commissioner. Beginning with taxes payable in 2004 (FY 2005), the levy cannot exceed 90% of the net lease amount or \$90 times the weighted resident average daily membership (WADM) unless approved by the commissioner. Some additions to existing schools are funded with proceeds from this levy. Member districts may levy an amount up to 90% of the net lease amount or \$22.50 times the adjusted marginal cost pupil units (AMCPU) for the cost of an intermediate district lease for these same purposes.
- ⇒ **Capital Project Referendum** (M.S. [123B.63](#)). A school district may levy the tax rate approved by a majority of the voters on the question of providing funds for a capital project. All proceeds from the levy must be transferred to the capital project referendum account in the building construction fund or general fund. This program has been used primarily for deferred maintenance and technology improvements to existing facilities.
- ⇒ **Cooperative Building Repair** (M.S. [126C.40](#), subd. 3). A school district that has a cooperative agreement according to M.S. [123A.30](#) or [123A.32](#), subd. 1, may levy for the repair costs, as approved by the Minnesota Department of Education, of a building located in another district that is a party to the agreement.
- ⇒ **Disabled Access Levy** (M.S. [123B.58](#)). The 1990 federal Americans with Disabilities Act (ADA) facilitates the removal of architectural barriers for persons with disabilities in public schools and enables school districts to modify school buildings based on inspection by the state fire marshal. A school district may levy up to \$300,000 over a time period not to exceed eight years to provide disabled accessibility for all facilities. Some newly consolidated districts have maximum levy authority of \$450,000 or \$600,000. The commissioner must approve the levy amount. For most districts, the eight year time period has expired.
- ⇒ **Technology Levy** (Laws 1996, Ch. 412, Art. 12, Sec. 12). The Minneapolis School District was selected to pilot a Technology Incentives Program allowing the district to purchase computers through a lease purchase agreement for exclusive use by ninth grade students in selected school sites. The district could levy up to one-fourth the cost of the lease purchase agreement each year for four years. This levy expired for taxes payable in 2002.
- ⇒ **Special Legislation**. (Citations for FY 2005: [ISD 204](#), [ISD 319](#)). Special legislation provides selected districts with additional capital revenue for specific purposes.

**DEPARTMENT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Activity: MISCELLANEOUS FACILITIES LEVIES**

Narrative

**Activity Funding**

The following table shows certified levy amounts and number of school districts participating in each program.

	Dollars in Thousands							
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Building Lease	\$18,513.2	\$22,810.1	\$27,304.1	\$31,963.6	\$31,963.6	\$39,326.1	\$40,959.9	\$37,483.6
Districts	135	145	160	170	171	190	187	197
Capital Project	980.7	1,057.5	1,140.6	1,970.6	2,659.1	7,192.7	10,926.1	13,603.5
Districts	3	3	3	4	5	8	11	13
Coop. Building	0	0	0	0	0	0	0	0
RepairDistricts*	0	0	0	0	0	0	0	0
Disabled Access	4,274.3	3,371.7	3,896.6	2,959.5	1,789.2	1,126.2	1,062.5	414.0
Districts	79	80	54	54	26	16	18	9
Technology Levy	0	681.8	499.0	699.0	699.0	0	0	0
Districts*	0	1	1	1	1	0	0	0
Specific Legislation	298.2	27.2	27.2	115.4	27.2	439.0	39.0	39.0
Districts	5	2	2	3	2	3	2	2

\* In FY 2005, no districts elected or qualified for funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, [http://education.state.mn.us/html/intro\\_finance.htm](http://education.state.mn.us/html/intro_finance.htm).

**Budget Activities Included:**

- ⇒ School Lunch
- ⇒ School Breakfast, Kindergarten Milk
- ⇒ Summer School Food Service
- ⇒ Community Nutrition Programs

# DEPARTMENT OF EDUCATION

Program: NUTRITION PROGRAMS

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
<b>General</b>					
Current Appropriation	12,182	12,370	12,370	12,370	24,740
<b>Technical Adjustments</b>					
Cancellations	(43)				
Transfer per M.S. 127A.41	111				
End-of-session Estimate			220	401	621
November Forecast Adjustment		50	(20)	4	(16)
Subtotal-Forecast Base	12,250	12,420	12,570	12,775	25,345
<b>Total</b>	<b>12,250</b>	<b>12,420</b>	<b>12,570</b>	<b>12,775</b>	<b>25,345</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	12,250	12,420	12,570	12,775	25,345
<b>Statutory Appropriations</b>					
Federal	156,546	164,188	164,188	164,188	328,376
Special Revenue	3,815	4,159	3,000	3,000	6,000
<b>Total</b>	<b>172,611</b>	<b>180,767</b>	<b>179,758</b>	<b>179,963</b>	<b>359,721</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	172,611	180,767	179,758	179,963	359,721
<b>Total</b>	<b>172,611</b>	<b>180,767</b>	<b>179,758</b>	<b>179,963</b>	<b>359,721</b>
<b><i>Expenditures by Activity</i></b>					
School Lunch	95,012	99,527	98,433	98,548	196,981
School Breakfast/Kindergarten Milk	23,287	24,282	24,367	24,457	48,824
Summer School Food Service	2,900	3,034	3,034	3,034	6,068
Community Nutrition Programs	51,412	53,924	53,924	53,924	107,848
<b>Total</b>	<b>172,611</b>	<b>180,767</b>	<b>179,758</b>	<b>179,963</b>	<b>359,721</b>

**Activity Description****Citation:** M.S. 124D.111; 124D.118**Federal Authorizations:** National School Lunch Act, Child Nutrition Act

This budget activity includes federal and state lunch programs. The National School Lunch Program (NSLP) and Food Distribution Program (FDP) safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a nutritious lunch and improving eating habits through nutrition education. The After-School Snack component of the NSLP gives students in after-school programs access to a nutritious snack.

State school lunch funding helps to keep lunch prices affordable. Children from low-income families have access to free or reduced-price school meals.

**Population Served**

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential childcare institutions such as group homes and juvenile correctional facilities are served.

**Services Provided**

Student health and learning readiness are improved through daily access to a nutritious school lunch. Students in after-school care programs receive access to a nutritious snack. Students without access to school meals, typically pre-kindergarten or kindergarten students, may receive milk at either no charge or at a nominal charge.

School lunch menus are planned according to federal guidelines. Commodities such as meat, cheese, poultry, fruits, and vegetables are donated by the U.S. Department of Agriculture (USDA) to contribute to the school lunch menu and support the American farmer.

Students from families with income under 185% of federal poverty guidelines receive free or reduced price meals. Many low-income families are electronically certified for free or reduced price meals based on household data from state agencies, eliminating the need for a paper application.

School lunch and milk programs are supported financially and administratively through:

- ◆ federal and state reimbursements for lunches, after-school snacks, and servings of milk that meet guidelines;
- ◆ surveys of school preferences for USDA commodities;
- ◆ notification to schools of students electronically certified for meal benefits, through statewide matching of student enrollment data and human services assistance data;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ "CLiCS," the Food and Nutrition Service interactive web site which allows schools to meet their application, commodity, and claim requirements online and offers immediate access to program resources.

For more information access the following web site: [http://education.state.mn.us/html/intro\\_nutrition.htm](http://education.state.mn.us/html/intro_nutrition.htm).

**Activity at a Glance**

In 2003:

- ◆ All public schools participated in school lunch.
- ◆ 60% of enrolled students participated in school lunch.
- ◆ 94 million school lunches were served, one-half million each school day.
- ◆ One-third of school lunches were served free or at a reduced price to qualifying students.

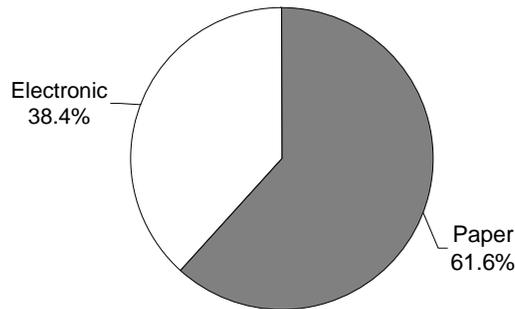
**Historical Perspective**

The National School Lunch Act created the program in 1946 to improve the national defense in response to young recruits failing physical exams during World War II. By school year 2002-03, 94 million school lunches were being served at 2,000 Minnesota schools.

**Key Measures**

- ⇒ Increase the number of school districts that have school policies in place to support a healthy school nutrition environment by 20% through training and technical assistance to local school administrators.
- ⇒ Increase by 50% the percentage of students determined eligible for free and reduced price meals through the electronic certification process (compared to the number determined eligible with paper applications) by using additional sources of household data from state agencies.

**Paper Applications vs. Electronic Certification - 2003**



**Activity Funding**

States are required to provide matching funds to participate in the NSLP. The funding provided by the state in FY 2003 allowed the school districts to receive \$79 million in federal reimbursement and \$21 million of USDA commodity foods for school lunch programs. Under current law, the state must pay districts participating in the national school lunch program the amount of \$0.08 for each full paid, reduced, and free student lunch served to students in the district. A portion of the state funding is paid at \$0.09 per half pint to districts for milk served to kindergarten students.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8397.

DEPARTMENT OF EDUCATION  
 Program: NUTRITION PROGRAMS  
 Activity: SCHOOL LUNCH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,650	7,760	7,760	7,760	15,520
<b>Technical Adjustments</b>					
End-of-session Estimate			140	240	380
November Forecast Adjustment		0	(135)	(120)	(255)
Subtotal - Forecast Base	7,650	7,760	7,765	7,880	15,645
<b>Total</b>	<b>7,650</b>	<b>7,760</b>	<b>7,765</b>	<b>7,880</b>	<b>15,645</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,607	7,700	7,765	7,880	15,645
<b>Statutory Appropriations</b>					
Special Revenue	3,815	4,159	3,000	3,000	6,000
Federal	83,590	87,668	87,668	87,668	175,336
<b>Total</b>	<b>95,012</b>	<b>99,527</b>	<b>98,433</b>	<b>98,548</b>	<b>196,981</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	95,012	99,527	98,433	98,548	196,981
<b>Total</b>	<b>95,012</b>	<b>99,527</b>	<b>98,433</b>	<b>98,548</b>	<b>196,981</b>

**Activity Description**

Citation: 124D.1158; 124D.117

Federal Authorization: National School Lunch Act, Child Nutrition Act

This budget activity includes federal and state breakfast and milk programs. Federal and state School Breakfast Programs help ensure that students are healthy and ready to learn by giving them access to a nutritious breakfast at the start of the school day.

⇒ Any school may participate in the School Breakfast Program.

⇒ State funding helps schools keep the price of paid breakfasts affordable and serve free breakfasts to students who qualify under federal program guidelines.

⇒ State law requires schools to offer a breakfast program if 33% or more school lunches are served free or at reduced price, unless fewer than 25 students are expected to participate.

The federal Special Milk Program (SMP) provides access to milk, an important source of nutrients including calcium, for students who do not have access to school meals (usually kindergarten or pre-kindergarten students). The Minnesota Kindergarten Milk Program (MKMP) provides state funds for kindergarten milk breaks.

**Population Served**

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential child care institutions such as group homes and juvenile correctional facilities are served.

**Services Provided**

Student health and achievement are improved through daily access to a nutritious school breakfast.

⇒ School breakfast menus are planned according to federal guidelines.

⇒ Students from families with incomes under 185% of federal poverty guidelines receive free or reduced price meals, either upon being electronically certified based on household data from state agencies or upon the household completing an application on paper.

School breakfast programs are supported financially and administratively through

- ◆ federal and state reimbursements for school breakfasts that meet guidelines;
- ◆ United States Department of Agriculture (USDA) commodity food items (earned through participation in the National School Lunch Program) available for use in school breakfasts;
- ◆ assistance in meeting program requirements and enhancing the quality of the food service provided through administrative reviews, development of resource materials, presentation of workshops, and technical assistance; and
- ◆ "CLiCS," interactive web site which allows schools to meet their application and claims requirements online and provides immediate access to program resources.

For more information access the following web site: [http://education.state.mn.us/html/intro\\_nutrition.htm](http://education.state.mn.us/html/intro_nutrition.htm).

**Historical Perspective**

The federal School Breakfast Program began in 1966 with a focus on improving the health and school performance of low-income children. State funding began in 1993 with a per-breakfast rate of 5.1 cents.

The Fast Break to Learning breakfast program in 1999 to 2003 provided additional state funding to assist elementary schools in low-income areas to provide breakfast access to all students at no charge and reduce traditional barriers to school breakfast participation such as social stigma, facilities, and transportation. In 2004, funding was redirected to support breakfast programs at all elementary and secondary schools.

**Activity at a Glance**

In 2003:

- ◆ 1,450 schools offered nutritious breakfasts through the School Breakfast Program. Two out of three schools that offer school lunch also offer school breakfast.
- ◆ 57% of school breakfasts were served to students qualified for free or reduced price school meals.

# DEPARTMENT OF EDUCATION

**Program:** NUTRITION PROGRAMS

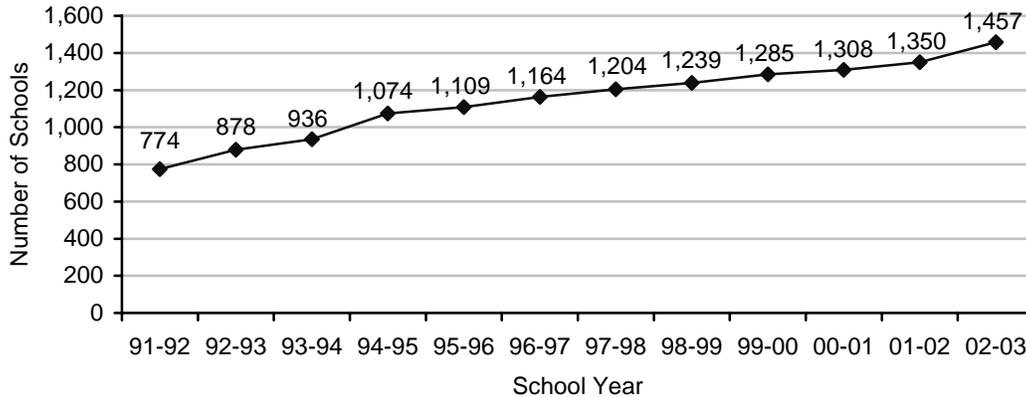
**Activity:** SCHOOL BREAKFAST/KGN MILK

Narrative

## Key Measures

⇒ Increase the number of Minnesota schools offering a school breakfast program by 5% per year.

**Number of Schools Offering School Breakfast Programs**



## Activity Funding

“Severe need” schools, which serve at least 40% free and reduced price school meals, qualify for the highest rates of federal reimbursement. Each school year, the state reimburses schools for the amount of 5.5 cents for each fully paid breakfast and 30 cents for each free and reduced price breakfast.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397.

DEPARTMENT OF EDUCATION  
 Program: NUTRITION PROGRAMS

Activity: School Breakfast, Kindergarten Milk

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	4,382	4,460	4,460	4,460	8,920
a. End of Session Estimate			80	161	241
b. Transfer per M.S. 127A.41	111				
b. November Forecast Adjustment		110	115	124	239
2 Forecast Base	<b>4,493</b>	<b>4,570</b>	<b>4,655</b>	<b>4,745</b>	<b>9,400</b>
3 Governor's Initiatives					
4 Recommended	<b>4,493</b>	<b>4,570</b>	<b>4,655</b>	<b>4,745</b>	<b>9,400</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	4,473	4,570	4,655	4,745	9,400
6 Statutory Excess/(Shortfall)	(111)	(110)			
7 Appropriated Entitlement	4,362	4,460	4,655	4,745	9,400
<b>8 Adjustments</b>					
a. Excess Funds Transferred In/(Out)	111				
b. Prior Year Payments	20				
c. Supplemental Appropriation		110			
9 State Aid Entitlement Current Law	4,493	4,570	4,655	4,745	9,400
10 Governor's Initiatives					
11 Governor's Aid Recommendation	<b>4,493</b>	<b>4,570</b>	<b>4,655</b>	<b>4,745</b>	<b>9,400</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	4,493	4,570	4,655	4,745	9,400
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	4,493	4,570	4,655	4,745	9,400
<b>18 Other Revenue</b>					
a. Federal (FY 06-07 at Award Amount)	18,794	19,712	19,712	19,712	39,424
19 Total All Sources Current Law	23,287	24,282	24,367	24,457	48,824
20 Governor's Total Revenue Recommendation	23,287	24,282	24,367	24,457	48,824
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41	111				
Current Year	4,382	4,570	4,655	4,745	9,400
<b>Total State Aid - General Fund</b>	<b>4,493</b>	<b>4,570</b>	<b>4,655</b>	<b>4,745</b>	<b>9,400</b>

# DEPARTMENT OF EDUCATION

**Program:** NUTRITION PROGRAMS

**Activity:** SUMMER SCHOOL FOOD SERVICE

Narrative

## Activity Description

**Citation:** 124D.119

**Federal Authorization:** Child Nutrition Act and National School Lunch Act

The Summer Food Service Program (SFSP) provides access to nutritious meals to children in low-income areas during the summer when meals are not available. Most SFSP sites provide one or two meals per day, but may provide up to three meals a day. The annual state share of funding is \$150,000.

### Activity at a Glance

- ◆ July 2003, 43 summer food sponsors of the SFSP served over 30,000 children per day at 331 sites.

## Population Served

The SFSP primarily serves children who participate in organized summer programs at park and community sites and schools in areas where at least 50% of families have income within 185% of federal poverty guidelines. SFSP sponsors include public and private schools, residential summer camps, government units, colleges and universities, as well as nonprofit organizations.

## Services Provided

Health is improved through access to nutritional meals and snacks.

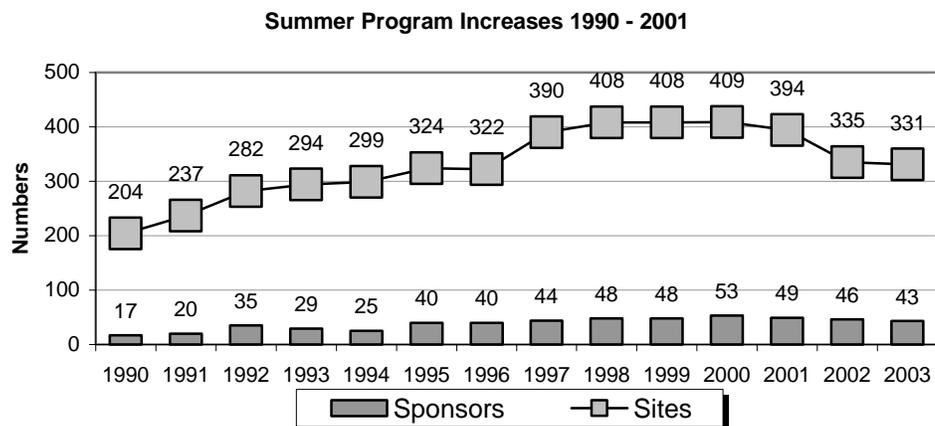
- ◆ Menus for healthy meals and snacks are planned according to federal guidelines.
- ◆ Meals and snacks are provided at no charge to children in low-income areas through the SFSP.

