

Project Title	2008 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2008	Governor's Planning Estimate	
		2008	2010	2012	Total		2010	2012
Red Lake Capital Loan	1	\$59,211	\$0	\$0	\$59,211	\$0	\$0	\$0
Library Accessibility and Improvement Grants	2	10,000	0	0	10,000	0	0	0
Total Project Requests		\$69,211	\$0	\$0	\$69,211	\$0	\$0	\$0

Agency Profile At A Glance

MDE Customers (FY 2007):

- ◆ 824,653 pre-kindergarten through grade 12 students and their parents /guardians
- ◆ Nearly 143,000 licensed teachers
- ◆ Approximately 1,700 public schools
- ◆ 340 school districts and 132 charter schools
- ◆ Over 80,000 adult learners
- ◆ Over 125,000 young children participating in early learning programs

Annual K-12 School Funding (FY 2007):

- ◆ State - \$6.5 billion or 67.9 percent of total funding
- ◆ Local - \$2.4 billion or 25.8 percent of total funding
- ◆ Federal - \$0.6 billion or 6.3 percent of total funding

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
- ◆ 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 High School Improvement
- ◆ 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
- ◆ Educator Licensing and Teacher Quality
- ◆ Safe and Healthy Learners
- ◆ School Choice
- ◆ School Finance
- ◆ School Technology
- ◆ 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.

Enhance 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.

Expand Options for Students and Families

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.

Implement Education Finance Reform and Enhance Accountability

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 and Innovations*

The Office of Academic Excellence is responsible for academic standards development, high school improvement activities, 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, Compliance and Special Education

The Office of Finance, Compliance and Special Education is responsible for calculating and distributing state aid to school districts and calculating school district property tax levy limitations, special education policy and

compliances, food and nutrition programs for schools and child and adult care food programs, and adult basic education.

Office of Accountability and Improvement

The Office of Accountability and Improvement is responsible for statewide testing, federal education programs and funding, school improvement, professional development for educators, early childhood education, 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 \$1.5 billion of annual property tax levy limitations.

Contact

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For information on how this agency measures whether it is meeting statewide goals, please refer to www.departmentresults.state.mn.us

At A Glance: Agency Long-Range Strategic Goals

A goal of the Minnesota Department of Education (MDE) is to assist school districts, libraries and other educational organizations in the acquisition of funds to provide safe, program appropriate and accessible education facilities that support student success and to provide and allow library access to all citizens in Minnesota.

Capital resources are available for most school districts through levy and aid programs provided by state law, including the debt equalization program, capital projects levy, lease levy, alternative facilities aid and levy, and health and safety funding. School districts with extremely low property wealth do not have a sufficient tax base to raise funds for the construction of needed educational facilities. Libraries and other non-school district educational organizations may be limited in their ability to raise funds for local facility projects. Capital funding through general obligation bonding and the state general fund is necessary for those entities that do not have access to these or other funding sources, but must rely upon state support for virtually all major capital facilities projects.

Some local libraries are aging facilities that need removal of architectural barriers and renovations/additions to enable all citizens to access the facility and allow local libraries to provide adequate library services. The matching grants for local libraries provide an incentive for local communities to upgrade and maintain facilities.

Projects presented in this and future capital budgets are those that have been evaluated by the agency, found to be consistent with agency long-range goals, and benefit Minnesota by providing safe, healthy, and appropriate facilities to support student success.

Trends, Policies And Other Issues Affecting The Demand For Services, Facilities, Or Capital Programs

Overall, demand for capital facility projects in school districts is increasing. The 2001 restructuring of the debt equalization formula under M.S. 123B.53 provided a two-tier formula for state funding for school district facilities,

decreasing the likelihood that individual districts would apply for state funding under the Maximum Effort School Aid law in M.S. 126C.60-72 or as a local grant request. However, rapidly increasing property values and a static equalizing factor in the debt equalization program formula increase the likelihood that more districts will consider application for the capital loan program in coming years, and more districts will request direct grants of the legislature.

Currently, only those school districts with very low property values are able to use the capital loan program to fund necessary capital projects. In addition, education organizations such as voluntary metropolitan integration districts that have no levy authority may continue to seek state funding for capital projects.

The Cooperative Secondary Facilities Grant program in M.S. 123A.443 was initiated as an incentive for districts that determine secondary education services can be offered most effectively and efficiently by cooperating with neighboring districts. Authorizing language was amended by the 2007 Legislature to expand the scope of projects eligible for funding, the number of school districts eligible for funding, and to increase maximum grant awards. At this date, facility review and comment submission has not been received from any eligible district, but it is expected that there will be applicants in future years. The program, as amended, assists with costs of constructing or renovating school facilities for school districts that are in the process of consolidation or have consolidated since 1980.

