



**TO:** School Superintendents  
Charter School Directors  
School Board Members  
School District Business Managers  
Library Directors  
Non-Profit Directors

A handwritten signature in cursive script that reads "Alice Seagren".

**FROM:** Alice Seagren  
Commissioner

**DATE:** June 28, 2005

**SUBJECT:** ADDENDUM TO JUNE 15, 2005 MEMORANDUM: Impact of Legislative Impasse on School Districts, Charter Schools, Libraries and Non-Profit Organizations

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As you know, there has been no budget agreement reached as of today, June 28. This letter is to provide you with additional information as it relates to the potential government shutdown and its impact on school districts, charter schools, libraries and non-profit organizations.

**STATE AND FEDERAL CATEGORICAL AND FORMULA AIDS**

Please note the following clarifications and corrections in the list of federal categorical aids that will be paid in the event of a government shutdown. This list has changed slightly from the previous memorandum issued on June 15, 2005. *This list was approved by the Courts on June 23, 2005, in the Court Order sent to districts on June 24, 2005.* If you should have any questions, please contact Tom Melcher at 651-582-8828 or [tom.melcher@state.mn.us](mailto:tom.melcher@state.mn.us) or Audrey Bomstad at 651-582-8793 or [audrey.bomstad@state.mn.us](mailto:audrey.bomstad@state.mn.us)

<b>State aids</b> that districts, charter schools and libraries <b>WILL</b> receive in the event of a government shutdown	<b>Federal aids</b> that districts, charter schools and libraries <b>WILL</b> receive in the event of a government shutdown
<ul style="list-style-type: none"> <li>• General education aid, including all components (basic, compensatory, limited English proficiency, extended time, sparsity, transportation sparsity, operating capital, training and experience, equity, transition and referendum aid)</li> <li>• Special education-regular and excess</li> <li>• Transition for disabled students aid</li> <li>• Aid for children with disabilities</li> <li>• Alternative teacher compensation aid</li> <li>• Charter school building lease aid</li> <li>• School lunch aid</li> <li>• School breakfast aid</li> <li>• Adults with disabilities aid</li> <li>• Tribal contract aid</li> <li>• Head Start and Migrant Head Start</li> </ul>	<ul style="list-style-type: none"> <li>• Special Education Formula Aid (Part B, section 611)</li> <li>• Special Education Pre-school Formula Aid (Part B, section 619)</li> <li>• Special Education Grants for Infants and Families with Disabilities</li> <li>• Title I Formula Aid</li> <li>• Title I Program for Neglected and Delinquent</li> <li>• Title II – Part A Improving Teacher Quality and Teacher Quality Enhancement</li> <li>• Title II – Education Technology Grants Formula Grants</li> <li>• Title V Formula Aid</li> <li>• Federal Food Program Breakfast</li> <li>• Federal Food Program Lunch</li> <li>• Federal Food Program Special Milk</li> <li>• CACFP Food Service</li> <li>• CACFP Commodities</li> <li>• Summer Food Program for Children</li> <li>• Migrant Education Grants</li> <li>• Head Start (federal funding flows directly to providers)</li> </ul>