## Historical Perspective

This program was created by congress as a part of a larger pilot program in 1968 and became a separate program in 1975. The program was established to ensure that children in low-income areas could continue to receive nutritious meals during school vacations that are comparable to those served under the National School Lunch and Breakfast programs during the school year.

## Key Measures

Increase the number SFSP sites by 5% through streamlining application and program requirements for sites.



## Activity Funding

Federal funds provide 96% of total funding and increase approximately 2% each year. The annual state share of funding is \$150,000.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8508, [http://education.state.mn.us/html/intro\\_nutrition.htm](http://education.state.mn.us/html/intro_nutrition.htm).

DEPARTMENT OF EDUCATION  
 Program: NUTRITION PROGRAMS  
 Activity: SUMMER SCHOOL FOOD SERVICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	150	150	150	150	300
Subtotal - Forecast Base	150	150	150	150	300
<b>Total</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>300</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	150	150	150	150	300
<b>Statutory Appropriations</b>					
Federal	2,750	2,884	2,884	2,884	5,768
<b>Total</b>	<b>2,900</b>	<b>3,034</b>	<b>3,034</b>	<b>3,034</b>	<b>6,068</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,900	3,034	3,034	3,034	6,068
<b>Total</b>	<b>2,900</b>	<b>3,034</b>	<b>3,034</b>	<b>3,034</b>	<b>6,068</b>

**Activity Description**

**Federal Authorization:** Child Nutrition Act and National School Lunch Act

Community Nutrition Programs safeguard the health and well-being of Minnesotans year-round by helping to ensure that young children and older adults receiving organized care services have access to a nutritious diet and improve their eating habits.

**Child and Adult Care Food Program (CACFP)**

The CACFP provides nutritious meals at family child care homes, child care centers, school-age care sites, emergency shelters, and adult day care centers. After-school programs in low-income areas that provide educational or enrichment activities participate in the After School Snack component of the CACFP. The federal government provides all funding for the CACFP.

**Population Served**

The CACFP serves 1) children in licensed child care centers and licensed family child care homes, 2) children attending after-school enrichment programs in areas where at least 50% of families have income within 185% of federal poverty guidelines, and 3) adults in licensed adult day care centers.

**Services Provided**

Health is improved through access to nutritional meals and snacks.

- ⇒ Menus for healthy meals and snacks are planned according to federal guidelines.
- ⇒ Most CACFP locations provide meals and snacks at no charge to all enrolled children.

Community Nutrition Programs are supported through

- ◆ federal and state reimbursements for meals and snacks that meet guidelines;
- ◆ federal administrative reimbursements to CACFP sponsors of family child care homes;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ "CLiCS" interactive web site, which allows sponsoring organizations to meet their application and claims requirements online and provides immediate access to program resources.

For more information access the following web site: [http://education.state.mn.us/html/intro\\_nutrition.htm](http://education.state.mn.us/html/intro_nutrition.htm).

**Historical Perspective**

The CACFP was initiated with the federal Child Nutrition Act of 1966. Participation of adult day care centers was added in 1989. After federal welfare reform in 1996, a two-tier reimbursement system was instituted for family child care providers. As a result Minnesota lost about \$1.5 million per month in federal reimbursements for meals served to children since 1997 causing a reduction in participation in CACFP.

**Activity at a Glance**

FY 2003

- ◆ Over 11,000 family child care homes, 800 child care centers, and 34 adult care centers participate in the CACFP.
- ◆ 110,000 children in child care receive meals supported by the CACFP. In a typical month, five million meals and snacks are served.

# DEPARTMENT OF EDUCATION

Program: NUTRITION PROGRAMS

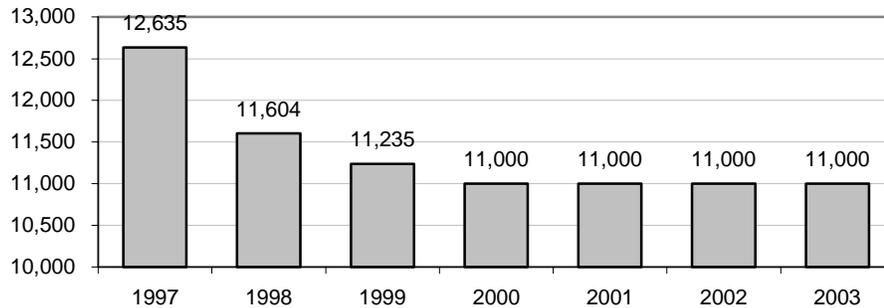
Activity: COMMUNITY NUTRITION PROGRAMS

Narrative

## Key Measures

⇒ Maintain the number of family child care providers participating in the CACFP at over 11,000 family child care homes through outreach to new providers.

**Family Care Providers Participating in CACFP**



The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397.

DEPARTMENT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: COMMUNITY NUTRITION PROGRAMS

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	51,412	53,924	53,924	53,924	107,848
<b>Total</b>	<b>51,412</b>	<b>53,924</b>	<b>53,924</b>	<b>53,924</b>	<b>107,848</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	51,412	53,924	53,924	53,924	107,848
<b>Total</b>	<b>51,412</b>	<b>53,924</b>	<b>53,924</b>	<b>53,924</b>	<b>107,848</b>

**Budget Activities Included:**

- ⇒ Basic Support
- ⇒ Multicounty, Multitype Library Systems
- ⇒ Regional Library Telecommunications Aid
- ⇒ Electronic Library for Minnesota
- ⇒ Miscellaneous Federal Library Programs

**DEPARTMENT OF EDUCATION**

Program: LIBRARY PROGRAMS

Program Summary

*Dollars in Thousands*

	Current		Agency Request		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b><i>Direct Appropriations by Fund</i></b>					
<b>General</b>					
Current Appropriation	10,548	11,073	11,073	11,073	22,146
<b>Technical Adjustments</b>					
Aid Payment Buy Back		203			
Subtotal-Forecast Base	10,548	11,276	11,073	11,073	22,146
<b>Governor's Recommendations</b>					
Electronic Library for MN			639	691	1,330
<b>Total</b>	<b>10,548</b>	<b>11,276</b>	<b>11,712</b>	<b>11,764</b>	<b>23,476</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	10,548	11,276	11,712	11,764	23,476
<b>Statutory Appropriations</b>					
Federal	2,352	2,180	2,180	2,180	4,360
<b>Total</b>	<b>12,900</b>	<b>13,456</b>	<b>13,892</b>	<b>13,944</b>	<b>27,836</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	12,900	13,456	13,892	13,944	27,836
<b>Total</b>	<b>12,900</b>	<b>13,456</b>	<b>13,892</b>	<b>13,944</b>	<b>27,836</b>
<b><i>Expenditures by Activity</i></b>					
Basic Support	8,312	8,733	8,570	8,570	17,140
Multicounty, Multitype Systems	876	920	903	903	1,806
Regional Library Telecommunications	960	1,223	1,200	1,200	2,400
Electronic Library for MN	400	400	1,039	1,091	2,130
Miscellaneous Federal Library Programs	2,352	2,180	2,180	2,180	4,360
<b>Total</b>	<b>12,900</b>	<b>13,456</b>	<b>13,892</b>	<b>13,944</b>	<b>27,836</b>

**Activity Description**

**Citation:** M.S. 134.31; 134.32; 134.34; 134.35; 134.47

Regional Library Basic System Support provides state aid to public libraries for operations, interlibrary resource sharing programs, and services.

**Population Served**

This activity serves Minnesota citizens through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves almost all of the state's residents. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency, 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating, 11) Traverse des Sioux Library System, and 12) Viking Library System.

**Activity at a Glance**

- ◆ 358 library buildings are served through the program.
- ◆ In FY 2003, approximately 49.2 million items were loaned through public libraries.
- ◆ In FY 2003, attendance at library-sponsored programs was 923,300.
- ◆ Approximately 4.5 million reference requests took place in FY 2002.
- ◆ 3.5 million library cards active.

**Services Provided**

The public makes heavy use of its libraries for self-sufficiency including financial and business decisions, education, self-development, and personal interests. This activity provides the following services to strengthen the ability of libraries across the state to continue services to citizens:

- ◆ provides incentives for counties and cities to work together in regional public library systems extending service to all at the most reasonable cost;
- ◆ distributes funding between cooperating jurisdictions and encourages sharing the library materials within each region and statewide through library-to-library lending and reciprocal borrowing;
- ◆ maintains and improves the infrastructure for reading and lifelong learning through library programs, materials, and outreach to culturally diverse communities; and
- ◆ strengthens library materials and media collections.

**Historical Perspective**

State funding of regional public library systems ensures and raises the level of equitable library services across Minnesota. Previous legislation consolidated separate categorical grant funds for public libraries into this program beginning in FY 2000, which improved flexibility in the use of funds.

**Key Measures**

*Quality library services are available for a Minnesotan of all ages.*

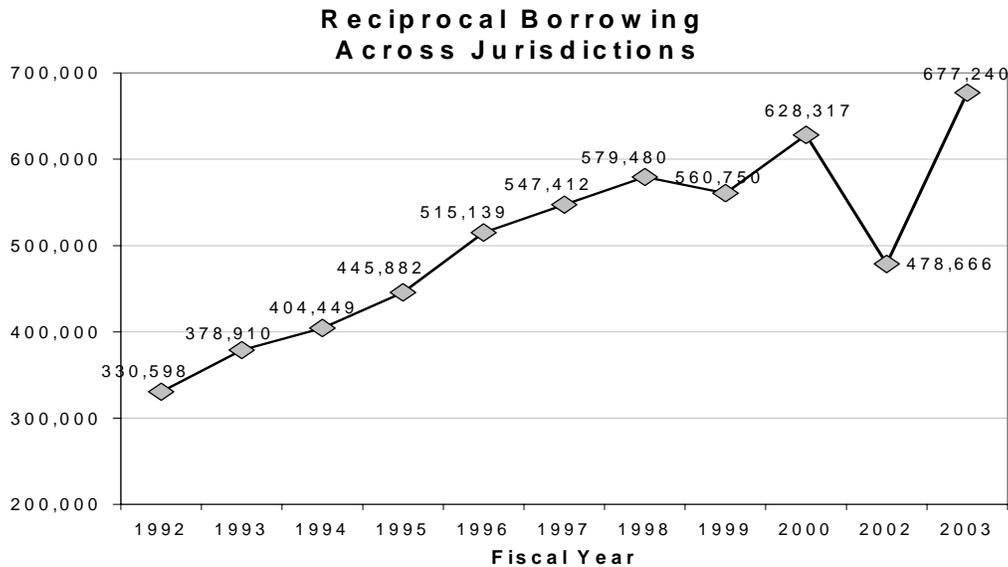
- ⇒ The number of items loaned within public libraries increased by 9.65% from 43,959,499 in 2000 to 48,655,270 in 2002.
- ⇒ Library-to-library requests filled within regional public library systems through interlibrary loan increased 23.91% from 389,137 in 2000 to 511,425 in 2002.
- ⇒ In 2001, Minnesota's public libraries ranked 18<sup>th</sup> among the states in per capita expenditures, 10<sup>th</sup> in the United States in public library lending per capita, and 15<sup>th</sup> in reference questions asked per capita.
- ⇒ Reciprocal borrowing across jurisdictional boundaries remains at high levels with an increase of 41.5% from 478,666 in 2002 to 677,240 in 2003.

# DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: BASIC SUPPORT

Narrative



NOTE: FY 2001 data was not collected.

## Activity Funding

The basic aid budget activity is funded with state aid distributed by statutory formula using population, area, equalized valuation of property, and a basic amount per system. To qualify for Regional Library Basic System Support aid, each participating city and county must meet a minimum level of support based on adjusted net tax capacity. The state appropriation is used to demonstrate state maintenance of effort in order to qualify for the one federal library program (Library Services and Technology Act). Local, state, and federal funds are from public funds. The other sources of funds include foundation grants, gifts, and fundraising.

The amounts in the narrative may differ when compared to the fiscal summary due to the timing of the state fiscal year-end close and forecast changes.

## Contact

Additional Information is available from the Minnesota Department of Education, State Library Services and School Technology at (651) 582-8881.

DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: Basic Support for Libraries

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>General Fund</b>					
1 Current Appropriation	8,312	8,570	8,570	8,570	17,140
a. End of Session Estimate			0	0	0
b. November Forecast Adjustment			0		0
c. Aid Payment Buy Back		163			0
2 Forecast Base	8,312	8,733	8,570	8,570	17,140
3 Governor's Initiatives					
4 Recommended	8,312	8,733	8,570	8,570	17,140

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		8,570	8,570	8,570	8,570
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement		8,570	8,570	8,570	8,570
8 Adjustments					
9 State Aid Entitlement Current Law		8,570	8,570	8,570	8,570
10 Governor's Initiatives					
11 Governor's Aid Recommendation		8,570	8,570	8,570	8,570
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		0	0	0	0
13 Governor's Initiatives					
14 Governor's Levy Recommendation		0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		8,570	8,570	8,570	8,570
16 Governor's Initiatives					
17 Governor's Revenue Recommendation		8,570	8,570	8,570	8,570
18 Other Revenue		0	0	0	0
19 Total All Sources Current Law		8,570	8,570	8,570	8,570
20 Governor's Total Revenue Recommendation		8,570	8,570	8,570	8,570
<b>Appropriations Basis for State Aid</b>					
	Prior Year (20%/18.1%)	1,456	1,714	1,551	1,551
	Current Year (80%/81.9%)	6,856	7,019	7,019	7,019
	<b>Total State Aid - General Fund</b>	<b>8,312</b>	<b>8,733</b>	<b>8,570</b>	<b>8,570</b>

# DEPARTMENT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** MULTICOUNTY, MULTITYPE SYSTEMS

Narrative

## Activity Description

**Citation:** M.S. 134.351; 134.353; 134.354

State aid improves library services through seven multicounty, multitype library cooperation systems serving school, public, academic, and agency libraries within defined multiple county regions.

## Population Served

This activity serves the state of Minnesota through seven regional multicounty, multitype library cooperation systems. Capacity-building and extending services through collaborative sharing of resources are the main strategies used. Currently, 1,384 members with almost 2,200 library outlets of all types in Minnesota work together.

### Activity at a Glance

- ◆ Grants to cooperative systems to facilitate resource sharing among different types of library programs.
- ◆ Number of people served 5,059,375
- ◆ FY 2004 Funding \$903,000

### Total participating library jurisdictions by system:

Central Minnesota Library Exchange	282
Metronet	174
North Country Library Cooperative	172
Northern Lights Library Network	273
Southcentral Minnesota Inter-Library Exchange	215
Southeast Library System	117
Southwest Multicounty Multitype Inter-Library Exchange	151

## Services Provided

This program provides support to improve library services through

- ◆ developing and implementing strategic plans that address the needs of the region with available library and information resources;
- ◆ providing communication systems among participating libraries;
- ◆ operating and improving delivery services to facilitate resource sharing among participating libraries;
- ◆ assisting with training on and development of electronic resources;
- ◆ helping with the organization and promotion of opportunities for continued staff development and expertise in new technologies and other services for the public; and
- ◆ planning for development of a master electronic catalog.

## Historical Perspective

Seven multicounty, multitype library cooperation systems were established in 1980 to facilitate cooperation between libraries not included in the regional public library systems. They are, 1) Central Minnesota Libraries Exchange, 2) North Country Library Cooperative, 3) Southcentral Minnesota Inter-library Exchange, 4) Southwest Area Multicounty Multitype Inter-library Exchange, 5) Metronet, 6) Northern Lights Library Network, and 7) Southeast Library System.

## Key Measures

Based upon their strategic plans, each system reports on goals accomplished on annual basis. The following are examples of accomplishments for FY 2004.

### Statewide Projects

- ◆ 2004 School Library Media Center Census.
- ◆ Training Needs Assessment for paraprofessional school library personnel.

# DEPARTMENT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** MULTICOUNTY, MULTITYPE SYSTEMS

Narrative

## Selected Individual Accomplishments

- ◆ Central Minnesota Libraries Exchange – Interlibrary loan services provided 7,791 items to members in FY 2004. 73% of the loans were to school media centers; 26% to agency libraries, including two prisons.
- ◆ North Country Library Cooperative – Sponsored a copyright workshop by nationally renowned authority attended by 23 librarians from academic, school, and agency libraries.
- ◆ Northern Lights Library Network (NLLN) – Completed an intensive and comprehensive nine-month strategic planning process that identified regional needs to be undertaken in FYs 2005 – 2007. Progressed in providing a virtual union catalog for all school and special libraries in the NLLN region, using a centralized hosting service.
- ◆ Southwest Area Multicounty, Multitype Inter-library Exchange – Negotiated a regional license for electronic Foundation Directory for grant writing purposes. Completed an evaluation of member needs for revised three-year strategic plan.
- ◆ Southeast Library System (SELS) – Through a collaborative purchase, linked the collections of 25 schools comprising 44 separate library media centers through an Internet-based catalog. SELS provided financial support for the purchase and trained school library media staff on the new technology. Purchased software allows members to communicate, make announcements, and carry on committee discussions via an Internet web bulletin board. SELS trained librarians to use the communication methods and maintain the technology.

## Activity Funding

A formula established by rule sets operating grant awards that allocate 60% of available funds equally among the systems, 20% of available funds in an equal amount per capita, and 20% of available funds in an equal amount per square mile. This aid program is supported totally with state funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional Information is available from the Minnesota Department of Education, State Library Services and School Technology, (651) 582-8890.

DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: Multicounty, Multitype Library Systems

Budget Activity

Dollars in Thousands

<b>Direct Appropriations by Fund</b>	<b>Current</b>		<b>Governor's Rec</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
<b>General Fund</b>					
1 Current Appropriation	876	903	903	903	1,806
a. End of Session Estimate					
b. Aid Payment Buy Back		17			
<b>2 Forecast Base</b>	<b>876</b>	<b>920</b>	<b>903</b>	<b>903</b>	<b>1,806</b>
3 Governor's Initiatives					
<b>4 Recommended</b>	<b>876</b>	<b>920</b>	<b>903</b>	<b>903</b>	<b>1,806</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5	Statutory Formula Aid	903	903	903	1,806
6	Statutory Excess/(Shortfall)				
7	Appropriated Entitlement	903	903	903	1,806
8	Adjustments				
9	State Aid Entitlement Current Law	903	903	903	1,806
10	<i>Governor's Initiatives</i>				
11	<b>Governor's Aid Recommendation</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12	Local Levy Current Law	0	0	0	0
13	<i>Governor's Initiatives</i>				
14	<b>Governor's Levy Recommendation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>					
<b>REVENUE</b>	15 Current Law Revenue (State Aid & Levy)	903	903	903	1,806
16	<i>Governor's Initiatives</i>				
17	<b>Governor's Revenue Recommendation</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>
18	<b>Other Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
19	<b>Total All Sources Current Law</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>
20	<b>Governor's Total Revenue Recommendation</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>
<b>Appropriations Basis for State Aid</b>					
	Prior Year (20%/18.1%)	153	180	163	326
	Current Year (80%/81.9%)	723	740	740	1,480
	<b>Total State Aid - General Fund</b>	<b>876</b>	<b>920</b>	<b>903</b>	<b>1,806</b>

**Activity Description****Citation: M.S. 134.355**

The purpose of the Regional Library Telecommunications Aid (RLTA) program is to provide state aid to public libraries for data and video access costs and other related costs to improve or maintain electronic access to the state information infrastructure and to facilitate resource sharing.

**Population Served**

This activity serves Minnesotans statewide through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves 99.7% of the state's population. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency (MELSA), 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating (SELCO), 11) Traverse des Sioux Library System, and 12) Viking Library System.

**Services Provided**

The public makes heavy use of its public libraries for self-sufficiency including financial business decisions, education, self-development, and personal interests. This activity provides the following services to strengthen the ability of libraries across the state to continue to provide better library services to citizens:

- ◆ supports automation activities for cost-effectiveness in resource sharing;
- ◆ supports integration of new technology and training;
- ◆ supports community access to high-speed Internet links;
- ◆ provides connectivity necessary to access licensed online full-text databases provided by state and federal funding allocated to support the Electronic Library for Minnesota (ELM);
- ◆ improves or maintains electronic access to the Internet; and
- ◆ connects the library system(s) with the state information infrastructure administered by the Department of Administration.

**Historical Perspective**

State funding of regional public library systems was established to provide equitable library services across Minnesota. Telecommunications aid supports electronic resource sharing through the most cost-effective means possible. The telecommunications aid program began in 1996 to encourage interconnectivity and more equity of access. Funding continued as RLTA in 1999 and has remained with a base amount of \$1.2 million annually, except for a one-time increase in 2001 for the purchase and installation of equipment to upgrade telecommunications lines in approximately half of Minnesota's public libraries.

**Key Measures**

*Quality library services are available for Minnesotans of all ages.*

The RLTA program has enabled branch/member libraries of the regional public library systems to expand telecommunications bandwidth and connectivity.

- ⇒ Some regional public library systems have shared T1 lines with public schools for cost savings.
- ⇒ Other systems have experimented with telecommunications technology such as satellite, cable, and DSL in order to reduce costs.

**Activity at a Glance**

- ◆ 358 libraries are served through this program.
- ◆ Bandwidth in regional public library systems has expanded from 32 T1 lines to 164.
- ◆ Library connectivity has increased from 356 lines to 394 lines.
- ◆ Connectivity and improved bandwidth facilitates resource sharing and access to electronic resources such as the Electronic Library for Minnesota.

## DEPARTMENT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** REGIONAL LIBRARY TELECOMMUNICA

Narrative

As a result of improved connectivity, online public access catalogs make more resources available for Minnesotans to borrow or access, with the following results:

- ⇒ The number of items loaned within public libraries increased by 9.65% from 43,959,499 in 2000 to 48,655,270 in 2002.
- ⇒ Library to library requests filled between regional public library systems through interlibrary loan increased 23.91% from 389,137 in 2000 to 511,425 in 2002.
- ⇒ Reciprocal borrowing across jurisdictional boundaries increased 7.7% from 628,317 in 2000 to 677,240 in 2003.
- ⇒ Database searches on Gale Databases by library users in public, school, and academic libraries increased 34% from 5.1 million searches in FY 2002 to 6.8 million in FY 2003.

### Activity Funding

The RLTA budget activity is funded with state aid distributed on a prorated actual cost basis for regional public library system branches/members who meet the aid program criteria. The regional public library systems are required to apply for the federal E-rate program which provides discounts and/or reimbursements to assist eligible schools and libraries to obtain telecommunications and Internet access. The discounts or reimbursements depend upon the level of poverty and the urban/rural status of the population served by the applicant. The E-rate program is an unstable source of funding because federal funding is prorated based on national demand. Telecommunications vendor costs by sites vary considerably across the state.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, State Library Services and School Technology Division, (651) 582-8881.

DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: Regional Library Telecommunication Aid

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	960	1,200	1,200	1,200	2,400
a. End of Session Estimate					
b. Aid Payment Buy Back		23			
<b>2 Forecast Base</b>	<b>960</b>	<b>1,223</b>	<b>1,200</b>	<b>1,200</b>	<b>2,400</b>
3 Governor's Initiatives					
<b>4 Recommended</b>	<b>960</b>	<b>1,223</b>	<b>1,200</b>	<b>1,200</b>	<b>2,400</b>

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		1,200	1,200	1,200	1,200
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement		1,200	1,200	1,200	1,200
8 Adjustments					
9 State Aid Entitlement Current Law		1,200	1,200	1,200	1,200
10 Governor's Initiatives					
<b>11 Governor's Aid Recommendation</b>		<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		0	0	0	0
13 Governor's Initiatives					
<b>14 Governor's Levy Recommendation</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		1,200	1,200	1,200	1,200
16 Governor's Initiatives					
<b>17 Governor's Revenue Recommendation</b>		<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
18 Other Revenue					
<b>19 Total All Sources Current Law</b>		<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
<b>20 Governor's Total Revenue Recommendation</b>		<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
<b>Appropriations Basis for State Aid</b>					
	Prior Year (20%/18.1%)	0	240	217	217
	Current Year (80%/81.9%)	960	983	983	983
	<b>Total State Aid - General Fund</b>	<b>960</b>	<b>1,223</b>	<b>1,200</b>	<b>1,200</b>

**Activity Description**

**Citation:** Minnesota Session Laws 2003, 1<sup>st</sup> Special Session, Chapter 9, Article 6, Section 1 established the language for permanent funding for access to a suite of licensed electronic resources.

**Population Served**

Provides all Minnesota citizens access to a basic suite of electronic resources primarily through school media centers and public libraries. This program ensures basic equity of access to resources for all residents.

**Services Provided**

Electronic Library of Minnesota (ELM) provides students, parents, teachers, and citizens access to a basic database suite of indexes, full text of articles in magazines and other materials needed for education, information, business, and lifelong learning. The electronic library leverages purchasing power for statewide licensing of electronic databases and ensures all students have equitable access to a broad range of electronic resources to assist them in meeting educational standards. Funding enables access to the databases in classrooms, school media centers, public libraries, at work, and from home.

**Historical Perspective**

Minnesota Sessions Laws 2003, 1<sup>st</sup> Special Session, Chapter 9, Article 6, Section 1, established the language for permanent funding for a database access program. Program received permanent funding by the legislature at \$400,000 each year of the 2004-05 biennial budget process.

Originally established in 1998, this program’s advocates included the Minnesota Library Association and Minnesota Educational Media Organization. They requested that the Minnesota Department of Education (MDE) seek an increase to the appropriation for the annual licensure fees and contract administration. Current program is funded with state dollars and enhanced with Library Services and Technology Act federal grant funds. Federal funds may be used for ongoing programs for a limited time period.

**Key Measures**

- ⇒ Develop and implement statewide access to electronic resources through an interagency agreement between the MDE, State Library, and Higher Education Services Office (HESO), MINITEX, Library Information Network.
- ⇒ Establish a Request for Bid and a Request for Purchase process allowing library community delegates the ability to help select electronic resources.
- ⇒ Integrate with and leverage of other state, regional, and local resources.
- ⇒ Build upon or support collaboration with all types of libraries and information resource providers.

**Activity Funding**

Currently, funding for ELM comes through allocations to HESO and MDE. Additional funds have been allocated from the federal Library Services and Technology Act grant program. The federal funds were made available for FY 2004 and FY 2005.

**Contact**

Additional information is available from the Minnesota Department of Education, State Library Services and School Technology, (651) 582-8805.

<b>Activity at a Glance</b>	
◆ State funding 2004-05	\$400,000
◆ Population served	5 million
◆ There were 6.8 million ELM searches in FY 2003	

DEPARTMENT OF EDUCATION  
 Program: LIBRARY PROGRAMS  
 Activity: ELECTRONIC LIBRARY FOR MN

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	400	400	400	400	800
Subtotal - Forecast Base	400	400	400	400	800
<b>Governor's Recommendations</b>					
Electronic Library of MN		0	639	691	1,330
<b>Total</b>	<b>400</b>	<b>400</b>	<b>1,039</b>	<b>1,091</b>	<b>2,130</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	400	400	1,039	1,091	2,130
<b>Total</b>	<b>400</b>	<b>400</b>	<b>1,039</b>	<b>1,091</b>	<b>2,130</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	400	400	1,039	1,091	2,130
<b>Total</b>	<b>400</b>	<b>400</b>	<b>1,039</b>	<b>1,091</b>	<b>2,130</b>

# DEPARTMENT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** MISC FEDERAL LIBRARY PROGRAMS

Narrative

## Activity Description

**Citation:** 20 US Code 9121-963

The purpose of the federal Library Services and Technology Act (LSTA) program is to improve and enhance services to underserved populations, to build electronic linkages and networks that support library services, and to encourage creative and innovative model programs.

## Activity at a Glance

- ◆ Number of current grant projects 36
- ◆ Federal funding 2004 \$2.7 million
- ◆ Population served 5 million
- ◆ Grants range in size from \$8,000 - \$638,540

## Population Served

This activity serves the library community statewide. All types of libraries, including academic, school, public, and special, are impacted by this program. Support for library services and programs improves and enhances libraries for the benefit of Minnesota citizens and their communities.

## Services Provided

The state plan for use of federal funds provides for carrying out state goals and priorities within the following federal purposes:

- ◆ to consolidate federal library programs for school, academic, public, and special libraries into one program;
- ◆ to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages;
- ◆ to promote library services that provide all users access to information throughout state, regional, national, and international electronic networks;
- ◆ to provide linkages among and between libraries;
- ◆ to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities and to people with limited functional literacy or information skills; and
- ◆ to electronically link libraries with educational, social, or information services.

The state uses LSTA funds to carryout enhancement programs and capacity building components in the Minnesota five-year state plan for LSTA, 2003-2007. The federal program requires a state plan for library services including the LSTA plan and goals to carryout federal purposes.

All libraries which meet the federal criteria for the program are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars. Up to a maximum of 4% of the appropriation can be used annually for administration purposes at the state level.

## Historical Perspective

Federal allocations awarded to Minnesota are based on the federal fiscal year calendar beginning on October 1. Each annual federal allocation has a two-year window of opportunity to fully expend the funds.

FFY	Dollars in Thousands	
	Federal Allocation (66%)	State Share (34%)
1998	\$2,372	\$1,222
1999	2,361	1,216
2000	2,406	1,239
2001	2,592	1,335
2002	2,593	1,336
2003	2,610	1,344
2004	2,748	1,415

## Key Measures

In awarding grants, the department considers the following criteria:

## DEPARTMENT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** MISC FEDERAL LIBRARY PROGRAMS

Narrative

- ◆ fulfillment of federal LSTA purposes, the state library services and school technology state plan for library services and the Minnesota five-year LSTA plan goals, activities and measurements;
- ◆ adherence to Minnesota priority activity requirements as established by the Minnesota Library Advisory Council in conjunction with the department;
- ◆ integration with and leveraging of other regional and state initiatives;
- ◆ congruence with strategic and technology plans pertinent to the applicant at the local and regional level;
- ◆ outcomes of the proposed project;
- ◆ building upon or supporting collaboration with other libraries and non-library partners; and
- ◆ sustainability of the project after the initial grant.

Goals and activities established under the new Minnesota LSTA Plan – 2003 – 2007:

- ⇒ Goal 1A – Target programming for seniors.
- ⇒ Goal 1B – Target programming for individuals with limited English proficiency.
- ⇒ Goal 1C – Target programming for individuals with disabilities.
- ⇒ Goal 1D – Target programming to children living in poverty (0-17).
- ⇒ Goal 2A – Technology and infrastructure.
- ⇒ Goal 2B – Professional development and training.
- ⇒ Goal 2C – Strategic planning.

### Activity Funding

The federal act requires both a state match (34% of the federal award) and a state maintenance of effort (the difference between the match and LSTA funding allocated to the state). The state appropriations for the regional public library basic system support aid program and the multicounty, multitype library cooperation systems aid program meet these requirements.

### Contact

Additional information is available from the Minnesota Department of Education, State Library Services and School Technology, (651) 582-8805.

DEPARTMENT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: MISC FEDERAL LIBRARY PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	2,352	2,180	2,180	2,180	4,360
<b>Total</b>	<b>2,352</b>	<b>2,180</b>	<b>2,180</b>	<b>2,180</b>	<b>4,360</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,352	2,180	2,180	2,180	4,360
<b>Total</b>	<b>2,352</b>	<b>2,180</b>	<b>2,180</b>	<b>2,180</b>	<b>4,360</b>

**Budget Activities Included:**

- ⇒ Early Childhood Family Education Aid
- ⇒ School Readiness
- ⇒ Health and Developmental Screening Aid
- ⇒ Head Start Program
- ⇒ Infants and Toddlers – Part C

**DEPARTMENT OF EDUCATION**

**Program: EARLY CHILDHOOD FAMILY SUPPORT**

**Program Summary**

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium 2006-07</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY2006-07</b>
<b>General</b>					
Current Appropriation	47,671	43,426	43,426	43,426	86,852
<b>Technical Adjustments</b>					
Current Law Base Change			7	8	15
End-of-session Estimate			(1,878)	(1,329)	(3,207)
Cancellation	(69)				
Aid Payment Buy Back		449			
November Forecast Adjustment		(980)	(550)	(698)	(1,248)
Subtotal-Forecast Base	47,602	42,895	41,005	41,407	82,412
<b>Governor's Recommendations</b>					
School Readiness			(164)	(200)	(364)
Health Screening Funding			323	752	1,075
<b>Total</b>	<b>47,602</b>	<b>42,895</b>	<b>41,164</b>	<b>41,959</b>	<b>83,123</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	47,602	42,895	41,328	42,159	83,487
<b>Statutory Appropriations</b>					
Special Revenue	47	55	30	30	60
Federal	6,265	6,395	6,295	6,295	12,590
<b>Total</b>	<b>53,914</b>	<b>49,345</b>	<b>47,653</b>	<b>48,484</b>	<b>96,137</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	60	60	60	60	120
Other Operating Expenses	23	28	28	28	56
Local Assistance	53,831	49,257	47,565	48,396	95,961
<b>Total</b>	<b>53,914</b>	<b>49,345</b>	<b>47,653</b>	<b>48,484</b>	<b>96,137</b>
<b><u>Expenditures by Activity</u></b>					
Early Childhood Family Education	19,126	13,744	12,217	12,588	24,805
School Readiness	9,536	9,394	9,057	9,088	18,145
Health & Development Screening	2,581	2,712	2,984	3,413	6,397
Head Start Program	16,525	17,325	17,225	17,225	34,450
Infants & Toddlers-Part C	6,146	6,170	6,170	6,170	12,340
<b>Total</b>	<b>53,914</b>	<b>49,345</b>	<b>47,653</b>	<b>48,484</b>	<b>96,137</b>
<b>Full-Time Equivalents (FTE)</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	

# DEPARTMENT OF EDUCATION

**Program:** EARLY CHILDHOOD FAMILY SUPPORT

**Activity:** EARLY CHILDHOOD FAMILY EDUC

Narrative

## Activity Description

**Citation:** M.S. [124D.13](#); [124D.135](#); [124D.15](#)

The Early Childhood Family Education (ECFE) program is funded by state aid and local levy. The program provides early childhood education, parent-child learning opportunities, and parent education that enhance the ability of parents to provide for their children's optimal learning and development.

## Activity at a Glance

In FY 2003:

- ◆ over 315,000 children and parents participated; and
- ◆ more than 21,000 referrals were made from other community programs.

## Population Served

All families with children ages birth to kindergarten are eligible for ECFE. ECFE served 147,241 children and 167,886 parents in FY 2003.

## Services Provided

All ECFE programs are planned and implemented locally and typically include the following services. Services are provided directly by school districts or through district contracts or agreements with community-based programs:

- ◆ parent discussion groups;
- ◆ parent-child interaction;
- ◆ play and learning activities that promote children's development;
- ◆ home visits;
- ◆ special events for the entire family;
- ◆ information on community resources for young children and families; and
- ◆ libraries of books, toys, and other learning materials.

## Historical Perspective

⇒ ECFE began as a series of pilot programs from 1974-1983. In 1984, the legislature made it possible for any school district with a community education program to establish the program. ECFE was offered in nearly all 341 school districts and the four tribal schools in Minnesota in 2003. There has been an increase of parent participants from 87,374 in FY 1990 to 167,886 in FY 2003.

## Key Measures

*Increase the number of parents receiving the education and support they need to assist their children's development and learning.*

⇒ In a 1999 study of parents with infants, parents reported that their ECFE participation resulted in improved understanding of how infants learn and develop (83%), learning how to support their infant's learning and development (81%), improved confidence as a parent (79%), improved understanding and response to their child's behavior (76%), and making connections with other parents (73%).

*Increase the percentage of parents involved in activities at home, school, and in the community related to their children's learning, development, and education.*

⇒ A 2003 study on parent involvement in kindergarten and grade 3 education comparing former ECFE participants and non-ECFE participants found that ECFE participating parents were more likely to:

- ◆ read or tell stories with their child nearly every day (kindergarten-79% compared to 67%; grade 3-48% compared to 38%);
- ◆ regularly visit libraries (kindergarten-37% compared to 25%; grade 3-31% compared to 20%);
- ◆ volunteer in the classroom (kindergarten-65% compared to 39%; grade 3-58% compared to 37%); and
- ◆ serve on PTA advisory committees or school site councils (kindergarten-20% compared to 6%; grade 3-18% compared to 8%).

## DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: EARLY CHILDHOOD FAMILY EDUC

Narrative

### Activity Funding

This is a state aid and levy program. A district's state aid is the difference between the revenue and levy. The ECFE levy is the lesser of a fixed rate times the district's adjusted tax capacity or the ECFE maximum revenue. A district's maximum revenue for FY 2005 equals the ECFE allowance of \$96 times the greater of 150 or the number of children under age five residing in the district on October 1 of the previous school year. This formula amount was decreased in the 2003 legislative session to the FY 2002-03 level of \$120.

State law allows districts to maintain an ECFE reserve, but limits the amount of ECFE funds districts can carry forward to 25% of their prior year revenue, including aid, levy, and fees.