There is strong interest in the expanded library accessibility and improvement grant program. Many local libraries have needs for facility renovation, expansion or new construction.

Provide A Self-Assessment Of The Condition, Suitability, And Functionality Of Present Facilities, Capital Projects, Or Assets

Education laws provide for the capital loan and grant programs, the cooperative secondary facilities grant program, the metropolitan magnet school grant program and library grant programs. Each of these programs provides for specific needs for those organizations that cannot access other sources of funding.

In general, school district facility construction is considered a local responsibility. The state supports local districts in their efforts to construct and maintain appropriate, safe and healthy school facilities through the debt equalization program, capital projects levy, lease levy, alternative facilities aid and levy, and health and safety funding.

Agency Process Used To Arrive At These Capital Requests

Department management identifies and assesses high priority needs in relationship to agency goals and objectives, and state and federal mandates.

Major Capital Projects Authorized In 2007

No projects were authorized.

Red Lake Capital Loan

2008 STATE APPROPRIATION REQUEST: \$59,211,000

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Red Lake School District

Project At A Glance

- ◆ \$59.211 million to fund additions and renovations to Red Lake Independent School District (ISD) 38 K-12 facilities under the capital loan provisions of M.S. 126C.69.
- ◆ Renovate substandard facilities to promote student achievement.
- ◆ Provide additional elementary education space due to enrollment growth.
- ◆ Provide program specific space for special education, vocational and other specialty programming.
- ◆ Request is based on short-term and long-term planning to bring all district facilities to current education standards.

Project Description

The Department of Education requests funding through the education capital loan program to support the Red Lake Independent School District in bringing district facilities up to current education standards. These funds will be used by the district for the following projects.

- ◆ Continued renovation of and addition to the Red Lake High School and Red Lake Middle School including renovation for specialty curriculum for Technology Education, Vocational Education, Physical Education, cafeteria/commons, kitchen, community education spaces and additions for general classrooms. In addition, the upgrade of the heating plant and piping for both high school and middle schools will be completed. Portions of the building where mold growth is an issue will be replaced. A new administration building will replace the aged portable currently used to house administrative staff.

- ◆ Addition of elementary classrooms to accommodate increased enrollment, expansion of common spaces and addition of a building segment that will link the Red Lake Elementary School and the Early Childhood Learning Center, allowing sharing of facilities.
- ◆ Addition of a Media Center and a Head Start Center at the Ponemah Elementary School, along with site improvements that will add parking, improve bus drop-off and expand playground facilities.

The Red Lake Independent School District has provided review and comment information on the proposed projects to the Department of Education. If the projects are approved based on the review and comment criteria, district voters must approve the borrowing of funds through the capital loan program in an election prior to 1-01-2008.

The total project cost that qualifies for funding under the capital loan provisions is \$59.277 million. The local district contribution, calculated according to M.S. 126C.69, subd. 9, is approximately \$66,000 and the capital loan request is \$59.211 million.

In addition, the district plan includes a \$921,000 expansion and renovation of the school bus center. The capital loan program does not allow use of state funds for this purpose, and the district will fund this from another source. This amount is not included in the capital loan request or in the total project cost above.

The district completed long-term facilities planning prior to the 2004 legislative session, developing a plan to bring all district facilities to current education standards. Funding was unsuccessfully sought in both the 2006 and 2007 Legislative sessions. The facility project remains virtually unchanged and will complete all construction envisioned in the long-term plan; however, due to inflation the cost has increased.

Of the amount requested, approximately \$23.7 million will fund additions and remodeling of the Red Lake Elementary School; \$32.1 million will fund additions and remodeling at the High School/Middle School, and \$3.5 million will fund additions and remodeling at the Ponemah Elementary School.

Red Lake Capital Loan

Impact on Agency Operating Budgets (Facilities Notes)

There is no effect on the Department of Education operating budget resulting from this request.

District operating costs will increase slightly primarily due to increases in staffing. There will be small increases in maintenance costs due to increased square footage. District revenue projections show revenues sufficient to absorb the additional costs.