State categorical and formula aids that <b>WILL NOT</b> be sent to districts and charters in the event of a government shutdown	Federal categorical and formula aids that <b>WILL NOT</b> be sent to districts and charters in the event of a government shutdown
<ul style="list-style-type: none"> <li>• Integration aid</li> <li>• Magnet school grants</li> <li>• Inter-district desegregation</li> <li>• Success For The Future/ Indian education aid</li> <li>• AP/IB aid</li> <li>• Nonpublic pupil transportation aid</li> <li>• Early childhood family education aid</li> <li>• First grade preparedness</li> <li>• Developmental screening aid</li> <li>• Learning readiness aid</li> <li>• Referendum tax base replacement aid</li> <li>• Online learning aid</li> <li>• Abatement aid</li> <li>• Charter school start-up aid</li> <li>• Community education aid</li> <li>• Adult basic education aid</li> <li>• Nonpublic pupil aid</li> <li>• Health &amp; safety aid</li> <li>• Alternative facilities bonding aid</li> <li>• Library state funding</li> <li>• Several smaller aids and grants</li> </ul>	<ul style="list-style-type: none"> <li>• Adult Basic Education</li> <li>• Carl Perkins Grants</li> <li>• Charter School Start-Up Grants</li> <li>• Charter School Facilities Grant</li> <li>• Voluntary School Choice Grants</li> <li>• Learn and Serve and Serve America</li> <li>• Even Start</li> <li>• Special Education Discretionary Grants</li> <li>• Special Education Preschool Discretionary Grants</li> <li>• Special Education Program Improvement Grants</li> <li>• Special Education Technical Assistance Grants</li> <li>• LSTA Funding to Libraries</li> <li>• Title I Accountability and School Improvement Grants</li> <li>• Title II – Education Technology Grants Competitive Grants</li> <li>• English Language Acquisition Grants</li> <li>• Safe and Drug-Free Schools and Communities Grants</li> <li>• Byrd Scholarships</li> </ul>

### **COURT / SPECIAL MASTER PROCESS**

The Court decision issued on June 23, 2005, accepted the list of critical services submitted by the Pawlenty administration and provided for a Special Master to decide if additional services should be deemed as critical. The Court appointed former Supreme Court Justice Edward Stringer as Special Master, and he will oversee the process of determining whether or not functions beyond the list will be deemed as critical services.

If you believe that a service should be deemed critical that was not included on the list, please contact the Special Master. He can be reached at:

**The Honorable Edward Stringer**  
Special Master  
Attn: Angela Brindamour  
Office of the Attorney General  
102 State Capitol  
St. Paul, MN 55155

## **AID ANTICIPATION CERTIFICATES**

School districts and charter schools that are considering the issuance of aid anticipation certificates during July or August are strongly encouraged to submit the required information **by June 30** to Karen Dykoski, Education Finance Specialist in the Program Finance Division via e-mail to [karen.dykoski@state.mn.us](mailto:karen.dykoski@state.mn.us) or by fax to (651) 582-8878. Information to be submitted must include the dollar amount to be borrowed, the funds in which the borrowing is to occur (e.g., general fund), and the potential date of the close. In the event of a shutdown, the department will continue to issue aid anticipation certificates if they are critically needed by the district or charter school, but the processing of the certificates may be delayed due to the very limited staffing that will be available. If you have questions, please contact Tom Melcher at (651) 582-8828 or [tom.melcher@state.mn.us](mailto:tom.melcher@state.mn.us), or Audrey Bomstad at (651) 582-8793 or [audrey.bomstad@state.mn.us](mailto:audrey.bomstad@state.mn.us).

## **ACCESS TO DEPARTMENT WEB SITE**

In the event of a shutdown, the department Web site will remain open on a limited basis for data submissions and general information. For example, systems used for ADM/LEP projections, MARSS reporting, summer levy reporting, and health & safety reporting will remain open, and information posted to the web site before July 1 will remain available for viewing. The summer levy reporting system will be available for data entry beginning June 29; the password is "summer2005." School districts and charter schools are encouraged to submit data required for aid and levy calculations in a timely manner, to expedite aid and levy processing when department staff return after the shutdown. However, department staff will not be available during a shutdown to post updated information, answer questions, assist district and charter school staff using the data submission systems or ensure that non-critical systems remain operational.

## **INFORMATION AND IMPLICATION OF A "LIGHTS ON" EDUCATION BUDGET BILL**

The Legislature has been considering enacting a budget bill that would allow FY 2006 current law education funding to proceed forward in the event there is no budget agreement. This option has been called the "lights on" bill. Given the significant fiscal and policy implications of a "lights on" bill, I felt it was necessary to alert you of this possibility and let you know the fiscal consequences should this proposal become law. With some exceptions: school districts passing referendums, enrollment growth of charter schools and new charter schools moving from start-up status to fully operational, a vast majority of school districts would lose base funding under this proposal. A district-by-district run is attached to this memorandum that outlines the revenues your school district would lose under this proposal.