Districts are required to have a sliding fee scale and formula funding may be supplemented with registration fees and funds from other sources.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: Early Childhood & Family Education

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	19,079	14,407	14,407	14,407	28,814
a. End of Session Estimate			(1,715)	(1,166)	(2,881)
b. Aid Payment Buy Back		226	7	7	14
c. November Forecast Adjustment		(944)	(512)	(690)	(1,202)
2 Forecast Base	19,079	13,689	12,187	12,558	24,745
3 Governor's Initiatives					
4 Recommended	19,079	13,689	12,187	12,558	24,745

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	19,877	11,880	12,254	12,626	24,880
6 Statutory Excess/(Shortfall)	(78)	944			0
7 Appropriated Entitlement	19,799	12,824	12,254	12,626	24,880
8 Adjustments					
a. Appropriation Reduction		(944)			
9 State Aid Entitlement Current Law	19,799	11,880	12,254	12,626	24,880
10 Governor's Initiatives					
11 Governor's Aid Recommendation	19,799	11,880	12,254	12,626	24,880
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	21,795	21,942	22,014	22,097	44,111
13 Governor's Initiatives					
14 Governor's Levy Recommendation	21,795	21,942	22,014	22,097	44,111
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	41,594	33,822	34,268	34,723	68,991
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	41,594	33,822	34,268	34,723	68,991
18 Other Revenue					
19 Total All Sources Current Law	41,594	33,822	34,268	34,723	68,991
20 Governor's Total Revenue Recommendation	41,594	33,822	34,268	34,723	68,991
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	3,239	3,959	2,150	2,217	4,367
Current Year (80%/81.9%)	15,840	9,730	10,037	10,341	20,378
<b>Total State Aid - General Fund</b>	<b>19,079</b>	<b>13,689</b>	<b>12,187</b>	<b>12,558</b>	<b>24,745</b>
<b>Additional ECFE Revenue-Fund 200</b>					
ECFE Partnership-Ucare	47	55	30	30	60

**Activity Description****Citation: M.S. 124D.15; 124D.16**

The School Readiness program funds school districts to provide child development programs that promote future success in school. Participants are either referred through early childhood screening or must participate in screening within 90 days of enrollment in School Readiness or the child's fourth birthday.

**Population Served**

Preschool children three and a half to four years old who are identified with health and development problems are priority participants in this program. A total of 38,063 children and 41,752 parents were served in 2003. The following are participant characteristics in 2003.

- ⇒ 5,251 children were identified with developmental delays and disabilities through an early childhood screening or special education evaluation process.
- ⇒ More than 28% of parents had no more education than a high school diploma/GED (general educational development).
- ⇒ Approximately 29% of participating families had household incomes of less than \$30,000, including almost 4% of families who had household incomes of less than \$10,000.
- ⇒ Approximately 22% of participating families were headed by a single parent.

**Services Provided**

School Readiness provides a continuum of services for three and a half to four year old children based on needs. Services are provided directly by school districts or through district contracts or agreements with community-based programs. Because this program requires close coordination and cooperation of various health, education, and human services providers, local service providers' strategies for delivering services to eligible children and families include both referrals and a wide array of coordinated or integrated services, such as:

- ◆ half day pre-kindergarten program;
- ◆ comprehensive head start and family literacy/English language learner programs;
- ◆ the addition of parent education and special needs services to preschool and center-based child care programs;
- ◆ staff development and consultation for family child care providers;
- ◆ kindergarten transition connection classes for children and parents;
- ◆ coordination of referrals and follow-up to early childhood screening;
- ◆ one or two days of child only activities added to early childhood family education; and
- ◆ early childhood special education and school readiness integrated classrooms.

**Historical Perspective**

The School Readiness program was first enacted in 1991 for four year olds. It was expanded in 1993 to cover children ages three and one-half to kindergarten and younger than three and one-half if necessary for program effectiveness.

**Key Measures**

- ⇒ Since 1994, the Minnesota Department of Education (MDE) has provided training on the use of the work sampling system of child assessment in order to measure child progress of participating children. Over 50% of the school districts reported using work sampling in FY 2003.

**Activity at a Glance**

In FY 2003:

- ◆ 79,815 children and parents participated in the program.
- ◆ Nearly 20,000 referrals were made to and from other community services and programs.
- ◆ Almost 21,000 children received 30 or more hours per year of child/parent services.

# DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: SCHOOL READINESS

Narrative

⇒ In FY 2003, MDE piloted a system for assessing the school readiness of a representative sample of 1,851 Minnesota kindergarten students in the domains of personal and social development, language and literacy, mathematical thinking, the arts, and physical development. The year two study was expanded in FY 2004 to include 3,002 kindergarten students in 52 elementary schools. A parent survey collected sample family demographic data, early childhood education, and child care experiences information in year two.

### FY 2004 (Year Two) Developmental Assessment Results

Developmental Domain	Not Yet	In Process	Proficient
Physical Development	2%	41%	57%
Personal & Social Development	9%	44%	47%
The Arts	6%	48%	47%
Language & Literacy	12%	46%	43%
Mathematical Thinking	11%	50%	40%

The year three study in FY 2005 will include approximately 3,000 kindergarten students from 15 school districts. In addition to assessing the school readiness of all kindergarteners in the participating districts, the study will identify strategies for community planning to increase the percentage of children ready for school success and will collect more complete and accurate family demographic information.

### Activity Funding

This program is funded entirely with state aid. School districts receive aid equal to: 1) the number of eligible four-year old children in the district times the ratio of 50% of the total school readiness aid for that year to the total number of eligible four-year old children reported to the commissioner that year; plus 2) the number of pupils enrolled in the school district from families eligible for the free or reduced lunch program times the ratio of 50% of the total school readiness aid for that school year to the number of pupils in the state from families eligible for the free or reduced school lunch program. The average district aid for FY 2004 will be \$30,664. The state aid entitlement was \$9,543,000 in FY 2003 and \$9,536,000 in FY 2004.

State law allows districts to maintain a school readiness reserve, but limits the amount of school readiness funds districts can carry forward to 25% of their prior year revenue, including aid and fees.

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: School Readiness

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	9,536	9,258	9,258	9,258	18,516
a. Current Statutory Authority			(163)	(163)	(326)
b. November Forecast Adjustment		(36)	(38)	(8)	(46)
c. Aid Payment Buy Back		172		1	1
<b>2 Forecast Base</b>	<b>9,536</b>	<b>9,394</b>	<b>9,057</b>	<b>9,088</b>	<b>18,145</b>
3 Governor's Initiatives			(164)	(200)	(364)
<b>4 Recommended</b>	<b>9,536</b>	<b>9,394</b>	<b>8,893</b>	<b>8,888</b>	<b>17,781</b>

<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
5 Statutory Formula Aid		9,913	9,050	9,058	9,095	18,153
6 Statutory Excess/(Shortfall)			36			0
7 Appropriated Entitlement		9,913	9,086	9,058	9,095	18,153
8 Adjustments						
a. Appropriation Reduction			(36)			
9 State Aid Entitlement Current Law		9,913	9,050	9,058	9,095	18,153
10 Governor's Initiatives				(200)	(200)	(400)
<b>11 Governor's Aid Recommendation</b>		<b>9,913</b>	<b>9,050</b>	<b>8,858</b>	<b>8,895</b>	<b>17,753</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
12 Local Levy Current Law		0	0	0	0	0
13 Governor's Initiatives						
<b>14 Governor's Levy Recommendation</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>						
<b>REVENUE</b>						
15 Current Law Revenue (State Aid & Levy)		9,913	9,050	9,058	9,095	18,153
16 Governor's Initiatives				(200)	(200)	(400)
<b>17 Governor's Revenue Recommendation</b>		<b>9,913</b>	<b>9,050</b>	<b>8,858</b>	<b>8,895</b>	<b>17,753</b>
<b>18 Other Revenue</b>						
<b>19 Total All Sources Current Law</b>		<b>9,913</b>	<b>9,050</b>	<b>9,058</b>	<b>9,095</b>	<b>18,153</b>
<b>20 Governor's Total Revenue Recommendation</b>		<b>9,913</b>	<b>9,050</b>	<b>8,858</b>	<b>8,895</b>	<b>17,753</b>
<b>Appropriations Basis for State Aid</b>						
	Prior Year (20%/18.1%)	1,605	1,982	1,638	1,603	3,241
	Current Year (80%/81.9%)	7,931	7,412	7,255	7,285	14,540
	<b>Total State Aid - General Fund</b>	<b>9,536</b>	<b>9,394</b>	<b>8,893</b>	<b>8,888</b>	<b>17,781</b>

**Activity Description**

**Citation:** M.S. 121A.16; 121A. 17; 121A.19

Early Childhood Health and Developmental Screening promotes educational readiness and improved health of young children through the early detection of factors that may impede children's learning, growth, and development.

**Population Served**

All children must participate in early childhood screening before entering kindergarten. This program targets children who are three and a half to four years of age. (Children who have had a comparable health and development screening through another provider are exempt from this requirement.) Districts typically notify all parents of children ages three and one half to four of the screening requirement and where the screening can be obtained.

**Services Provided**

Early Childhood Health and Developmental Screening include the following services: outreach, screening, referral, and follow-up.

- ⇒ Required screening components include 1) vision; 2) hearing; 3) height; 4) weight; 5) development (cognitive, social/emotional, fine/gross motor, and speech/language); 6) immunization review; 7) identification of risk factors that may interfere with learning; and 8) a summary interview with parents.
- ⇒ Optional screening components include 1) health history; 2) review of family factors that might affect development; 3) nutritional assessment; 4) physical and dental assessment; 5) blood pressure; and 6) laboratory tests.

The objectives of early childhood screening are to:

- ◆ detect and seek solutions to conditions interfering with children's growth, development, and learning;
- ◆ increase parental awareness of physical health, development, and learning readiness connections;
- ◆ improve access to and encourage the regular use of preventive health services; and
- ◆ link families to a wide array of community services and programs.

**Historical Perspective**

The screening program began in 1977 in order to identify children who may have possible health or development problems that could delay their future learning and to refer children to health, school, and other community services for further assessment or evaluation.

In 1990, the legislature established a comprehensive health screening program. In 1992, it was replaced with a mandated screening prior to public school enrollment. The mandatory screening is less comprehensive than the screening established in 1990. Screening now targets children ages three and a half to four years, which allows for one year of intervention services prior to school enrollment.

**Key Measures**

*Increase the percentage of children who receive the nutrition, physical activity, and health care that they need to arrive at school with healthy minds and bodies.*

- ⇒ In FY 2003, over 18,000 referrals were made for potential health or developmental problems identified at the time of Early Childhood Health and Developmental Screening. (Note: the Minnesota Department of Education (MDE) has implemented a web-based application for reporting annual aggregated Early Childhood Health and Development Screening data from school districts, including data on the status of children's immunizations, hearing, vision, growth, and access to health care coverage.)

**Activity at a Glance**

In FY 2003, a total of 57,930 children were screened. This included:

- ◆ over 2,018 children served in Early Childhood Special Education
- ◆ over 4,660 children referred to the School Readiness Program
- ◆ nearly 4,600 families referred to Early Childhood Family Education
- ◆ over 1,200 children referred to Head Start
- ◆ over 412 parents referred to adult education/literacy

# DEPARTMENT OF EDUCATION

**Program:** EARLY CHILDHOOD FAMILY SUPPORT

**Activity:** HEALTH & DEVELOPMENT SCREENING

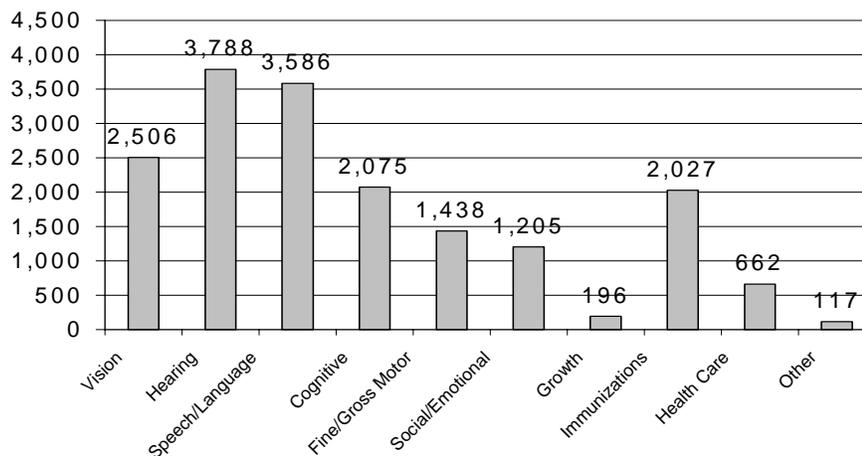
Narrative

⇒ In FY 2004, MDE translated the early childhood screening parent brochure into ten languages to facilitate outreach to linguistically diverse families.

*Increased coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers are implemented through the*

- ◆ provision of integrated regional staff development opportunities offered jointly by the Minnesota Departments of Education, Health (MDH), Human Services (DHS), and the state Head Start Collaboration office;
- ◆ development of common screening forms for early childhood screening, child and teen checkups/EPSTD (Early and Periodic Screening, Diagnosis and Treatment), and head start; and
- ◆ development of Minnesota Child Health and Developmental Screening Quality Indicators. A comprehensive framework to build and evaluate community-based screening systems in partnership with the DHS and MDH.

**2003: Number of New Potential Problems Identified**



## Activity Funding

This program is funded with state aid and supplemented with in-kind funding from other education aid and community resources.

In 1998, the Minnesota legislature increased the reimbursement to school districts from \$25 to \$40 per child screened to more closely cover the actual average cost of \$50 per child screened. In FY 2003, the average actual cost for the required components was \$65 per child screened. State funding does not reimburse for optional components.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: Health & Developmental Screening

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	2,581	2,661	2,661	2,661	5,322
a. End of Session Estimate					
b. Aid Payment Buy Back		51			
2 Forecast Base	2,581	2,712	2,661	2,661	5,322
3 Governor's Recommendation					
a. Additional Funding			323	752	1,075
4 Recommended	2,581	2,712	2,984	3,413	6,397

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		2,661	2,661	2,661	2,661
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement		2,661	2,661	2,661	2,661
8 Adjustments					
9 State Aid Entitlement Current Law		2,661	2,661	2,661	2,661
10 Governor's Recommendation					
a. Additional Funding			394	831	1,225
11 Governor's Aid Recommendation		2,661	2,661	3,055	3,492
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		0	0	0	0
13 Governor's Recommendation					
14 Governor's Levy Recommendation		0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		2,661	2,661	2,661	2,661
16 Governor's Recommendation				394	831
17 Governor's Revenue Recommendation		2,661	2,661	3,055	3,492
18 Other Revenue		0	0	0	0
19 Total All Sources Current Law		2,661	2,661	2,661	2,661
20 Governor's Total Revenue Recommendation		2,661	2,661	3,055	3,492
<b>Appropriations Basis for State Aid</b>					
	Prior Year (20%/18.1%)	452	532	481	552
	Current Year (80%/81.9%)	2,129	2,180	2,503	2,860
	<b>Total State Aid - General Fund</b>	<b>2,581</b>	<b>2,712</b>	<b>2,984</b>	<b>3,413</b>

**Activity Description**

**Citation: M.S. 119A.50-119A.54; 42 U.S.C.9801 et seq.**

Head Start is a comprehensive family-oriented program with the overall goal of increasing the social competence and school readiness of young children in low-income families. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming.

**Activity at a Glance**

- ◆ In FY 2004, 34 head start grantees enrolled over 16,000 children; about 2,400 of these children were served with state funds.
- ◆ In FY 2003, 14% of enrolled children ages three to five had a diagnosed disability.

**Population Served**

Head start primarily serves three to five year olds from low-income families. Some programs also receive funds to serve infants, toddlers, and pregnant mothers. At least 90% of enrolled children must come from families who are living at or below the federal poverty level or participating in Minnesota Family Investment Program (MFIP). Ten percent of enrollment in head start is reserved for children with diagnosed disabilities.

**Services Provided**

Head start provides a comprehensive, individualized program of health, nutrition, education, parent involvement, and social services to children and families. Approximately 68% of the enrolled families received one or more of needed family services such as assistance with housing and transportation, health and parenting education, adult education and job training. Approximately 70% of referred families received mental health services.

Grantees provide required services that respond to local needs and available resources. Programs use a center-based, home-based, and/or combination option with the most common design operating four to five hours a day, four or five days a week for nine months of the year. In response to changing needs of children and their families, most grantees also offer some full-day, full-year services through head start-child care partnerships. Other collaborative partners include public health, early childhood screening, early childhood special education, early childhood family education, school readiness, adult basic education, family literacy, public school kindergarten, child support and other self-sufficiency programs.

Parent participation is integral to head start. Parents work in classrooms as volunteers and employees, participate in parent education activities and program governance, and work in partnership with head start staff. Former or current head start parents made up 24% of the staff and 61% of the 31,824 volunteers in 2003.

**Historical Perspective**

Head start began as a federal program in 1965. In 1988, the Minnesota legislature first appropriated state funds. Federal funding has increased modestly to allow the programs to serve the same number of participants.

**Key Measures**

*The percentage of children who complete all appropriate medical screenings and examinations within the last twelve months and the percentage of children who receive follow-up services for identified health and developmental needs.*

- ⇒ In 2003, over 87% of all enrolled children completed all medical screenings.
- ⇒ In 2003, over 88% of children with identified health needs received treatment.

*Increase the percentage of head start grantees providing all-day care.*

- ⇒ In FY 2003, 30% of children enrolled attended full-day programming.
- ⇒ 31 of 34 head start grantees are involved in partnerships to integrate services resulting in expanded service offerings and all-day care.

# DEPARTMENT OF EDUCATION

**Program:** EARLY CHILDHOOD FAMILY SUPPORT

**Activity:** HEAD START PROGRAM

Narrative

## Activity Funding

Federal head start funds flow directly from the federal agency to 35 local head start grantees (\$82 million in FFY 2003 and \$83 million in FFY 2004). At least 20% of the total cost of a head start program must come from local resources. In-kind contributions constitute much of this match through volunteer hours and donated space, materials and services. Only federally funded head start agencies in existence as of 1989 are eligible to receive state head start funds. The Minnesota legislature chose to use the existing programs, administrative structure, and program performance standards already in place for head start. State allocation of funds is based equally on the grantee share of federal head start funds and on the proportion of eligible children in the grantee service area who are not currently being served.