Previous Appropriations for this Project

1992	\$10 million	Construction of Red Lake Elementary School and addition to Red Lake Middle School
2000	\$11.166 million	Construction of Red Lake Early Childhood Center and Additions to Ponemah Elementary and Middle School
2002	\$12.4 million	Additions and Renovations – Red Lake High School, Early Childhood Center, Red Lake and Ponemah Elementary Schools
2005	\$18 million	Begin construction of new middle school facilities and renovation of existing high school

Other Considerations

While funding for school facilities is viewed as primarily a local responsibility, the Red Lake Independent School District has extremely low property values and very little private ownership of land as most of the land is owned in common by Red Lake Tribal members. A measure commonly used to compare school district ability to raise funds through property taxes is the adjusted net tax capacity (ANTC) per pupil unit. In the 2006 Payable 2007 levy cycle, the Red Lake 2005 ANTC per FY 2008 adjusted marginal cost pupil unit was \$7.29. For all districts, the median ANTC per adjusted pupil unit was \$5,657.

The district has experienced population growth as many members of the Red Lake Tribe have returned to the Red Lake area, partially due to welfare reform. New housing development is occurring and desirable housing is available for returning tribal members. Based on average daily membership (ADM), school enrollment has increased by about three percent in the last 10 years. Kindergarten through grade five enrollment has increased by approximately 26 percent since the elementary school was designed in 1990-91. Estimates of student enrollment assume that new and renovated facilities allowing expanded educational programming will draw some of the approximately 13 percent of resident students (school year 2005-06) who are not educated in the Red Lake School District back to the school district.

The Red Lake School District management and the Red Lake community recognize the importance of a stable and healthy school environment to children in an economically and socially depressed community. The current crowded and deficient facilities do not provide a safe and healthy environment that is conducive to learning and supportive to children.

Project Contact Person

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Governor's Recommendations

The governor does not recommend capital funds for this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	51,566	0	0	0	51,566
2. Predesign Fees	0	95	0	0	95
3. Design Fees	0	4,424	0	0	4,424
4. Project Management	0	5,421	0	0	5,421
5. Construction Costs	0	38,079	0	0	38,079
6. One Percent for Art	0	100	0	0	100
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	1,888	0	0	1,888
9. Inflation	0	10,191	0	0	10,191
TOTAL	51,566	60,198	0	0	111,764

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O. Bonds/Max Effort	51,566	59,211	0	0	110,777
State Funds Subtotal	51,566	59,211	0	0	110,777
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	987	0	0	987
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	51,566	60,198	0	0	111,764

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	59,211	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

Library Accessibility and Improvement Grants

2008 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ \$10 million in the 2008 session to fund disabled access and library renovation/construction under M.S. 134.45.

Project Description

The Department of Education requests \$10 million to fund competitive grants for library accessibility, renovation and construction projects for public library improvements under M.S. 134.45. This statute was amended in the 2005 legislative session to expand the existing grant program from accessibility grants requiring a 50 percent local match to include grants for renovation, expansion, or construction of library facilities. For purposes of this program, public libraries include regional public library systems, regional library districts, cities and counties operating libraries.

The American with Disabilities Act (ADA) mandates that buildings newly constructed or remodeled after 1-26-1992, must be accessible to all citizens. Grants provide funding to enable public libraries to remove architectural barriers either as a unique project or as a part of remodeling or renovation.

Renovation, expansion and construction grants will allow local libraries to renew or replace deteriorated and deficient facilities with the goal of providing improved services to the public. As of June 2007, local needs assessments identified construction projects totaling over \$280 million.

Impact on Agency Operating Budgets (Facilities Notes)

This request will have no impact on the Department of Education operating budget. Current staff is involved in the grant evaluation and approval process, and in traveling to grantee sites when necessary.

Previous Appropriations for this Project

Since the inception of the Library Accessibility Grant Program in 1994, the following amounts have been provided by the legislature.

1994	\$1 million
1996	\$1 million
1998	\$1.5 million
2000	\$1 million
2003	\$1 million
2005	\$1 million
2006	\$1 million

Other Considerations

Many libraries throughout the state need to address issues of accessibility and renovation or replacement. The competitive grant process assures equitable distribution of funds based on objective criteria. Application of criteria by state review committee ensures the facility will meet current and future need based on national standards and coordination with regional and statewide needs. If requests for funding exceed the amount of money available, those libraries with the most critical needs are given higher priority through a rating process.

Project Contact Person

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Governor's Recommendations

The governor does not recommend capital funds for this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	7,500	10,000	0	0	17,500
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	7,500	10,000	0	0	17,500

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	7,500	10,000	0	0	17,500
State Funds Subtotal	7,500	10,000	0	0	17,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	7,500	10,000	0	0	17,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	10,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013