**Minnesota Head Start Collaboration Project** – Since 1992, Minnesota has annually received a \$100,000 federal grant from the Head Start Bureau in the U.S. Department of Health and Human Services for the Minnesota Head Start Collaboration Project. The purpose of the grant is to create significant statewide partnerships between head start and local communities in order to meet the challenges of improving services for low-income children and their families.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION  
 Program: EARLY CHILDHOOD FAMILY SUPPORT  
 Activity: HEAD START PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	16,475	17,100	17,100	17,100	34,200
Subtotal - Forecast Base	16,475	17,100	17,100	17,100	34,200
<b>Total</b>	<b>16,475</b>	<b>17,100</b>	<b>17,100</b>	<b>17,100</b>	<b>34,200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	16,406	17,100	17,100	17,100	34,200
<b>Statutory Appropriations</b>					
Federal	119	225	125	125	250
<b>Total</b>	<b>16,525</b>	<b>17,325</b>	<b>17,225</b>	<b>17,225</b>	<b>34,450</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	60	60	60	60	120
Other Operating Expenses	23	28	28	28	56
Local Assistance	16,442	17,237	17,137	17,137	34,274
<b>Total</b>	<b>16,525</b>	<b>17,325</b>	<b>17,225</b>	<b>17,225</b>	<b>34,450</b>
<b>Full-Time Equivalents (FTE)</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	

**Activity Description**

**Citation:** M.S.125A.26-125A.48; Part C, IDEA (Individuals with Disabilities Act)

The Part C - Infants and Toddlers Program is a federally funded program that provides comprehensive interagency family-centered services to eligible children with disabilities, ages birth to age three, and their families, based upon identified need.

**Population Served**

Eligible infants and toddlers with disabilities birth to age three and their families are served by the program.

**Services Provided**

The program assists and provides funds to the 96 local Interagency Early Intervention Committees (IEICs) through the IEIC annual application planning process. IEICs are responsible for the development, coordination, and implementation of comprehensive local interagency early childhood intervention services for young children with disabilities and their families. IEIC members include representatives of school districts, county human service agencies, county boards, and early childhood family education programs, parents of young children with disabilities under age 12, and health care providers.

Early intervention services are offered in conformity with an Individual Family Services Plan (IFSP) and provided in natural environments including the home, child care setting, early childhood special education (ECSE) program, or other early childhood education settings.

Additional components of the Part C state and local system to enhance quality and accountability include

- ◆ local staff development, including occupational therapists, ECSE staff, speech pathologists, physical therapists, physicians, nurses, nutritionists, and child care providers;
- ◆ technical assistance to local areas through the Minnesota Technical Assistance for Family Support, Early Hearing Detection and Intervention Network, Project Exceptional for inclusive child care, and the Autism Network;
- ◆ the development of web-based applications to serve as a resource for those interested in the health and development of young children with disabilities;
- ◆ the central directory and the 1-800 number which provides parents with referral and resource information;
- ◆ local and state interagency agreements that include procedures for intra- and interagency dispute resolution, complaints, agency roles and responsibilities for child find, services, service coordination, financial commitments, and data collection;
- ◆ due process procedures for families and providers; and
- ◆ coordination with child care providers and other early childhood care and education service providers is used to improve Child Find.

**Historical Perspective**

Minnesota has participated in Part C, IDEA (Individuals with Disabilities Education Act) (formerly Part H), a federal, interagency family centered change initiative for infants and toddlers with disabilities and their families since 1987.

**Activity at a Glance**

In FY 2003:

- ◆ over 3,502 Minnesota children and families received services through an Individual Family Services Plan.
- ◆ 96 community coordinating committees design comprehensive intervention services for children with disabilities.

# DEPARTMENT OF EDUCATION

**Program:** EARLY CHILDHOOD FAMILY SUPPORT

**Activity:** INFANTS & TODDLERS-PART C

Narrative

The Minnesota Department of Education (MDE), designated by the state as the lead agency, Minnesota Department of Health (MDH); and Department of Human Services (DHS) work together with local IEICs to provide coordinated interagency services and funding for each eligible child and family. The Governor's Interagency Coordinating Council on Early Childhood Intervention (ICC) serves in an advisory role.

The number of eligible children, birth to age three, with an IFSP on December 1 of each year has increased from 2,312 in 1993 to 3,502 in 2003.

	Children and Their Families with an IFSP on December 1						
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Number of Children and Their Families Participating with IFSPs	2,658	2,806	2,820	2,948	3,053	3,278	3,502
Percentage of Children Participating (est.)	1.42%	1.49%	1.49%	1.54%	1.53%	1.72%	1.85%

## Key Measures

The percentage of infants and toddlers birth to age three (particularly under one year of age) and their families who have IFSPs is increased and is proportional to the general state population.

## Activity Funding

Minnesota's federal allocation for Part C is based on the number of all children in the cohorts from birth to age three annually.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION

Program: EARLY CHILDHOOD FAMILY SUPPORT

Activity: INFANTS & TODDLERS-PART C

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	6,146	6,170	6,170	6,170	12,340
<b>Total</b>	<b>6,146</b>	<b>6,170</b>	<b>6,170</b>	<b>6,170</b>	<b>12,340</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	6,146	6,170	6,170	6,170	12,340
<b>Total</b>	<b>6,146</b>	<b>6,170</b>	<b>6,170</b>	<b>6,170</b>	<b>12,340</b>

**Budget Activities Included:**

- ⇒ Community Education
- ⇒ Adults with Disabilities Aid
- ⇒ Hearing Impaired Adults
- ⇒ School Age Care Revenue
- ⇒ 21<sup>st</sup> Century Community Learning Centers
- ⇒ Coordinated School Health
- ⇒ Safe and Drug Free Schools

**DEPARTMENT OF EDUCATION**

Program: **COMMUNITY ED & PREVENTION**

Program Summary

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
<b>General</b>					
Current Appropriation	6,149	3,941	3,941	3,941	7,882
<b>Technical Adjustments</b>					
Current Law Base Change			(14)	(14)	(28)
End-of-session Estimate			(1,198)	(1,812)	(3,010)
Aid Payment Buy Back		63			
November Forecast Adjustment		(4)	24	(80)	(56)
Subtotal-Forecast Base	6,149	4,000	2,753	2,035	4,788
<b>Total</b>	<b>6,149</b>	<b>4,000</b>	<b>2,753</b>	<b>2,035</b>	<b>4,788</b>
<b><i>Expenditures by Fund</i></b>					
<b>Direct Appropriations</b>					
General	6,149	4,000	2,753	2,035	4,788
<b>Statutory Appropriations</b>					
Federal	10,930	14,839	14,839	14,839	29,678
<b>Total</b>	<b>17,079</b>	<b>18,839</b>	<b>17,592</b>	<b>16,874</b>	<b>34,466</b>
<b><i>Expenditures by Category</i></b>					
Local Assistance	17,079	18,839	17,592	16,874	34,466
<b>Total</b>	<b>17,079</b>	<b>18,839</b>	<b>17,592</b>	<b>16,874</b>	<b>34,466</b>
<b><i>Expenditures by Activity</i></b>					
Community Education	5,351	3,178	1,958	1,250	3,208
Adults with Disabilities Aid	688	724	710	710	1,420
Hearing Impaired Adults	70	70	70	70	140
School Age Care Revenue	40	28	15	5	20
21st Century Comm Learning Centers	4,573	8,800	8,800	8,800	17,600
Coordinated School Health	112	150	150	150	300
Safe & Drug Free Schools	6,245	5,889	5,889	5,889	11,778
<b>Total</b>	<b>17,079</b>	<b>18,839</b>	<b>17,592</b>	<b>16,874</b>	<b>34,466</b>

**Activity Description****Citation:** M.S. 124D.18; 124D.19; 124D.20

This state aid and local levy program provides funding for community education programs to provide lifelong learning opportunities for all community members and allows access to school facilities for public use.

**Population Served**

Every Minnesota school district operates a community education program. Programs may include (as specified in M.S. 124D.20, subd. 8):

- ◆ Adults with Disabilities;
- ◆ Adult Basic Education (ABE);
- ◆ Youth development;
- ◆ Youth service;
- ◆ Early Childhood Family Education (ECFE);
- ◆ School-Age Care;
- ◆ Summer programs for elementary and secondary pupils;
- ◆ Youth after-school enrichment programs; and
- ◆ Non-vocational, recreational, and leisure activities.

**Services Provided**

Community education is a partnership between the community and the school district through which the resources of each are used for the continuing growth and betterment of both. Community education provides services beyond the regular K-12 program as recommended by the Community Education Advisory Council and approved by the local school board (State Board Rule 3530.5600).

Community education administers many popular programs, such as family literacy, ABE, School Age Care, youth athletics, and ECFE.

Local school boards establish community education advisory councils and hire local staff to promote and implement the program. With some exceptions, a district operating a community education program must employ a licensed community education director.

**Historical Perspective**

State funding for community education began in 1971 with the idea that the community should be able to use the public schools beyond the regular school day. Since that time, community education has grown rapidly and in many different directions depending upon the needs/desires of the local community. Many programs emphasize strong recreational opportunities while others focus on skill development. Others emphasize general interest topics or provide opportunities to explore the arts. This local flexibility allows communities to build programs that meet their own interests and demands.

**Key Measures**

Districts reported over three million participants in FY 2001, not including those reported separately under ECFE or ABE. New reporting procedures have been implemented to ascertain expenditure data, but may not be consistently applied across all school districts.

An annual Phi Delta Kappa poll found that offering activities that bring people into school buildings increases citizens' overall support for education.

**Activity at a Glance**

- ◆ Every Minnesota school district operates a community education program.
- ◆ More than 250,000 activities offered in 2003.
- ◆ Programs serve participants of all ages from preschool through senior citizens.

## DEPARTMENT OF EDUCATION

**Program:** COMMUNITY EDUCATION & PREVENTION

**Activity:** COMMUNITY EDUCATION

Narrative

### Activity Funding

A district's maximum revenue equals the community education allowance times the greater of 1,335 or the population of the district. The community education allowance has remained at \$5.95 for the past 14 years and dropped to \$5.23 beginning in FY 2005.

Districts that have implemented a youth development plan and a youth service program receive an additional \$1 times the greater of 1,335 or the population of the district.

The community education levy is the lesser of a fixed tax rate times the district Adjusted Net Tax Capacity (ANTC) or the community education revenue. The district's community education aid is the difference between the revenue and the levy.

Formula funding is supplemented with registration fees and funds from other sources. General community education revenue is not used to subsidize the direct activity costs for adult enrichment programs (the cost of the activity leader or instructor, cost of materials, transportation costs, etc.). Funding commonly supports parenting education and parent/child classes, youth recreation and athletics, community meetings, and community service activities.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Adult and Career Education section, (651) 582-8330.

DEPARTMENT OF EDUCATION

Program: COMMUNITY EDUCATION & PREVENTION

Activity: Community Education

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	5,351	3,137	3,137	3,137	6,274
a. End of Session Estimate			(1,187)	(1,795)	(2,982)
b. November Forecast Adjustment		(7)	21	(78)	(57)
c. Aid Payment Buy Back		48	(13)	(14)	(27)
2 Forecast Base	<b>5,351</b>	<b>3,178</b>	<b>1,958</b>	<b>1,250</b>	<b>3,208</b>
3 Governor's Initiatives					
4 Recommended	<b>5,351</b>	<b>3,178</b>	<b>1,958</b>	<b>1,250</b>	<b>3,208</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	5,494	2,539	1,830	1,122	2,952
6 Statutory Excess/(Shortfall)	(12)	7			
7 Appropriated Entitlement	5,482	2,546	1,830	1,122	2,952
<b>Adjustments</b>					
a. Appropriation Reduction		(7)			
b. Prior Year Payments	11				
9 State Aid Entitlement Current Law	5,493	2,539	1,830	1,122	2,952
<b>Governor's Initiatives</b>					
11 Governor's Aid Recommendation	<b>5,493</b>	<b>2,539</b>	<b>1,830</b>	<b>1,122</b>	<b>2,952</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	32,761	33,357	34,816	36,182	70,998
13 Governor's Initiatives					
14 Governor's Levy Recommendation	<b>32,761</b>	<b>33,357</b>	<b>34,816</b>	<b>36,182</b>	<b>70,998</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	38,254	35,896	36,646	37,304	73,950
16 Governor's Initiatives					
17 Governor's Revenue Recommendation	<b>38,254</b>	<b>35,896</b>	<b>36,646</b>	<b>37,304</b>	<b>73,950</b>
<b>Other Revenue</b>					
19 Total All Sources Current Law	38,254	35,896	36,646	37,304	73,950
20 Governor's Total Revenue Recommendation	<b>38,254</b>	<b>35,896</b>	<b>36,646</b>	<b>37,304</b>	<b>73,950</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	956	1,098	459	331	790
Current Year (80%/81.9%)	4,395	2,080	1,499	919	2,418
<b>Total State Aid - General Fund</b>	<b>5,351</b>	<b>3,178</b>	<b>1,958</b>	<b>1,250</b>	<b>3,208</b>

**Activity Description****Citation:** M.S. 124D.56

This state aid and local levy program provides funding to school districts to support activities that integrate adults with disabilities with other people in their community.

**Population Served**

The number of adults with disabilities participating in this program increased from approximately 9,000 in FY 1988 to 39,000 in 1999 and has remained relatively stable since that time.

**Activity at a Glance**

- ◆ 77 school districts are approved for Adults with Disabilities Program Aid.
- ◆ The number of participants supported has remained relatively constant since 1999.
- ◆ Many more adults with disabilities are served by community education than are supported by the program.

**Services Provided**

Community education programs locally administer the Adults with Disabilities program. Thirty of 77 supported school districts are in the seven county metropolitan area. The local programs use the following service strategies to achieve their objectives:

- ◆ services enabling adults to participate in community activities, such as training for community members, one-on-one assistance, Braille and interpreter services;
- ◆ classes specifically for adults with disabilities;
- ◆ outreach to identify adults needing services; and
- ◆ activities to increase public awareness of the roles of people with disabilities.

**Key Measures**

Local community education teachers work with others to

- ◆ identify and encourage adults with disabilities to enjoy community life;
- ◆ develop specific learning and leisure time opportunities for those with disabilities;
- ◆ teach community members how to include people with differing abilities; and
- ◆ raise awareness of contributions of people with disabilities.

**Activity Funding**

To be eligible for specific categorical revenue to serve adults with disabilities, a school district's community education program must receive approval from the Minnesota Department of Education.

State aid formula provides the lesser of \$30,000 or one-half the actual expenditures. A district is required to match this aid amount from local sources. A district is permitted to levy the lesser of \$30,000 or the actual expenditures minus the amount of state aid for the program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Adult and Career Education section, (651) 582-8330.

DEPARTMENT OF EDUCATION

Program: COMMUNITY EDUCATION & PREVENTION

Activity: Adults with Disabilities

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	688	710	710	710	1,420
a. End of Session Estimate					
b. Aid Payment Buy Back		14			
<b>2 Forecast Base</b>	<b>688</b>	<b>724</b>	<b>710</b>	<b>710</b>	<b>1,420</b>
3 Governor's Initiatives					
<b>4 Recommended</b>	<b>688</b>	<b>724</b>	<b>710</b>	<b>710</b>	<b>1,420</b>

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	710	710	710	710	1,420
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement	710	710	710	710	1,420
8 Adjustments					
9 State Aid Entitlement Current Law	710	710	710	710	1,420
10 <i>Governor's Initiatives</i>					
<b>11 Governor's Aid Recommendation</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,420</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	670	670	670	670	1,340
13 <i>Governor's Initiatives</i>					
<b>14 Governor's Levy Recommendation</b>	<b>670</b>	<b>670</b>	<b>670</b>	<b>670</b>	<b>1,340</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	1,380	1,380	1,380	1,380	2,760
16 <i>Governor's Initiatives</i>					
<b>17 Governor's Revenue Recommendation</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>2,760</b>
18 <b>Other Revenue</b>					
<b>19 Total All Sources Current Law</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>2,760</b>
<b>20 Governor's Total Revenue Recommendation</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>2,760</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	120	142	128	128	256
Current Year (80%/81.9%)	568	582	582	582	1,164
<b>Total State Aid - General Fund</b>	<b>688</b>	<b>724</b>	<b>710</b>	<b>710</b>	<b>1,420</b>

**Activity Description****Citation: M.S. 124D.57**

This state aid program provides funding to districts and other organizations to assure access to educational opportunities for deaf and hard of hearing adults by paying for interpreter or note-taker services.

**Activity at a Glance**

- ◆ 24 sites received funding under this program in FY 2003 with aid ranging from \$88 to more than \$30,000.

**Population Served**

Both public and private agencies providing adult education classes to hearing impaired adults may apply to the Minnesota Department of Education (MDE) for reimbursement of the costs of providing interpreting services. Applications for aid are received throughout the year with a single payment made at the end of the year, prorated as necessary to stay within the budgeted amount.

**Services Provided**

This program:

- ◆ targets part-time adult students with hearing impairments;
- ◆ provides access to vocational education programs and avocational programs promoting educational growth and development; and
- ◆ enhances and encourages lifelong learning.

Services provided include interpretation and note-taking.

Access to education programs for persons with disabilities is assured by the American with Disabilities Act (ADA). Providers are learning ways to cover the costs of interpreter services within their budget plans. Nevertheless, some providers still turn to this program for assistance with the one-time costs of interpreter and note-taker services. The aid allocation is not meant to support all the interpreter services for deaf and hard of hearing adult learners, but to help in unforeseen situations.

**Key Measures**

Approximately 70% of reimbursement requests come from school districts providing adult education. The remaining 30% come from other public and private organizations.

During FY 2003, 24 different agencies received funds, ranging from over \$30,000 for St. Paul Technical College to \$88 for a local school district to interpret a one-time community education class for one adult.

**Activity Funding**

MDE provides reimbursement of the actual costs of direct services. The cost of providing interpreter services to one person for an activity/program is the same as providing that service to a group of people. The average cost for an hour of American Sign Language interpretation ranges between \$30 and \$60.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Adult and Career Education section, (651) 582-8330.

DEPARTMENT OF EDUCATION  
 Program: COMMUNITY ED & PREVENTION  
 Activity: HEARING IMPAIRED ADULTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	70	70	70	70	140
Subtotal - Forecast Base	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>

**Activity Description****Citation: M.S. 124D.19; 124D.22**

School-Age Care (SAC) revenue is a state aid and levy program that supports after school programming for children with disabilities or children experiencing family or related problems of a temporary nature. While funding is provided only for these students, many districts offer school age programming funded primarily through parent fees to other students.

**Activity at a Glance**

- ◆ 195 school districts offered school age care programs in FY 2004.
- ◆ 155 school districts certified levies in FY 2005.
- ◆ Over 56,000 children participate annually.

**Population Served**

Services funded by this program are for children with disabilities or who experience problems of a temporary nature and participate in out-of-school time programs while parents are at work.

**Services Provided**

Activities of these "after school" programs include tutoring, recreational programs, and work in computer, sports, and arts that help build well-rounded youth, particularly during key time periods during the day when youth lack adult supervision and opportunities to engage in structured activities. Local school districts set the standards of the program which must include the following components:

- ◆ adult supervised activities while school is not in session;
- ◆ parent involvement in program design and direction;
- ◆ partnerships with K-12 system and other public, private, or nonprofit entities;
- ◆ opportunities for trained secondary school pupils to work with younger children as part of a community service program; and
- ◆ access to available school facilities when otherwise not in use as part of the operation of the school.

**Historical Perspective**

The Minnesota legislature created the school age care program (previously called Extended Day) in 1989. No authorized levy or state aid was appropriated at that time.

In 1992, the legislature authorized school districts to levy for programs to serve children with disabilities or children experiencing family or related problems of a temporary nature who participate in the school age care program. Problems of a temporary nature include events such as medical emergency, divorce, and behavioral changes due to a move. All state aid and levy funding goes to fund the additional costs of providing services for these children.

The number of districts authorized to levy has grown from 109 in 1995 to 155 for FY 2005.

**Activity Funding**

The SAC revenue for a district equals the eligible additional cost of providing services to children with disabilities or who experience problems of a temporary nature and participate in out of school time programs while parents are a work. The levy authority equals the revenue times the lesser of one or the ratio of the quotient derived by dividing the adjusted net tax capacity by the actual pupil units to \$2,433. State aid equals the difference between the revenue and the levy.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8352.

DEPARTMENT OF EDUCATION

Program: COMMUNITY EDUCATION & PREVENTION

Activity: School Age Care

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b>General Fund</b>					
1 Current Appropriation	40	24	24	24	48
a. End of Session Estimate			(11)	(17)	(28)
b. November Forecast Adjustment		3	3	(2)	1
c. Aid Payment Buy Back		1	(1)		(1)
2 <b>Forecast Base</b>	<b>40</b>	<b>28</b>	<b>15</b>	<b>5</b>	<b>20</b>
3 Governor's Recommendation					
4 <b>Recommended</b>	<b>40</b>	<b>28</b>	<b>15</b>	<b>5</b>	<b>20</b>

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid		45	26	13	3
6 Statutory Excess/(Shortfall)		(13)	(3)		
7 Appropriated Entitlement		32	23	13	3
8 Adjustments					
a. Supplemental Appropriation			3		
9 State Aid Entitlement Current Law		32	26	13	3
10 <i>Governor's Recommendation</i>					
a. Pupil unit calculation change				0	0
11 <b>Governor's Aid Recommendation</b>		<b>32</b>	<b>26</b>	<b>13</b>	<b>3</b>
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
12 Local Levy Current Law		8,355	9,176	10,067	11,038
13 <i>Governor's Recommendation</i>					
a. Pupil unit calculation change				0	0
14 <b>Governor's Levy Recommendation</b>		<b>8,355</b>	<b>9,176</b>	<b>10,067</b>	<b>11,038</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)		8,387	9,202	10,080	11,041
16 <i>Governor's Recommendation</i>					
17 <b>Governor's Revenue Recommendation</b>		<b>8,387</b>	<b>9,202</b>	<b>10,080</b>	<b>11,041</b>
18 <b>Other Revenue</b>					
19 <b>Total All Sources Current Law</b>		<b>8,387</b>	<b>9,202</b>	<b>10,080</b>	<b>11,041</b>
20 <b>Governor's Total Revenue Recommendation</b>		<b>8,387</b>	<b>9,202</b>	<b>10,080</b>	<b>11,041</b>
<b>Appropriations Basis for State Aid</b>					
	Prior Year (20%/18.1%)	14	6	4	2
	Current Year (80%/81.9%)	26	22	11	3
	<b>Total State Aid - General Fund</b>	<b>40</b>	<b>28</b>	<b>15</b>	<b>5</b>

**Activity Description**

**Citation:** Elementary-Secondary Education Act, Title IV, Part B, Sec. 4201-4026

The 21<sup>st</sup> Century Community Learning Centers is a federal program that funds academic, artistic, and cultural enrichment programs during out-of-school time to help children and adolescents attending low performing schools or schools with concentrations of families in poverty improve academic achievement.

**Activity at a Glance**

- ◆ 21<sup>st</sup> Century Community Learning Centers was transferred from federal to state administration beginning July 1, 2002.
- ◆ Grants were made to local school/community partnerships through two open competitions during the fall of 2002 and spring of 2004. A total of 38 grants are funded statewide.

**Population Served**

School aged youth attending Title 1 schools with a rate of poverty of 40% or greater and/or schools identified as "in need of improvement" and their families are targeted by this program.

**Services Provided**

Programs provide academic and cultural enrichment activities to support academic achievement before and after school, on weekends, summer breaks, and school early release times. Allowable activities include tutoring services, youth development activities, drug and violence prevention programs, counseling programs, art, music and recreation, technology education programs, and character education programs that are designed to reinforce and complement the regular academic instruction. Literacy and other educational opportunities may be offered for the families of eligible youth.

**Historical Perspective**

This program was funded and administered by the U.S. Department of Education from 1998 to June 30, 2002. Currently, 38 Minnesota programs receive these federal grant funds.

Three programs focusing on out-of-school time, school-age care, community education, and the 21<sup>st</sup> Century Learning Centers work on promoting school connectedness. These programs provide complementary activities to what goes on during the school day and function to support the work of the schools. Activities of these after school programs include tutoring, recreational programs, computer skills, sports, and arts that help build well-rounded youth during key time periods during the day when youth lack adult supervision and opportunities to engage in structured activities.

**Key Measures**

Minnesota impact data is not currently available because the program was transferred from federal to state administration in July 2002. Grants issued by the Minnesota Department of Education (MDE) in 2002 were for a two-year period and outcome data will be available late fall of 2004.

- ⇒ Increase the percentage of youth meeting school district attendance goals.
- ⇒ Increase the percentage of youth meeting or exceeding local academic achievement standards in reading or math.
- ⇒ Maintain youth participation level at two hours or more per week as measured by average contact hour reports.

**Activity Funding**

Two announcements of new funds available for local programming were made in July 2002 and February 2004 by the Minnesota Department of Education (MDE). Nineteen programs were funded during each process for up to five years of programming based on continued availability of federal funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## DEPARTMENT OF EDUCATION

Program: COMMUNITY EDUCATION & PREVENTION

Activity: 21ST CENTURY COMM LRNG CTRS

Narrative

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8453.

For more information relating to 21<sup>st</sup> Century Community Learning Centers, access the following web sites:

[www.ed.gov/21stcclc](http://www.ed.gov/21stcclc) The Federal government's official site for 21st Century Community Learning Centers.

[www.ncrel.org/21stcclc](http://www.ncrel.org/21stcclc) North Central Regional Educational Laboratory: Resources for After-School Programming provides resources for effective school-based after-school programs with links to potential partners.

[www.afterschool.gov/cgi-bin/home.pl](http://www.afterschool.gov/cgi-bin/home.pl) Clearinghouse to federal resources that support youth in the out of school hours.

[www.gse.harvard.edu/hfrp/projects/afterschool/about.html](http://www.gse.harvard.edu/hfrp/projects/afterschool/about.html) Harvard Family Research Project's out of School Time Evaluation Database provides accessible information on programs and initiatives.

[www.nydic.org/nydic/](http://www.nydic.org/nydic/) National Youth Development Information Center provides program, policy and evaluation information on youth development issues, including out of school time.

DEPARTMENT OF EDUCATION  
 Program: COMMUNITY ED & PREVENTION  
 Activity: 21ST CENTURY COMM LRNG CTRS

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	4,573	8,800	8,800	8,800	17,600
<b>Total</b>	<b>4,573</b>	<b>8,800</b>	<b>8,800</b>	<b>8,800</b>	<b>17,600</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	4,573	8,800	8,800	8,800	17,600
<b>Total</b>	<b>4,573</b>	<b>8,800</b>	<b>8,800</b>	<b>8,800</b>	<b>17,600</b>

**Activity Description**

**Citation: P.L. 101-381**

Coordinated School Health (CSH) HIV Prevention is a federally funded program promoting coordinated efforts among schools, communities, and families to measurably improve the health and educational status of Minnesota's young children.

**Activity at a Glance**

- ◆ Over 2,500 teachers, school staff, and public health educators were trained on best-practice, science-based health curricula.
- ◆ Over 75% of Minnesota health teachers have used CSH school health resources.

**Population Served**

CSH works with school district and public health agency staff statewide to provide health education to children.

**Services Provided**

CSH is a partnership between the Minnesota Department of Education (MDE) and the Minnesota Department of Health (MDH). The partnership agreement requires implementation of strategies to

- ◆ build infrastructure in state and local agencies so policies, procedures, and resources are in place to support school health programs;
- ◆ strengthen the health education curriculum in the area of these health behaviors: unintended injuries, alcohol and other drug use, tobacco, diet and physical activity; with a focus on sexuality/HIV/AIDS, and
- ◆ assist school districts in providing effective HIV/AIDS/STD education (M.S.121A.23).

Currently, staff provide training for both school and public health audiences, produce and identify written materials for distribution, conduct statewide conferences and workshops, and provide technical assistance to customers. A coordinated school health resource center is maintained to review, purchase and distribute videos, curricula and other instructional material for use in prevention programs focusing on sexuality and HIV prevention. A 23-member panel representing a cross section of Minnesotans reviews materials for the resource center.

**Historical Perspective**

In 1987, the Centers for Disease Control and Prevention (CDC) established cooperative agreements with many of the nation's state education agencies to help them implement health education programs designed to prevent HIV infection among youth. Each state, including Minnesota, received \$240,000.

In 1995, Minnesota became one of 13 states to be funded for a new program in coordinated school health. This program expanded the HIV/STD/Unintended Pregnancy Cooperative partnerships to include other youth risk behavior areas identified as leading causes of death in young people, such as drug and alcohol abuse; tobacco use; poor dietary habits; sedentary lifestyles; and intentional and unintentional injuries. The partnership agreement required staffing of four positions, a director at MDH and MDE, a training facilitator, and an HIV/AIDS specialist. Funding is restricted to activities and programs detailed in the partnership agreement.

In 1996, the state of Minnesota began a pilot program to develop regional training sites for HIV/STD prevention. The purpose of these sites was to assist school districts in implementing M.S. 121A.23. Two sites in greater Minnesota and one site in the metro area were established. In 1998, the legislature extended funding to those sites and created two additional sites in greater Minnesota and an evaluation component. In 2003, state funding for the five HIV regional training sites was eliminated.

In 2003, Minnesota was not funded for CSH infrastructure, but was funded for HIV prevention education. Currently, 1.5 staff positions provide training, resources, and technical assistance to health education programs.

**Key Measures**

*Maintain the number of school districts incorporating education into classroom instruction relating to increasing youth health as reported in the School Health Profile report. Data collected from the 2002 School Health Profile report shows that of the 97% of Minnesota school districts requiring health education for 6<sup>th</sup> through 12<sup>th</sup> grade students:*

## DEPARTMENT OF EDUCATION

**Program:** COMMUNITY EDUCATION & PREVENTION

**Activity:** COORDINATED SCHOOL HEALTH

Narrative

- ◆ 99% reported teaching about positive dietary practices;
- ◆ 100% reported teaching about tobacco use prevention;
- ◆ 98% reported teaching about alcohol and drug prevention;
- ◆ 98% reported teaching about prevention of sedentary lifestyles;
- ◆ 99% reported teaching about HIV prevention; and
- ◆ 98% reported teaching about preventing other sexually transmitted diseases (STDs).

### Activity Funding

Funding for the CSH project is provided through a federal cooperative agreement with the CDC. Current annual funding is \$558,000 for the following purposes:

- ◆ federal HIV/AIDS funding (\$254,000),
- ◆ federal supplemental abstinence and HIV Prevention for Native American youth funding (\$155,000), and
- ◆ coordinated school health funding (\$149,000).

The department must apply every year to renew the five-year cooperative agreement with the CDC. This is a competitive grant process. Currently, CDC funds 21 states for CHS and all states for HIV prevention education. The next reauthorization is FFY 2008.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8453.

For more information about Coordinated School Health and other related programs go to:

<http://www.mnschoolhealth.com/index2.html>

DEPARTMENT OF EDUCATION  
 Program: COMMUNITY ED & PREVENTION  
 Activity: COORDINATED SCHOOL HEALTH

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	112	150	150	150	300
<b>Total</b>	<b>112</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>300</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	112	150	150	150	300
<b>Total</b>	<b>112</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>300</b>

**Activity Description**

**Citation: Elementary and Secondary Education Act, 2001, Title IV, Part A, Secs. 4001-4124, 4126; 20 U.S.C. 7111-7117**

This federally funded initiative assists and supports programs to foster a safe and drug-free learning environment that supports academic achievement.

**Population Served**

Youth in grades kindergarten through grade 12 are the participants in Safe and Drug-Free Schools and Communities (SDFSC) programs. These funds are targeted through grants or contracts to school districts and charter schools and public and private organizations to address violence and drug abuse problems in schools and communities. Recipients are encouraged to work closely with parents, parent groups, law enforcement, community action groups, and prevention initiatives.

**Services Provided**

The purpose of SDFSC funding is to:

- ◆ support research-based programs that are exemplary or promising according to federal criteria;
- ◆ focus on safe, disciplined and drug-free schools that involve parents and are coordinated with community prevention efforts and resources;
- ◆ provide grants to local and intermediate educational agencies and charter schools to establish, operate, and improve local programs that prevent violence and drug abuse and encourage early intervention, rehabilitation referral, and education in elementary and secondary schools; and
- ◆ provide grants to and contracts with schools and local nonprofit organizations for early identification of school dropouts, reconnecting them to schools, and providing education and social supports.

**Historical Perspective**

The original Drug-Free Schools Act was passed in 1986 authorizing the U.S. Department of Education to provide funding to states to prevent substance abuse by youth and the act was reauthorized in 2001 as part of the No Child Left Behind (NCLB) Act.

**Key Measures**

Findings reported here are based on 2001 data. The Minnesota Student Survey 2004 findings will be available in October 2004.

*Increase the proportion of youth reporting they feel safe and are at school.*

- ⇒ About 90% of youth reported in 2001 that they feel relatively safe at school for each of grades 6, 9, and 12 based on the Minnesota Student Survey results.
- ⇒ As in schools across the nation, Minnesota students experienced other threats at school in 2001: 1% of 9<sup>th</sup> graders had property stolen one or more times; 23% were offered, sold, or given illegal drugs; 28% were threatened at school; 48% pushed or shoved; and 28% were kicked, bitten, or hit.
- ⇒ The National Adolescent Health Study at the University of Minnesota reports that feelings of safety and security at school and a positive school climate are one of the strongest factors associated with academic success and positive health and social behaviors.

*Increase the number of youth remaining abstinent from alcohol, tobacco, and other drug use, while delaying the onset of experimentation with alcohol, tobacco, and other drugs.*

- ⇒ Data from the Minnesota Student Survey show small but positive shifts relating to youth choosing not to use tobacco, alcohol, and marijuana between 1998 and 2001.

**Activity at a Glance**

- ◆ All children and youth enrolled in public schools are served annually in 341 districts and charter schools.
- ◆ 12 dropout prevention grants funded annually.
- ◆ All school districts receive formula-based allocation from \$2.30-\$10.40 per student.

## DEPARTMENT OF EDUCATION

**Program:** COMMUNITY EDUCATION & PREVENTION

**Activity:** SAFE & DRUG FREE SCHOOLS

Narrative

*Reduce the number of youth engaging in high-risk patterns of substance use, such as binge drinking.*

⇒ Data from the Minnesota Student Survey show the pattern of binge drinking has stayed relatively stable from 1998 to 2001. In 2001, 17% of 9<sup>th</sup> grade males and 15% of 9<sup>th</sup> grade females reported drinking 5+ drinks at a time within the past two weeks, as did 39% of 12<sup>th</sup> grade males and 25% of 12<sup>th</sup> grade females.

### Activity Funding

Minnesota receives the SDFSC funding under Title IV from the U.S. Department of Education. This grant is divided into two different categories: 1) state education agency (SEA), and 2) Governor's Safe and Drug-Free Schools. 80% of the SDFSC funds received by the state are allocated to the school-based program; the remaining 20% is allocated to the Governor's Program.

Public school districts, regional education agencies, charter schools, and other school district consortia access funds by submitting a three-year application to the Minnesota Department of Education (MDE). The 2004 plan was part of a consolidated NCLB plan. School-based program funds are allocated according to an entitlement formula based 60% on the relative amount such agencies received under Part A of the Elementary and Secondary Education Act (ESEA) Title I for the preceding year and 40% on public and nonpublic school enrollment with a district.

93% of the SEA funds are used for sub-grants to local education agencies. In accordance with federal law, 4% is used by the state agency for technical assistance, capacity building, training, evaluation, and program improvement and coordination activities; and 3% is used for administrative costs. 97% of the governor's funds are distributed to local grants.

Community-based program funds, the Governor's program, are targeted to impact youth at-risk of school failure, specifically dropout prevention. Through a competitive grant process, 12 sites received Project Reconnect funds in 2003, renewed annually for five years given adequate progress and available federal resources.

There are several federal policy and requirements for state and local agencies related to SDFSC: expulsion for students carrying weapons to school (Title IV), reporting of dangerous or unsafe incidents in schools (including students carrying weapons to schools – Title IX, Part E), identification of persistently dangerous schools (Title IX, Part E), and notification of parents when schools are conducting surveys regarding health and social behaviors (Title X).

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8453, [http://education.state.mn.us/html/intro\\_safe\\_healthy.htm](http://education.state.mn.us/html/intro_safe_healthy.htm).

DEPARTMENT OF EDUCATION  
 Program: COMMUNITY ED & PREVENTION  
 Activity: SAFE & DRUG FREE SCHOOLS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	6,245	5,889	5,889	5,889	11,778
<b>Total</b>	<b>6,245</b>	<b>5,889</b>	<b>5,889</b>	<b>5,889</b>	<b>11,778</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	6,245	5,889	5,889	5,889	11,778
<b>Total</b>	<b>6,245</b>	<b>5,889</b>	<b>5,889</b>	<b>5,889</b>	<b>11,778</b>

**Budget Activities Included:**

- ⇒ Adult Basic Education Aid
- ⇒ GED Tests
- ⇒ Lead Hazard Reduction

**DEPARTMENT OF EDUCATION**

Program: SELF SUFFICIENCY LIFELONG LRNG

Program Summary

*Dollars in Thousands*

	Current		Agency Request		Biennium 2006-07
	FY 2004	FY 2005	FY 2006	FY 2007	FY2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	34,937	36,457	36,457	36,457	72,914
<b>Technical Adjustments</b>					
Current Law Base Change				1	1
Cancellation	(9)				
End-of-session Estimate		72	504	552	1,056
Program/agency Sunset			(424)	(424)	(848)
Aid Payment Buy Back		691			
November Forecast Adjustment			75	57	132
Subtotal-Forecast Base	<b>34,928</b>	<b>37,220</b>	<b>36,612</b>	<b>36,643</b>	<b>73,255</b>
<b>Governor's Recommendations</b>					
Reallocation of Capped ABE Funds			127	123	250
Intensive English for Refugees			1,000	1,000	2,000
<b>Total</b>	<b>34,928</b>	<b>37,220</b>	<b>37,739</b>	<b>37,766</b>	<b>75,505</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	34,928	37,220	37,739	37,766	75,505
<b>Statutory Appropriations</b>					
Federal	4,224	6,007	6,007	6,007	12,014
<b>Total</b>	<b>39,152</b>	<b>43,227</b>	<b>43,746</b>	<b>43,773</b>	<b>87,519</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	39,152	43,227	43,746	43,773	87,519
<b>Total</b>	<b>39,152</b>	<b>43,227</b>	<b>43,746</b>	<b>43,773</b>	<b>87,519</b>
<b><u>Expenditures by Activity</u></b>					
Adult Basic Education	38,927	43,002	42,521	42,548	85,069
Intensive English for Refugees			1,000	1,000	2,000
Ged Tests	125	125	125	125	250
Lead Hazard Reduction	100	100	100	100	200
<b>Total</b>	<b>39,152</b>	<b>43,227</b>	<b>43,746</b>	<b>43,773</b>	<b>87,519</b>

**Activity Description**

Citation: M.S. [124D.52](#); [124D.53](#) ;

Federal Citation: P.L. 105-220, Title II - The Adult Education and Family Literacy Act [Adult Education and Family Literacy Act of 1998](#)

This state and federal funded program provides education opportunities for adults who lack basic academic skills and whose low educational levels are barriers to employment and to productive participation in their families and in our society.

**Population Served**

Adults are eligible to participate when they are at least 16 years old, are not enrolled in school (formally withdrawn or dropped out), and function below the high school completion level in basic skills. The 2000 U.S. census reports that 12% of Minnesotans over 25 lack high school equivalency, over 380,000 people. Over 200,000 Minnesota residents are immigrants or refugees in need of English skills. Enrollment in English as a Second Language (ESL) programs has doubled in the past five years. During FY 2004, over 40,000 adults enrolled in ESL classes and 46% of all enrollees in Adult Basic Education (ABE) were ESL learners.

**Activity at a Glance**

- ◆ 52 ABE consortia, 500 delivery sites statewide.
- ◆ 1,200 licensed teachers and 3,000 volunteers served over 80,000 learners in FY 2004.
- ◆ 1 out of every 11 diplomas issued in Minnesota during 2004 was a GED or Adult High School Diploma.
- ◆ 46% of all learners were ESL students, 66% were parents, and 19% were unemployed.
- ◆ Research shows that the average high school graduate earns about \$7,000 more per year than a dropout.

**Services Provided**

Adult basic education program options include the following choices.

- ⇒ **GED** (General Education Development diploma) - high school equivalency program.
- ⇒ **Adult Diploma** - programs for adults leading to a Minnesota high school diploma.
- ⇒ **English as a Second Language** - for learners whose native language is not English.
- ⇒ **Family Literacy** - features instruction for adults in literacy and parenting, and their children receive education services as well through other funding sources.
- ⇒ **Basic Skills Education** - for learners who need to brush-up on some specific basic skills, such as math or reading (typically related to their employment).
- ⇒ **Workforce Preparation** - literacy skills related to learners' need to obtain, retain, or improve their employment. Instruction uses work-related content, often delivered at the learner's work site.
- ⇒ **U.S. Citizenship and Civics** - programs for legal non-citizens and immigrants to attain English and civic knowledge necessary for U.S. citizenship and civic participation.

State ABE funding supports individual public school districts or groups of districts (consortia) and other eligible nonprofit providers including community-based organizations and correctional institutions. ABE is provided at over 500 sites located in every Minnesota county at public schools, workforce centers, community/technical colleges, prisons/jails, libraries, learning centers, tribal centers, and nonprofit organizations. Programs have voluntarily formed ABE consortia (52 administrative units) to maximize efficiency and to share resources.

The ABE priority for the coming biennium is "accountability" – includes measurable outcomes of academic level completion, diploma/GED attainment, job placement/retention, and transition to higher education/training.

As a result of increased immigration and resettlement into Minnesota, particularly in the Twin Cities and in regional hub cities, ABE programs typically have waiting lists for ESL services.

**Key Measures**

Decrease the percentage of Minnesota adults who currently lack basic skills to achieve their educational and economic goals through participation in ABE programs.

**DEPARTMENT OF EDUCATION****Program: SELF SUFFICIENCY LIFELONG LEARNING****Activity: ADULT BASIC EDUCATION**

Narrative

<b>Selected Outcome Results</b>	<b>FY 2000</b>	<b>FY 2004</b>	<b>Percent Change</b>
Enrollment	73,213	81,388	11%
GEDs Earned	6,885	6,433	-7%
High School Diplomas Earned	1,102	1,224	11%
Left Public Assistance	145	176	21%
Entered Post-Secondary Education	742	809	4%
Gained U.S. Citizenship or Civics Skills	884	957	8%
Able to Assist Children in School	2,221	2,246	1%
Gained or Better Employment	1,621	1,789	10%
Annual Cost Per Learner	\$462	\$494	7%

**Activity Funding**

ABE aid distributed to approved consortia is formula-based on the following factors:

- ◆ base population aid at the greater of \$3,844 or \$1.73 times the census population of the member district; and
- ◆ of the remaining funds available, 84% is distributed based on prior year contact hours, 8% is distributed based on the population of K-12 Limited English Proficient (LEP) learners in the member district, and 8% is distributed based on the census population of adults aged 20 and over who do not hold a high school diploma.

Under the state funding formula, two funding caps are in law: 1) programs are held to a 8% or \$10,000 growth cap (the greater of) on contact hour revenue; and 2) programs are held to a gross revenue per contact hour of \$21 per prior year contact hour. The increase in learner contact hours over the past five years is given in the table below.

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Contact Hours	3,205,283	3,552,917	4,170,176	4,420,210	4,845,106
% Increase in Contact Hours Over Prior Year	42.0%	10.8%	17.4%	6.0%	9.6%

Under the federal Adult Education and Family Literacy Act (P.L.105-220), federal funds are received and must be used to coordinate with and supplement other ABE funds. Federal maintenance of effort provisions exist to promote the existing level of state resources.

Because Minnesota ABE programs exceeded their negotiated target goals (learner outcomes) for FY 2003, the state was awarded \$750,000 in federal Workforce Investment Act (WIA) Incentive funds. The Governor's Workforce Development Council manages that award as a grant program.

**ABE Transition Aid**

The 2003 legislature eliminated the Adult Graduation Aid program, formerly under auspices of the K-12 system and authorized the ABE system to assume responsibility for all adult diploma students age 21 and over. A one-year aid program was created called ABE Transition Aid that funded the diploma services (contact hours) for FY 2004 that were transitioning into the ABE delivery system. Without this one-time funding, ABE programs would not have been able to serve this new service demand. For FY 2005 and beyond, the ABE state aid base was increased by \$2.1 million for serving diploma students and therefore, the need to continue the categorical funding (ABE Transition Aid) for this specific population was not necessary.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, ABE Office, (651) 582-8442.

DEPARTMENT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LEARNING

Activity: Adult Basic Education

Budget Activity

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	33,014	35,808	36,312	36,360	72,672
a. End of Session Estimate		72	75	57	132
b. Cancellation	(9)				
c. Aid Payment Buy Back		691		1	
2 Forecast Base	<b>33,005</b>	<b>36,571</b>	<b>36,387</b>	<b>36,418</b>	<b>72,804</b>
3 Governor's Recommendation					
a. Reallocation of ABE Funds			127	123	250
4 Recommended	<b>33,005</b>	<b>36,571</b>	<b>36,514</b>	<b>36,541</b>	<b>73,054</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	33,983	36,355	36,394	36,423	72,817
6 Statutory Excess/(Shortfall)		(72)			
7 Appropriated Entitlement	33,983	36,283	36,394	36,423	72,817
8 Adjustments					
a. Supplemental Appropriation		72			
9 State Aid Entitlement Current Law	33,983	36,355	36,394	36,423	72,817
10 Governor's Recommendation					
a. Reallocation of ABE funds			154	116	270
11 Governor's Aid Recommendation	<b>33,983</b>	<b>36,355</b>	<b>36,548</b>	<b>36,539</b>	<b>73,087</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 Governor's Recommendation					
14 Governor's Levy Recommendation	0	0	0	0	0
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	33,983	36,355	36,394	36,423	72,817
16 Governor's Recommendation			154	116	270
17 Governor's Revenue Recommendation	33,983	36,355	36,548	36,539	73,087
18 Other Revenue					
a. Federal (FY 06-07 at Award Amount)	4,224	6,007	6,007	6,007	12,014
19 Total All Sources Current Law	38,207	42,362	42,401	42,430	84,831
20 Governor's Total Revenue Recommendation	38,207	42,362	42,555	42,546	85,101
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%/18.1%)	5,827	6,796	6,580	6,615	13,195
Current Year (80%/81.9%)	27,187	29,775	29,933	29,926	59,859
Cancellation (20%)	(9)				
<b>Total State Aid - General Fund</b>	<b>33,005</b>	<b>36,571</b>	<b>36,514</b>	<b>36,541</b>	<b>73,054</b>

DEPARTMENT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LEARNING

Activity: Adult Basic Education Transition

Budget Activity

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2004	FY 2005	FY 2006	FY 2007	2006-07 FY2006-07
<b>General Fund</b>					
1 Current Appropriation	1,698	424	0	0	0
a. End of Session Estimate					
b. November Forecast Adjustment					
<b>2 Forecast Base</b>	<b>1,698</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>0</b>
3 Governor's Initiatives					
<b>4 Recommended</b>	<b>1,698</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>0</b>

<i>District Revenue Summary (Entitlement Basis)</i>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	2,122	0	0	0	0
6 Statutory Excess/(Shortfall)					
7 Appropriated Entitlement	2,122	0	0	0	0
8 Adjustments					
9 State Aid Entitlement Current Law	2,122	0	0	0	0
10 <i>Governor's Initiatives</i>					
<b>11 Governor's Aid Recommendation</b>	<b>2,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
12 Local Levy Current Law	0	0	0	0	0
13 <i>Governor's Initiatives</i>					
<b>14 Governor's Levy Recommendation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>equals</i>					
<b>REVENUE</b>					
15 Current Law Revenue (State Aid & Levy)	2,122	0	0	0	0
16 <i>Governor's Initiatives</i>			0	0	0
<b>17 Governor's Revenue Recommendation</b>	<b>2,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
18 <b>Other Revenue</b>	0	0	0	0	0
<b>19 Total All Sources Current Law</b>	<b>2,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>20 Governor's Total Revenue Recommendation</b>	<b>2,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (20%)	0	424	0	0	0
Current Year (80%)	1,698	0	0	0	0
<b>Total State Aid - General Fund</b>	<b>1,698</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Activity Description**

**Citation: M.S. 124D.55**

This state aid program provides increased access for eligible individuals to complete the test of general educational development (GED) by paying a portion of the student's GED testing fees.

**Population Served**

To be eligible to take the GED exam and have the cost subsidized by the state, an individual must meet three criteria:

- ◆ be a Minnesota resident and have been so for at least 90 days;
- ◆ not be currently enrolled in a program leading to a high school diploma; and
- ◆ not have the testing fee paid by another government agency.

In FY 2003:

- ◆ 23.4 years = average age of GED examinee;
- ◆ 10.3 years = average years of education of GED examinee\*; and
- ◆ 16-18 year olds accounted for 1,623 of the graduates, 24.1 % of the total.

\*This represents a decline by 10% in the past three years.

**Services Provided**

This budget activity provides supplementary funds to GED testing centers to help offset the cost of the testing for eligible students. As a result of this subsidy, fees for individual GED examinees are reduced. There are 58 testing centers in Minnesota including 10 at state correctional facilities.

The GED examination consists of a battery of five tests that measure major and lasting outcomes associated with a high school education. The five tests (social studies; science; language arts reading; language arts writing; and mathematics) employ a multiple-choice format with the two-part mathematics test also using alternative format questions. The writing skills test requires an essay. Many GED candidates are from low-income backgrounds and cannot afford the full cost of the five-test GED battery.

Successful completion of the GED test battery results in the awarding of a state of Minnesota GED diploma by the Minnesota Department of Education. A high school diploma or GED is required by many employers and virtually all of Minnesota's post-secondary educational institutions accept the GED as a valid high school credential for admission purposes.

**Historical Perspective**

State funding for the GED testing reimbursement program began in 1992 when the state began to pay the lesser of \$20 or 60% of the fee charged to an eligible individual for the full battery of the GED test. Nearly all GED applicants qualify for GED test financial support. Test leasing fees established by the GED Testing Service have tripled over the past five years.

**Key Measures**

Provide increased access for eligible individuals to complete the GED test by paying a portion of the student's testing fees.

FY 2004 Statistics

- ⇒ Passing rate in Minnesota is 84.3 % (Top 10 in US).
- ⇒ In 2003, more than one of nine high school credentials issued in Minnesota was a GED. This translates to 6,743 GED diplomas.

**Activity at a Glance**

- ◆ 58 GED testing centers.
- ◆ In FY 2003, 10,857 examinees took at least one GED test and 7,827 took all five tests.
- ◆ In 2004, 5,743 adults were granted GED diplomas.
- ◆ Individuals who receive their high school diploma or GED earn about \$7,000 more per year than a dropout.

# DEPARTMENT OF EDUCATION

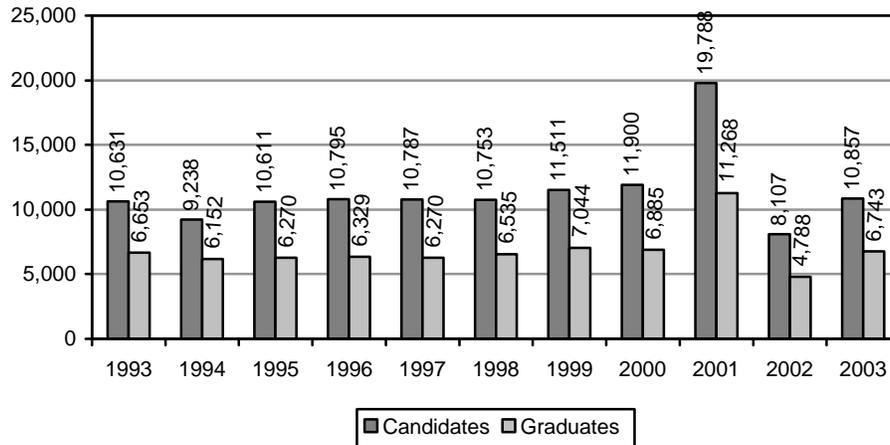
Program: SELF SUFFICIENCY LIFELONG LEARNING

Activity: GED TESTS

Narrative

⇒ 55% of examinees wanted a GED to be able to further education; 40% for employment; and 5% for entrance into the military.

Candidates Taking All or Part of Test  
GED Graduates



## Activity Funding

The average GED test fee per participant is \$75. Test leasing fees established by the GED Testing Service have tripled during in the last three years.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the Minnesota Department of Education, Adult Basic Education, (651) 582-8437.

DEPARTMENT OF EDUCATION  
 Program: SELF SUFFICIENCY LIFELONG LRNG  
 Activity: GED TESTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	125	125	125	125	250
Subtotal - Forecast Base	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>

**Activity Description**

Citation: M.S. 119A.46

The purpose of this program is to reduce the potential for lead poisoning in the homes of children from low-income families.

**Population Served**

This program serves low-income families statewide. One in every six children, under six years of age, is lead poisoned which can lead to learning and behavioral problems, kidney damage, hearing deficits, speech and language problems, and poor attention span in children.

**Activity at a Glance**

- ◆ One in every six children under six years of age is lead poisoned.
- ◆ 100 homes receive lead hazard inspections and dust sampling each year from this program.
- ◆ 50 homes receive lead hazard reduction services each year from this program.
- ◆ The program provides outreach and educational activities related to lead poisoning for 5,000 Minnesota residents each year.

Exposure to residential sources of lead is the most common environmental health hazard to children under six years of age. Homes built prior to 1978 likely contain some levels of lead paint. In addition, leaded gasoline contributed to widespread lead exposure in soil, especially near busy roadways. The Third National Health and Nutrition Examination Survey estimates 12-15% of the population under age six have blood levels of 15 micrograms of lead per deciliter of blood (mg/dl) or greater (high risk of lead poisoning) and 1.1% have blood lead levels of 20 mg/dl or greater (lead poisoned). The social costs of health effects of childhood lead blood (Pb) exposure go beyond the personal suffering of the child and the family. They include direct societal costs (medical and educational expenses) and indirect costs (reduced future earnings of the afflicted children).

**Services Provided**

AmeriCorp member crews visit households identified as lead contaminated. The crews are trained to assess homes for lead levels, educate residents on measures to keep safe from lead, clean and repaint surfaces using special equipment to reduce lead dust levels to make the home lead safe for children, and provide assistance necessary to meet the residents immediate needs while lead hazard reduction services are being completed on their residence.

- ⇒ The program provides outreach and educational activities related to lead poisoning for 5,000 Minnesota residents each year.
- ⇒ Residential houses for the lead hazard reduction services are identified by the Minnesota Department of Health. Activities include: 1) lead hazard inspections and dust sampling; and 2) lead hazard reduction services, including treating windows, stabilizing paint surfaces and re-painting, and treating and recovering soil.
- ⇒ Sustainable Resources Center (SRC), the organization that receives the state funds, provides lead hazard reduction activities statewide. These funds are used to supplement federal funding received by SRC.

**Historical Perspective**

The lead abatement program was originally funded in 1993 for a two-year period. The program was not funded from 1995 to 1997, but was re-established in the 1997 legislative session.

**Key Measures**

- ⇒ Lead hazard reduction services are provided at an average cost of \$2,000 each for an average of 50 households each year.
- ⇒ 100 homes receive lead hazard inspections and dust sampling each year.
- ⇒ 50 homes receive lead hazard reduction services.

## DEPARTMENT OF EDUCATION

Program: SELF SUFFICIENCY LIFELONG LEARNING

Activity: LEAD HAZARD REDUCTION

Narrative

### Activity Funding

Sustainable Resources Center uses state funds to leverage other funds for the project including: federal funding through the Department of Health and Human Services, the city of Minneapolis, the Center for Disease Control (CDC), foundations, private donations, CLEARcorps National Project of Service to America Volunteers, and supplies and paint donated by paint manufacturers which together provide more complete education and community collaborative activities. Federal funding is contingent upon receipt of matching funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8397, <http://education.state.mn.us>.

DEPARTMENT OF EDUCATION  
 Program: SELF SUFFICIENCY LIFELONG LRNG  
 Activity: LEAD HAZARD REDUCTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	100	100	100	100	200
Subtotal - Forecast Base	100	100	100	100	200
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	100	100	100	100	200
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	100	100	100	100	200
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>

DEPARTMENT OF EDUCATION  
 Program: SELF SUFFICIENCY LIFELONG LRNG  
 Activity: INTENSIVE ENGLISH-REFUGEES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Intensive English for Adult Refugees		0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	1,000	1,000	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>

**Program Description**

Education activities with expenditures in FY 2004, but with no appropriation for FY 2005 and later are reported in this program.

- ⇒ Discontinued State Programs
- ⇒ Discontinued Federal Programs

**DEPARTMENT OF EDUCATION**

**Program: DISCONTINUED PROGRAMS**

**Program Summary**

*Dollars in Thousands*

<i><b>Direct Appropriations by Fund</b></i>	<b>Current</b>		<b>Agency Request</b>		<b>Biennium</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2006-07</b>
					<b>FY2006-07</b>
<b>General</b>					
Current Appropriation	108,978	97,562	97,562	97,562	195,124
<b>Technical Adjustments</b>					
Biennial Appropriations			500	0	500
End-of-session Estimate			25,461	33,967	59,428
Transfers Between Agencies	(104,562)	(97,562)	(123,523)	(131,529)	(255,052)
Subtotal-Forecast Base	4,416	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,073	0	0	0	0
<b>Statutory Appropriations</b>					
General	23	0	0	0	0
Federal	3,320	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Other Compensation	62	0	0	0	0
Other Operating Expenses	87	0	0	0	0
Local Assistance	4,267	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Activity</u></b>					
Discontinued Programs-Federal	3,320	0	0	0	0
Discontinued Programs-State	1,096	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

DEPARTMENT OF EDUCATION

Program: DISCONTINUED/TRANSFER PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	108,978	97,562	97,562	97,562	195,124
<b>Technical Adjustments</b>					
Biennial Appropriations			500	0	500
End-of-session Estimate			25,461	33,967	59,428
Transfers Between Agencies			(123,523)	(131,529)	(255,052)
Subtotal - Forecast Base	108,978	97,562	0	0	0
<b>Total</b>	<b>108,978</b>	<b>97,562</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>State Government Spec Revenue</b>					
Current Appropriation	96	96	96	96	192
<b>Technical Adjustments</b>					
Transfers Between Agencies			(96)	(96)	(192)
Subtotal - Forecast Base	96	96	0	0	0
<b>Total</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,073	0	0	0	0
<b>Statutory Appropriations</b>					
General	23	0	0	0	0
Federal	3,320	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	62	0	0	0	0
Other Operating Expenses	87	0	0	0	0
Local Assistance	4,267	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Activity</u></b>					
Discontinued Programs-Federal	3,320	0	0	0	0
Discontinued Programs-State	1,096	0	0	0	0
<b>Total</b>	<b>4,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

**Program: DISCONTINUED PROGRAMS**

**Activity: DISCONTINUED PROGRAMS-FEDERAL**

Narrative

Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 2003, FY 2004, FY 2005.

<u>Discontinued Federal Programs</u>	Dollars in Thousands	
	<u>FY 2003</u>	<u>FY 2004</u>
State Incentive Grants	\$ 2,241	\$ 37
Emergency Immigrant Education	28	
Goals 2000 Grants	3,917	6
Title 2	5,906	
School to Work	1,511	
Advance Placement	362	127
Bilingual Research	29	97
Class Size Reduction	9,588	
Serve America	32	3
School Renovation	5,413	2,950
Food Safety Education		100
Capital Expense Private	16	
<b>Total</b>	<b>\$29,043</b>	<b>\$3,320</b>

**Program: DISCONTINUED PROGRAMS****Activity: TRANSFERRED PROGRAMS**

Narrative

Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 2003, FY 2004, FY 2005.

<u>Transferred Programs – State</u>	<u>Dollars in Thousands</u>
MFIP Child Care	\$ 76,344
Child Care Development	1,360
Children’s Trust Fund	28
Basic Sliding Fee Child Care	48,595
Family Visitation Centers	200
Abused Children	945
Food Shelf Grants	1,278
Transitional Housing Grants	1,982
MN Economic Opportunity Grants	5,607
Emergency Services Grants	223
Emergency Services State	250
Tobacco Free Community-Health	60
Visitation Facilities	96
Child Care Integrity	175
Family Collaboration	697
Child Trust Fund Spec Rev	1,358
<b>Total</b>	<b>\$139,198</b>

<u>Transferred Programs – Federal</u>	<u>Dollars in Thousands</u>
Child Care Support Fund	\$ 2,839
MFIP Federal Share	67,008
Maternal & Child Health	113
Child Care	14,363
Child Trust Fund-Fed Challenge	2,661
Migrant Day Care	229
TANF TRF-MFIP Child Care	30,953
MN Child Care Research	274
HUD Grants	1,188
CSBG Grants	7,476
CSBG Training & Technical	35
Comm Food & Nutrition Grants	53
HUD Support Housing Grants	737
Intensive ESL TANF Grants	1,453
TANF Transitional Housing-ADM	2,595
Emergency Services TANF	235
Surplus Commodities	725
<b>Total</b>	<b>\$132,937</b>

### Program Description

This program provides the funding for operating programs within the department to staff and support the mission, goals and objectives of MDE. Funding is provided for the following operating divisions:

- ⇒ **The Office of Academic Excellence** is designed to provide leadership for the implementation of academic standards; provides professional development to educators; administers Indian education and scholarship programs; school choice, charter school and supplemental service programs; oversees the state library services; school technology, the Faribault Library for the Blind; and licensing for educators and administrators.
- ⇒ **The Office of Student Support Services** provides programs for adult basic education (General Education Development); adult and career education; special education policy development and implementation, including programs designed for special education students; early learning services focused on preparation for kindergarten; and food and nutrition service programs to provide meals for students, child care providers and adult care providers.
- ⇒ **The Office of Finance and Administrative Services** is responsible for the distribution of aid payments to school districts and charter schools; calculating school district property tax levy limitations; providing information technology support for the agency and programs administered; providing policy, management, fiscal and human resource direction and leadership; and compliance monitoring for special education and food and nutrition programs.
- ⇒ **The Office of Accountability and Improvement** is responsible for statewide testing programs, administration of federal education programs (No Child Left Behind), and research and evaluation of educational programs.
- ⇒ **The Pass Through Programs** provide funding for the Board of Teaching, Board of School Administrators, Academy of Science, Children's Museum, and Student Organizations.

### Program at a Glance

FY 2004 general fund budget was approximately \$22 million.

Five operating divisions:

- ◆ Office of Academic Excellence
- ◆ Office of Student Support Services
- ◆ Office of Finance and Administrative Services
- ◆ Office of Accountability and Improvement
- ◆ Pass Through Programs

Oversees, with the assistance of local boards, the \$8.5 billion spent annually in support of K-12 education in Minnesota.

### Population Served

This program directly serves 343 school districts, 88 charter schools, 55,400 teachers, and state public policy makers. All residents of the state are indirectly impacted by services provided by this program. Services are provided to all children enrolled in pre-K – 12 education programs. Parents are the beneficiaries of agency services provided to their children. Adult participants in education programs are also served.

### Services Provided

This program provides the infrastructure for services and assistance to students, teachers, parents, and school districts in the following areas:

- ◆ Academic Standards and Professional Development;
- ◆ Adult and Career Education and Service-Learning;
- ◆ Assessment and Testing;
- ◆ Compliance and Assistance;
- ◆ Early Learning Services;
- ◆ English Language Learners/Limited English Proficiency (LEP);
- ◆ Food and Nutrition Service;
- ◆ Library Development and Services;
- ◆ No Child Left Behind (NCLB) Consolidated Programs;
- ◆ Personnel Licensing;
- ◆ Safe and Healthy Learners;

- ◆ School Choice;
- ◆ School Finance;
- ◆ School Technology; and
- ◆ Special Education.

**Program Funding**

The program is funded with both state and federal funding, 54% of the funding for this program comes from federal sources and 46% the state General Fund.

DEPARTMENT OF EDUCATION

Program: DEPARTMENT OF EDUCATION AGENCY

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	33,653	33,653	33,653	33,653	67,306
<b>Technical Adjustments</b>					
Transfers Between Agencies			(656)	(656)	(1,312)
<b>Subtotal - Forecast Base</b>	<b>33,653</b>	<b>33,653</b>	<b>32,997</b>	<b>32,997</b>	<b>65,994</b>
<b>Governor's Recommendations</b>					
Administrative Reduction		0	(1,225)	(1,225)	(2,450)
Alternative Teacher Preparation Program		0	0	500	500
Grant Reduction		0	(1,075)	(1,075)	(2,150)
Interactive Science Assessment		0	1,200	1,200	2,400
Rulemaking for Brd of Schl Admin		0	20	0	20
Scholarship Tax Credit Administration		0	250	250	500
School Readiness Program Changes		0	164	200	364
Value-added Index Assessment Model		0	300	1,600	1,900
<b>Total</b>	<b>33,653</b>	<b>33,653</b>	<b>32,631</b>	<b>34,447</b>	<b>67,078</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	31,540	35,070	32,631	34,447	67,078
<b>Statutory Appropriations</b>					
Special Revenue	5,676	6,130	6,048	5,875	11,923
Federal	27,540	38,392	36,492	35,003	71,495
Miscellaneous Agency	444	400	400	400	800
Gift	105	544	215	215	430
<b>Total</b>	<b>65,305</b>	<b>80,536</b>	<b>75,786</b>	<b>75,940</b>	<b>151,726</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	28,571	32,840	33,195	33,089	66,284
Other Operating Expenses	34,210	43,678	40,162	39,977	80,139
Local Assistance	2,080	3,588	2,006	2,451	4,457
Other Financial Transactions	444	400	400	400	800
Transfers	0	30	23	23	46
<b>Total</b>	<b>65,305</b>	<b>80,536</b>	<b>75,786</b>	<b>75,940</b>	<b>151,726</b>
<b><u>Expenditures by Activity</u></b>					
Academic Excellence	7,353	9,611	7,967	8,467	16,434
Accountability & Improvement	21,784	28,513	28,239	28,418	56,657
Finance & Administrative Svcs	23,403	30,282	27,719	27,214	54,933
Flow-Through Funding	934	1,222	1,086	1,066	2,152
Student Support Services	11,831	10,908	10,775	10,775	21,550
<b>Total</b>	<b>65,305</b>	<b>80,536</b>	<b>75,786</b>	<b>75,940</b>	<b>151,726</b>
<b>Full-Time Equivalent (FTE)</b>	<b>400.7</b>	<b>411.6</b>	<b>402.6</b>	<b>402.6</b>	

DEPARTMENT OF EDUCATION

Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2004	Budgeted FY2005	Governor's Recomm. FY2006   FY2007		Biennium 2006-07
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	1,644	1,398	1,395	1,395	2,790
<b>Other Revenues:</b>					
General	29	0	0	0	0
<b>Other Sources:</b>					
General	11	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>1,684</b>	<b>1,398</b>	<b>1,395</b>	<b>1,395</b>	<b>2,790</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Special Revenue	4,703	4,020	4,020	4,020	8,040
Federal	28	0	0	0	0
<b>Grants:</b>					
Special Revenue	192	125	41	41	82
Federal	555,146	593,695	589,369	585,131	1,174,500
<b>Other Revenues:</b>					
Special Revenue	3,529	157	144	144	288
Federal	120	0	0	0	0
Maximum Effort School Loan	1,845	2,092	2,584	2,849	5,433
Miscellaneous Agency	443	400	400	400	800
Gift	281	134	47	47	94
<b>Other Sources:</b>					
Special Revenue	2	4,449	4,673	4,550	9,223
Maximum Effort School Loan	4,527	0	0	-793	-793
Gift	0	173	173	173	346
<b>Total Dedicated Receipts</b>	<b>570,816</b>	<b>605,245</b>	<b>601,451</b>	<b>596,562</b>	<b>1,198,013</b>
<b>Agency Total Revenue</b>	<b>572,500</b>	<b>606,643</b>	<b>602,846</b>	<b>597,957</b>	<b>1,200,803</b>

Appropriation Unit Name	Primary Purpose	2004 Actual	2005 Budgeted	2006 Base Budget	2007 Base Budget
CHARTER SCHOOL FACILITIES	GPS	0	5,000	4,000	3,000
PUBLIC CHARTER SCHOOLS	GPS	6,478	8,000	8,000	8,000
		<b>6,478</b>	<b>13,000</b>	<b>12,000</b>	<b>11,000</b>
MIGRANT EDUCATION	GPS	2,347	2,376	2,376	2,376
NEGLECTED & DELINQUENT	GPS	189	172	172	172
DEAF BLIND CTR	GPS	125	171	171	171
BYRD SCHOLARSHIPS	GI	733	698	698	698
HOMELESS CHILDREN	GPS	308	459	459	459
EVEN START	GPS	2,441	1,691	1,691	1,691
TITLE V	GPS	6,147	4,889	4,889	4,889
TITLE I	GPS	118,044	105,428	105,428	105,428
COMP SCHOOL REFORM	GPS	4,785	3,637	3,637	3,637
TITLE I - ACCOUNTABILITY GRANT	GPS	1,008	84	0	0
CHESP - LEARN & SERVE	GPS	161	41	0	0
VOC ED - PERKINS	GPS	6,741	6,379	6,379	6,379
REFUGEE RESETTLEMENT	GPS	1,203	1,002	1,002	1,002
RURAL & LOW INCOME SCHOOL	GPS	186	122	122	0
READING EXCELLENCE	GPS	11,294	1,424	0	0
ENGLISH LANGUAGE ACQUISITION	GPS	2,340	6,109	6,109	6,109
IMPROVING TEACHER QUALITY	GPS	34,835	36,915	36,915	36,915
COMM SERV EXPELLED STUDE	SO	562	614	0	0
READING FIRST	GPS	4,865	8,279	8,279	8,279
TEACHER QUALITY ENNHANCE	GPS	268	2,548	2,784	0
VOLUNTARY SCHOOL CHOICE	GPS	2,866	2,298	2,241	2,241
SERV AMER-ACH BASED 2000	GPS	351	287	287	287
MATH & SCIENCE PARTNERSHIPS	GPS	413	1,168	1,168	1,168
		<b>202,212</b>	<b>186,791</b>	<b>184,807</b>	<b>181,901</b>
PRESCHOOL GRANT	GPS	7,474	7,547	7,547	7,547
SPEC ED-TECH ASST & DIS	GPS	16	24	0	0
CHILD W/DISABILITIES	GPS	137,383	167,415	167,415	167,415
SPEC ED PROG IMPROVEMENT	GPS	1,244	1,015	1,015	1,015
OUTREACH CHILD W/DISAB	GPS	30	84	0	0
		<b>146,147</b>	<b>176,085</b>	<b>175,977</b>	<b>175,977</b>
TECH LITERACY CHALLENGE	GPS	2,219	5,017	5,017	5,017
		<b>2,219</b>	<b>5,017</b>	<b>5,017</b>	<b>5,017</b>
FOOD & NUTR BREAKFAST	GPS	18,081	18,963	18,963	18,963
FOOD & NUTR LUNCH	GPS	83,590	87,668	87,668	87,668
FOOD & NUTR SPEC MILK	GCB0	713	749	749	749
FOOD & NUTR CACFP COMMOD	GCB0	630	667	667	667
FOOD & NUTR CACFP FD SERV	GCB0	44,250	46,407	46,407	46,407
FOOD & NUTR CACFP SP ADMIN	GCB0	6,532	6,850	6,850	6,850
FOOD & NUTR SFSP SPONSOR	GPS	274	287	287	287
FOOD & NUTR SFSP OPER	GPS	2,476	2,597	2,597	2,597
		<b>156,546</b>	<b>164,188</b>	<b>164,188</b>	<b>164,188</b>

Appropriation Unit Name	Primary Purpose	2004 Actual	2005 Budgeted	2006 Base Budget	2007 Base Budget
LSTA TITLE I	GPS	2,876	2,749	2,749	2,749
		<b>2,876</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>
HEAD START FED	SO	119	225	125	125
INFANTS & TODDLERS	GPS	6,429	6,608	6,608	6,608
		<b>6,548</b>	<b>6,833</b>	<b>6,733</b>	<b>6,733</b>
DRUG & VIOLENCE PREVENTION	GPS	5,421	4,740	4,740	4,740
DRUG & VIOL PREV - GOV	GCBO	1,225	1,185	1,185	1,185
21 CENTURY LEARN CENTER	GPS	4,804	9,221	9,221	9,221
SCHOOL HEALTH PROG	SO	561	402	402	402
		<b>12,011</b>	<b>15,548</b>	<b>15,548</b>	<b>15,548</b>
ADULT BASIC EDUC	GPS	4,950	6,833	6,833	6,833
		<b>4,950</b>	<b>6,833</b>	<b>6,833</b>	<b>6,833</b>
STATE INCENTIVE GRANT	GPS	37			
FOOD SAFETY EDUC	SO	100	0	0	0
SCHOOL RENOVATION	GPS	2,950			
TITLE III GOALS 2000	GPS	6			
SERV AMER-COMMUNITY BASED	GCBO	3			
BILINGUAL RESEARCH	GPS	97			
ADVANCED PLACEMENT PROG	GPS	127			
		<b>3,320</b>	<b>0</b>	<b>0</b>	<b>0</b>
FOOD & NUTR CACFP AUDIT	SO	834	822	749	749
SUMMER FOOD SAE	SO	53	89	89	89
FOOD & NUTRITION SAE	SO	2,758	2,774	2,774	2,774
CONSOLIDATED ADMIN	SO	2,710	4,020	4,020	4,020
STATE ASSESSMENT	SO	5,346	6,928	6,928	6,928
NAEP COORDINATOR	SO	104	131	126	126
COMMON CORE DATA	SO	41	45	50	50
GRANTS PROVISION 2 & 3	SO	0	0	0	0
DATA DEVELOPMENT	SO	0	0	0	0
AMERICORP DISABILITY	SO	0	0	0	0
VETERANS INST TRNG	SO	130	0	0	0
ASSESSMENTS - TEAELS	SO	0	772		
NEW SAFE & DRUG - EXPELLED	SO	0	449	449	449
ENHANCED ASSESSMENTS	SO	474	1,186	332	0
		<b>12,450</b>	<b>17,216</b>	<b>15,517</b>	<b>15,185</b>
		<b>555,757</b>	<b>594,260</b>	<b>589,369</b>	<b>585,131</b>

**Key:**  
 Primary Purpose  
 SO = State Operations  
 GPS = Grants to Political Subdivision  
 GI = Grants to Individuals  
 GCBO = Grants to Community Based Organizations